Security National Financial Corporation Reports Financial Results for the Quarter Ended June 30, 2025

August 14, 2025

SALT LAKE CITY, Aug. 14, 2025 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the quarter ended June 30, 2025. For the three months ended June 30, 2025, SNFC's after tax earnings decreased 10% from $7,271,000 in 2024 to $6,506,000 in 2025. For the six months ended June 30, 2025, after tax earnings decreased 26% to $10,845,000 from $14,746,000 in 2024.

Scott M. Quist, President of the Company, said:

"Annualizing our first half results we achieved an 8% Return On Equity (ROE) and while that is below our 13.3% 10 year average ROE, I believe that to be a credible performance given that roughly 1/3 of our revenue and equity is in the still very troubled mortgage industry. It demonstrates the financial balance and resiliency of our combined businesses. Our teams have been working diligently and effectively, and we believe we have the correct strategies and people in place to return to and exceed our averages over time as markets rationalize and as our new sales teams have sufficient opportunity to effect results. By way of illustration, if our Mortgage Segment were breakeven we would add 2 percentage points to our existing 8% ROE and obviously more as it becomes profitable. We believe our newly increased life insurance premium rates will add 1.5 percentage points of ROE over the shorter term, and potentially more over the longer term. Improvement in our death care sales, which we believe we are improving, will have a similar effect. Thus, while decreases to YOY net income or decreased ROE are never our goal, we have seen and continue to see improved performance and quality which I believe will translate into financial results over time. We have spent heavily and have expended much effort this past year to retain first and then recruit improved sales, sales support, and executive talent in all of our segments. I am very impressed with the talent that is continuing with us and which has joined us over the past year. In a nutshell, we have greatly improved our team.

"Approaching our financial results by time periods, while SNFC earnings are down $5.1MM vis a vis H1 2024, $4MM, or 80%, of that decrease occurred in Q1 with only $1.1MM occurring in Q2. So, relatively speaking, vis a vis 2024, our Q2 results showed greater strength than Q1.

"Looking at our Life Segment, Q2 profit is actually $1MM ahead of Q2 2024 profit. That profit improvement was achieved primarily through increased investment income. While our investment income was up in Q2 mainly due to profits realized through our builder relationship investments, we are seeing weakness in new home sales particularly in starter homes that have dampened anticipated builder profit splits this year. Nevertheless, in this environment we believe the proper course is to continue to invest in future growth and profitability. For example, this year we have made a gross additional investment of approximately $50MM in our residential land holdings. No income is recognized on that invested asset until either a lot is sold or vertical construction is commenced. If we had kept that money in our regular investment portfolios we would have increased our current year ROE by about 1 percentage point, or approximately $2MM of additional current income. We simply believe that deploying that money into residential land holdings and builder relationships will give us higher future yields, albeit at the sacrifice of current income. These are not short-term investments or strategies, but instead their inherent nature requires a medium to longer term view. Our premium revenue is up by 2%, or in my mind basically flat, and we are working hard to change that. While noting that premium revenue is flat, the margin on new first year premium writings is up significantly due to our increase in premium rates. We are still demanding premium revenue growth from ourselves and this month have changed our VP of Life Sales as an illustrative example of our efforts. Flat, albeit more profitable, premium revenue is simply not consistent with our goal of growth.

"Our Cemetery and Mortuary Segment is down $1.2MM vis a vis 1H 2024, but in a pattern similar to the Life Segment, $900k of that decrease was in Q1 and only $300K was in Q2, with Q2 therefore being a relatively stronger quarter. Analyzing the activity beneath the numbers we know that while our total service count is modestly up, our traditional service count is down and cremations are up (although we should note the percentage of cremations with services is up). Nationwide the cremation rate is now above 50%, so some of our results are market influenced since cremation services simply don't have the same revenue as traditional services. But, our results also reflect a need for us to improve our collective sales skills to convey value. Our preneed land sales lag 2024, and land sales are arguably the greatest driver of profitability. In that vein, similar to the Life Segment, we reorganized our executive sales staff this year and are expecting, and are seeing, improved sales as our new leaders settle into their responsibilities. I am very pleased with the quality and efforts of our people.

"Our Mortgage Segment profitability (loss) was flat vis a vis Q1 2024, but in a pattern opposite to the Life and Cemetery and Mortuary Segments, fell behind 2024 by $1.8MM in Q2. We believe the profit weakness in Q2 was due primarily to increased commission expense. Some, if not most, of that commission expense increase was due to recruiting costs, which we believe will bear fruit into the future. We believe we are performing on par on loan production income metrics with our competitors in the industry, based upon our publicly traded peers into which we can see operational results. While we work very hard to differentiate our services, and do offer some proprietary balance sheet products and strategies, much of the mortgage market is a homogeneous product and thus margins to a degree are market driven. It is too early to say definitively, but we believe that in Q1 we increased our market share, but also appear to have given some of that market share gain back in Q2 despite having increased our commission expense. Similar to the Life and Memorial Segments, this year we have reorganized about 40% of our Executive Sales management. I am very pleased with the quality of our people and they are working extremely hard. To me it is axiomatic that greater effort has to be, and in my view is being, expended in tough markets even though the profit results may be less. I am appreciative of those efforts and note that we were profitable in 2 of the 6 months of H1. Due to the symbiotic relationship our business segments have, some of the investment success we enjoy in the Life Segment is due to the efforts of our Mortgage Segment. Thus, while I believe in analyzing our businesses by segment, they are all very much a part of the whole. The mortgage market is still a very troubled environment with cost rationalization requiring a continuing effort, if not in fact an increased focus, if that is possible, as we have already been laser focused on those efforts for the last several years."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended June 30, 2025, as compared to 2024, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2025	2024		2025	2024	
Life Insurance	$ 51,525,000	$ 47,237,000	9.1%	$ 8,214,000	$ 7,165,000	14.6%
Cemeteries/Mortuaries	$ 8,140,000	$ 8,278,000	(1.7%)	$ 1,794,000	$ 2,091,000	(14.2%)
Mortgages	$ 29,876,000	$ 30,276,000	(1.3%)	$ (1,671,000)	$ 134,000	1,347.0%
Total	$ 89,541,000	$ 85,791,000	4.4%	$ 8,337,000	$ 9,390,000	(11.2%)

For the six months ended June 30, 2025:

	Revenues			Earnings before Taxes		
	2025	2024		2025	2024	
Life Insurance	$ 100,811,000	$ 97,208,000	3.7%	$ 13,541,000	$ 15,694,000	(13.7%)
Cemeteries/Mortuaries	$ 16,260,000	$ 17,065,000	(4.7%)	$ 4,032,000	$ 5,144,000	(21.6%)
Mortgages	$ 55,210,000	$ 52,706,000	4.8%	$ (3,666,000)	$ (1,829,000)	100.4%
Total	$ 172,281,000	$ 166,979,000	3.2%	$ 13,907,000	$ 19,009,000	(26.8%)

Net earnings per common share was $.42 for the six months ended June 30, 2025, compared to net earnings of $.52 per share for the prior year and book value per common share was $14.35 as of June 30, 2025, compared to $13.76 as of December 31, 2024, after adjustments for the effect of annual stock dividends

The Company has two classes of common stock outstanding, Class A and Class C. There were 24,713,575 Class A equivalent shares outstanding as of June 30, 2025.

An earnings call will commence at approximately 1PM (MDT) on August 15th and will include a review of its 2nd Quarter results as well as an update from the Company's three business segments. Shareholders may access the earnings call by clicking the link below:

https://investor.securitynational.com/news-and-events/events-and-presentations

The earnings call can also be accessed directly from the Company's website under "Events" on the Investor Relations page.

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

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Source: Security National Financial Corporation