

# Security National

Family of Companies



## Security National Financial Corporation Reports Financial Results For The Quarter Ended September 30, 2021

November 15, 2021

SALT LAKE CITY, Nov. 15, 2021 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the quarter ended September 30, 2021.

For the three months ended September 30, 2021, SNFC's after-tax earnings from operations decreased 63.2% from \$29,305,000 in 2020 to \$10,791,000 in 2021, on a 18.3% decrease in revenues to \$119,509,000. SNFC's after tax earnings for the nine months ended September 30, 2021, decreased 33.4% to \$34,177,000 from \$51,286,000 in 2020.

Scott M. Quist, President of the Company, said, "Realizing our operational earnings decreased as compared to 2020, I am nevertheless very proud of the results for Quarter 3 and year-to-date 2021. I believe our financial results represent a very solid performance by our teams accomplished despite a continually difficult operational environment. Every business segment delivered impressive results.

"A common measure of a financial firm's profitability performance is its "return on assets". Generally speaking, a 1.0% annualized return on total assets is considered a good, if not best in class, performance. Year to date, our ROA is 2.11%, or twice that benchmark - and that is with the 4<sup>th</sup> quarter still to go. Our return on equity for the first 9 months is 11.5% - again, a very solid performance by almost any measure. Given the extraordinary circumstances of 2021, a comparison to 2019 pre-pandemic results is instructive. At \$45,175,000 our Company's third quarter year to date 2021 pre tax earnings are 385% above Q3 2019 YTD at \$11,816,000. Assets have grown 34% from \$1.162 billion to \$1.558 billion.

"The mortgage market in 2020, following the pandemic-related government mandated forbearances on foreclosures and mortgage and rental payments, was very confused. We were able to take advantage of that confusion because of our strong capital position, and profited financially. In 2021 the markets have been much more orderly, and while we have performed at very high levels in my opinion, the extraordinary opportunities presented by last year's confused markets simply have not been available. In a nutshell, our financial performance in 2021 has been very solid and, in many respects, the best in our Company's history, but the extraordinary gains fueled by the 2020 markets are not being replicated.

"Our insurance segment's year-to-date operational income reflects similar solid results, increasing 105% YOY. Death claims are continuing at elevated levels, probably 20% above 2019 baselines. Obviously, COVID-19 claims are having, and will continue to have, an impact. Nevertheless, profitability increased 105% on essentially flat revenues. Looking deeper into the revenues, investment income improved significantly, leading to the improved profitability, but premium collections, expenses, and new sales have been essentially flat. While we have been able to grow our investment income, obtaining necessary investment yields within acceptable risk tolerances is becoming more difficult in this low interest rate environment. We do not anticipate those economic circumstances changing over the near term.

"Our Memorial segment also delivered very solid Quarter 3 and year-to-date results with revenues increasing 22% for the quarter and operational income increasing 125% year-to-date. Contributing substantially to those results is an increase in preneed cemetery sales, with improvement in mortuary and cemetery operations also being significant contributors. This excellent performance is not an isolated occurrence. It is instructive to note that our Memorial segment has achieved an average 24% compound annual growth rate in operational income over the last six years. In my view, such excellent financial results are the natural consequence of continuously providing superb customer care and consumer experiences during very difficult times."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended September 30, 2021, as compared to 2020, for each of the three business segments:

|                       | Revenues       |                |         | Earnings before Taxes |               |         |
|-----------------------|----------------|----------------|---------|-----------------------|---------------|---------|
|                       | 2021           | 2020           |         | 2021                  | 2020          |         |
| Life Insurance        | \$ 42,040,000  | \$ 39,261,000  | 7.1%    | \$ 3,721,000          | \$ 4,807,000  | (22.6%) |
| Cemeteries/Mortuaries | \$ 6,705,000   | \$ 5,496,000   | 22.0%   | \$ 1,748,000          | \$ 1,322,000  | 32.2%   |
| Mortgages             | \$ 70,764,000  | \$ 101,448,000 | (30.2%) | \$ 8,674,000          | \$ 32,455,000 | (73.3%) |
| Total                 | \$ 119,509,000 | \$ 146,205,000 | (18.3%) | \$ 14,143,000         | \$ 38,584,000 | (63.3%) |

For the nine months ended September 30, 2021:

|                | Revenues       |                |       | Earnings before Taxes |              |        |
|----------------|----------------|----------------|-------|-----------------------|--------------|--------|
|                | 2021           | 2020           |       | 2021                  | 2020         |        |
| Life Insurance | \$ 121,641,000 | \$ 110,255,000 | 10.3% | \$ 11,110,000         | \$ 5,408,000 | 105.4% |

|                       |    |             |    |                    |        |    |                   |    |                   |         |
|-----------------------|----|-------------|----|--------------------|--------|----|-------------------|----|-------------------|---------|
| Cemeteries/Mortuaries | \$ | 20,512,000  | \$ | 14,816,000         | 38.4%  | \$ | 6,718,000         | \$ | 2,976,000         | 125.7%  |
| Mortgages             | \$ | 216,765,000 | \$ | <u>219,404,000</u> | (1.2%) | \$ | <u>27,348,000</u> | \$ | <u>58,868,000</u> | (53.5%) |
| Total                 | \$ | 358,918,000 | \$ | 344,475,000        | 4.2%   | \$ | 45,176,000        | \$ | 67,252,000        | (32.8%) |

Net earnings per common share was \$0.54 for the three months ended September 30, 2021, compared to net earnings of \$1.48 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was \$14.68 as of September 30, 2021, compared to \$13.87 as of December 31, 2020.

The Company has two classes of common stock outstanding, Class A and Class C. There were 20,216,456 Class A equivalent shares outstanding as of September 30, 2021.

If there are any questions, please contact Mr. Garrett S. Sill or Mr. Scott Quist at:

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