

# Security National

Family of Companies



## Security National Financial Corporation Reports Financial Results for the Quarter Ended March 31, 2025

May 16, 2025

SALT LAKE CITY, May 16, 2025 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the quarter ended March 31, 2025.

For the three months ending March 31, 2025, SNFC's after tax earnings decreased approximately 42%, or \$3.1MM, from \$7,475,000 in 2024 to \$4,338,000 in 2025. Pre Tax earnings decreased approximately 42%, or \$4.05MM, to \$5.571MM (please see the table below).

Scott Quist, Chairman of the Board, President, and Chief Executive Officer of SNFC, said, "A decrease in quarterly income is never our goal and falls below our self-set standards. Despite the decrease in net income, I believe that as a Company we performed operationally pretty well. Our Insurance Segment had its second best Q1 out of the last 5 years and our Death Care Segment had its 3<sup>rd</sup> best Q1 out of the last 5 years, which time period, it is important to note, includes the pandemic. Speaking now of our decrease in net income, of the approximate \$4.05MM decrease in pretax quarterly income (see the table below), about 75%, or roughly \$3MM, is attributable to decreases in both our realized and unrealized investment income. Our investment income can be, and is, "lumpy" between quarters and years, primarily due to its close relationship to real estate activities (home closings/lot sales) and secondarily to public equity markets.

Speaking to our \$3MM decline in investment income, and referring to that portion directly related to real estate activities, roughly 56%, or \$1.7MM, is related to decreased construction profits and decreased gains on the sale of residential lots from our builder relationships. We simply participated in fewer home closings in Q1 2025 than in Q1 2024. I believe it is fair to say that in Q1 2025 the builders with whom we have profit-sharing relationships had more homes in the process of being built, but fewer closings. Margins appear to be consistent with 2024's experience, but margins are always in issue until a home sale closes. Lastly, as a general real estate market comment, housing inventories and "days on market" appear to have increased, but not to a degree that causes alarm.

Roughly 42%, or \$1.25MM of our \$3MM investment income decline, is due to stock market declines in Q1. Generally speaking, we have chosen to not liquidate our positions, so the aforementioned loss is simply a recognized, but unrealized, stock market loss as of March 31, 2025.

Roughly \$900K, or 22%, of the \$4.05MM decrease in pretax income is related to an increase in our bad debt expense as prescribed by the adoption of CECL (Current Expected Credit Losses) in Q1 2024. Arguments can be credibly made that this accounting rule is simply another element of our investment income. In my view, CECL is a very formulaic and forward-looking calculation that places a heavier weight on outside factors at the time an asset is acquired and less weight on the company's experience over the course of time. Time will tell if the Company's allowances are appropriate, but in my view CECL did change, and does have the potential to further change in the future, the Company's bad debt allowances based on factors that are outside of its control.

After accounting for the investment income and related decreases, the remaining elements causing the decrease in income are smaller in net impact and are much more numerous and nuanced. One element that probably merits comment is Personnel Costs. Personnel Costs rose 11.7%, or roughly \$2.2MM, over 2024. Roughly speaking 5 percentage points of that increase relates to general annual compensation increases for both staff and management. We find it important to remain marketplace competitive in our compensation or our experienced staff are recruited away from us. The remaining increase relates to increased staffing, pretty much across all levels. We are constantly reviewing operational costs to ensure that we remain operationally efficient, but the majority of this increase represents very deliberate strategic hirings of high-quality, high-performing individuals to augment our sales and fulfillment staffs where we determined that we needed greater capability to reach our growth goals. Growth is expensive but is nevertheless our constant goal. We believe these increased Personnel Costs to be necessary investments which will yield returns in the years to come.

Despite the decrease in income, many accomplishments were made in the first quarter. In our Death Care Segment we increased families served by 4%, in what we believe to be a flat to declining mortality climate. In our Insurance Segment we have improved our premium margin by several percentage points, reflecting the increased premium rates we have been implementing over the last several years. The full effect of those margin increases will not be apparent for several years hence. In our Mortgage Segment we increased volume by 11% in Q1 2025 over Q1 2024, with an improved mix of products. Importantly, our Mortgage Segment was both profitable and cash flow positive in March."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended March 31, 2025, as compared to 2024, for each business segment:

	Revenues			Earnings before Taxes		
	2025	2024		2025	2024	
Life Insurance	\$ 49,287,000	\$ 49,971,000	(1.4%)	\$ 5,327,000	\$ 8,530,000	(37.5%)
Cemeteries/Mortuaries	\$ 8,119,000	\$ 8,787,000	(7.6%)	\$ 2,238,000	\$ 3,053,000	(26.7%)
Mortgages	\$ 25,334,000	\$ 22,430,000	12.9%	\$ (1,994,000)	\$ (1,964,000)	(1.5%)

Total	<u>\$ 82,740,000</u>	<u>\$ 81,188,000</u>	1.9%	<u>\$ 5,571,000</u>	<u>\$ 9,619,000</u>	(42.1%)
-------	----------------------	----------------------	------	---------------------	---------------------	---------

Net earnings per common share was \$.18 for the three months ended March 31, 2025, compared to net earnings of \$.31 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 March 31, 2025, compared to \$14.45 as of December 31, 2024.

The Company has two classes of common stock outstanding, Class A and Class C. There were 23,601,718 Class A equivalent shares outstanding as of March 31, 2025.

*This press release contains statements that, if not verifiable historical fact, may be viewed as forward-looking statements that could predict future events or outcomes with respect to Security National Financial Corporation and its business. The predictions in the statements will involve risk and uncertainties and, accordingly, actual results may differ significantly from the results discussed or implied in such forward-looking statements.*

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

Security National Financial Corporation  
P.O. Box 57250  
Salt Lake City, Utah 84157  
Phone (801) 264-1060  
Fax (801) 265-9882

**Security National**

Family of Companies



Source: Security National Financial Corporation