

Quarterly Investor Call Transcript

**Security National Financial Corporation Quarter: Q1
2026**

Date & Time: Wednesday, May 13th 1PM MDT

1. Welcome & Forward-Looking Statement

Presenter: HR Director Heather Street

“Good afternoon, everyone, and welcome to Security National Financial Corporation’s First Quarter 2026 Earnings Call. We thank you for joining us today to review our financial and operational results for the period ended March 31, 2026.

Before we begin, I’d like to remind everyone that our remarks today will include forward-looking statements. These statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from those projected. Such risks include, but are not limited to, changes in economic conditions, interest rates, regulatory developments, competitive pressures, and other factors detailed in our filings with the Securities and Exchange Commission. We caution you not to place undue reliance on these forward-looking statements, which speak only as of today’s date. We undertake no obligation to publicly update or revise these statements to reflect future events or circumstances, except as required by law.

With that, I’d like to turn the call over to our Chairman, President, and Chief Executive Officer, Scott Quist.

Scott?”

2. Welcome & Remarks

Presenter: SNFC Chairman, President and CEO Scott Quist

“Thank you Heather, To have an increase of over 9% in after tax earnings despite a top line decrease is a testament to the operational efficiencies our teams have been implementing over the last several years. Of course we are working diligently to also increase our top line, and that is a stated objective of all of our units. Nevertheless, improved profitability is the ultimate goal and we did improve profitability.

Our Mortgage segment had an outstanding quarter, despite the fact we were still not profitable,

improving by over 65% from Q1 of 2025. We were cautiously optimistic that we would be profitable in Q1 of 2026. Our teams had worked diligently to improve revenue and to rationalize costs in arguably the weakest quarter of the year, but our secondary investor pricing in March declined from what was indicated when we locked our loans to what was realized when the loans were sold. That unexpected decline represented nearly 50 basis points of revenue/profit on nearly \$200MM in volume - so it was significant. Obviously we are reevaluating our processes, but it is fair to say that we followed our customary policies and procedures and were surprised at the ultimate investor pricing. Even with that unfortunate secondary result, I believe congratulations are due for an outstanding 65% quarter-over-quarter improvement.

Our Cemetery and Mortuary group did improve their top line by 4.4% in Q1, but had a decrease in net income. That decrease I think deserves some explanation. On an ongoing operational basis, meaning before investment results, our operating income actually improved some 16% in Q1 2026 over Q1 2025. This was accomplished primarily by a 35% improvement in preneed cemetery sales. The hard work that has been put in over the last year is showing up in sales, which argues for an even brighter future. Congratulations to our sales team for a fabulous result, in my opinion. The culprit leading to our decrease in net income, as opposed to operational income, was our investment income with the largest factor there being an increase in unrealized losses in our common stock portfolio. Our cemetery and mortuary segment, because of consistently profitable operations, has a very considerable investment portfolio which we intend to use as conditions warrant and financing future growth to include acquisitions.

Our Life Insurance segment had a 4% decrease in its top line. As has been noted in several press releases, we have been and are continuing to reorganize and improve our sales forces which has necessitated reorganizations, terminations, and turmoil. I believe I am seeing the turnaround in all our marketing channels, but progress continues to be somewhat deliberate. I will note that the majority of the top line decrease is in our least profitable products. In fact, our underwriting profit, as measured using statutory accounting principles significantly increased due to our improved premium margins. That has been a very deliberate strategy over the last period of time. If I were to point to a single factor leading to our net income decrease. It would be a decline in our builder profit splits, or phrased another way similar to our cemetery mortuary segment, a decrease in net investment income. That characterization is somewhat nuanced in that we also increased our land holdings by some \$37 million which has the effect of decreasing, all other things being equal, our investment income because profit on land holdings is only recognized either when the land is sold or when vertical construction begins. I think it's important to keep in mind our net portfolio yield for Q1, as near as I can tell, is still about 100 basis points above industry averages. So, it is important to maintain perspective in the face of decreased investment income.

To summarize, our top line revenue did decrease some 4%, but our profitability did increase over 9%. I think all of our teams did a great job implementing efficiency. Make no mistake, top line growth continues to be a primary objective, but improved profitability is the primary objective. Which objective we achieved.

Thank you."

3. SNFC Financials

Presenter: CFO Garrett S. Sill

“Thank you, Scott. Good afternoon and thank you for joining us today. My name is Garrett Sill, and I am the Chief Financial Officer of Security National Financial Corporation. This was a good quarter for the company, and I want to highlight a few items regarding our consolidated financial statements.

First, on our Balance Sheet, most of our assets remain relatively flat compared to our year-end reporting. However, we did see a combined \$32 million decrease in our bond and mortgage loan portfolios. I would note that the decrease in the mortgage portfolios was across all products in commercial, residential, and construction lending. This decrease was offset by a \$20 million increase in real estate investments, just by way of clarification, Scott referenced \$37 million increase in real estate investments. That was a quarter-over-quarter number, the \$20 million is comparing year-end 2025 with Q1 or March 31st, 2026. Our cash balances also increased significantly in Q1, and we've been active in deploying that cash in Q2. Our total liabilities also remained relatively flat with a \$9 million decrease in our future policy benefits, which was offset by increased bank debt of \$10 million. This increase in bank debt was a result of increased borrowings on warehouse lines of credit for mortgage loan fundings. Our equity also increased \$15 million, or 3.7% when compared to year-end, and I'll discuss in a few minutes, a few items related to our equity.

Moving to our Statement of Earnings, revenues were down 3.6%, as we saw decreases in insurance premiums, mortgage fee income, and net investment income. This decrease in revenues was offset by a 5.6% decrease in total expenses, as we saw decreases in nearly every category. The net result, as has been discussed, was an increase in net earnings quarter over quarter of nearly \$600,000 or 9.2%.

As mentioned in our last call, accelerated filing status and implementation of ASU 2018-12, better known as targeted improvements to the accounting for Long Duration contracts, or LDTI, brought with it some significant changes and challenges to the company. I want to acknowledge and thank our Finance, Actuary, and Information Technology groups for their work on SOX 404 compliance and the implementation of LDTI. It has been a significant lift for them, in addition to all their other duties and responsibilities.

Regarding the reporting of our adoption of LDTI, I would encourage you to review the Statement of Comprehensive Income on page 6 of the 10-Q, as it provides the details behind our \$15 million increase in equity, when our net earnings were only \$7 million. This additional \$8 million in equity is a result of a \$4 million decrease in the fair value of our bond portfolio, which was offset by a decrease in reserves of \$14 million and a tax effect of \$2 million. This movement in fair values is a result of a decrease in interest rates as compared to year end. Going forward, our Statement of Comprehensive Income will be an important statement to review to better understand the movement in a company's equity.

I would also draw your attention to page 12, which contains a reconciliation of our restated Q1 2025 earnings, comprehensive income and equity. Throughout 2026, we will continue to restate our 2025 quarterly earnings for comparison purposes. For Q1 2025, earnings were restated nearly \$2 million. This is primarily a result of our deferred acquisition costs, or DAC, being amortized over the life of the policy instead of the premium paying period. This result was lower DAC amortization, which resulted in an increase in earnings.

In closing, Q1 2026 was a good quarter for the company as we saw growth in total assets, stockholders' equity, and net earnings. We still have significant amount of work to do as we continue to test, improve, and remediate our internal controls of the financial reporting, but the future does look bright. Next, we'll hear from Andrew Quist. Thank you”

4. SecurityNational Mortgage

Presenter: SNMC CEO & President Andrew Quist

“Thank you, Garrett, and good afternoon, fellow shareholders. I'm Andrew Quist, President and CEO of Security National Mortgage Company.

In the first quarter of 2026, Security National Mortgage Company had a pre-tax net loss of \$698,000, compared to a pre-tax net loss of \$1,995,000 in the first quarter of 2025. This was a decrease to our loss of \$1,297,000, or a 65% reduction. The first quarter is historically the most difficult quarter in the mortgage industry. Nevertheless, I was disappointed we lost money in the quarter. At the same time, a 65% improvement in our net loss, on the back of a 74% improvement in the fourth quarter, is progress worth noting and something I do believe our employees should be congratulated on.

As in the fourth quarter, this improvement in net income came on reduced origination volumes. In the first quarter of 2026, we originated \$489 million of loan volume. Compared to \$518 million dollars in the first quarter of 2025 a 6% year-over-year decrease. On a sequential quarter basis, origination volumes were down 9%. Based on the Mortgage Bankers Association's reported total industry origination volumes for Q1, SNMC's market share held steady at 9 basis points. The same as in the fourth quarter. The sequential quarter reduction in origination volume was roughly in line with overall industry origination volume reductions, while the year-over-year decline continues to be impacted by the company separating from a large group of loan originators in the third quarter of last year.

As primarily a purchase transaction-based lender, a key concern for Security National in the first quarter was declining home sales. According to the National Association of Realtors, January, February, and March each had lower existing home sales than the same month a year earlier. Affordability and uncertainty continue to weigh heavily on home buyers. We are working hard to counteract these market forces. Last earnings call I referenced our refinance volumes. In the most recent quarter, Security National increased to 24% refinance volume from 19% refinance volume

in the fourth quarter. This marks another 3-year high in that metric. The first quarter also showed noticeable increases in HELOC and reverse mortgage lending activity. Our team continues to focus and improve on assisting our past borrowers with their next financing needs, regardless of what that might be. This broadening of our loan product lending has had the intended result of blunting the impact of fewer home sales.

A corollary of broadening our loan product lending is improved productivity. In the first quarter, our average loans per loan officer per month increased 23% over the first quarter in 2025. In a quarter with declining home sales, this is a result I'm particularly proud of. Security National has helped our loan officers increase their transaction volume, while at the same time more fully serving our borrowers' needs.

In summary, in the first quarter of 2026, Security National reduced its pre-tax net loss by 65%, despite lower origination volumes. This reduction was driven by improved productivity paired with expanded refinance and broadened loan product activity. I'd like to conclude by thanking our loan officers and our employees for their tireless work improving Security National in this challenging environment. The progress being made is tangible. Thank you. I'll now turn the time over to Adam Quist."

5. Security National Life

Presenter: SNL CEO & President Adam Quist

"Thank you, Andrew. My name is Adam Quist and I am President and CEO of the Security National Life Insurance Companies. My remarks will focus on the performance of our Life Companies in Q1 2026.

Coming off the strongest operational year in our history, Q1 2026 showed a modest step back in GAAP revenue and earnings relative to Q1 2025. I want to explain what drove those results and why they are largely expected as a short-term result of long-term strategic decisions.

But at the outset, I want highlight that, as Scott mentioned, from a statutory accounting standpoint our underwriting profit improved from Q1 2025.

Now focusing on GAAP results, Total Life Segment revenues were approximately \$48.9 million, down about 3% from \$50.6 million in Q1 2025. Segment net earnings were \$5.9 million, compared to \$6.2 million a year ago, a decrease of roughly 5%. Two factors account for substantially all of that variance: first, a decline in insurance premiums which is concentrated in our lowest-margin products, and second, a decrease in net investment income driven primarily by lower profit share distributions from our home builder partners.

Insurance premiums were approximately \$28.9 million, down about 3% from \$29.8 million in Q1 2025. Importantly, approximately 60% of that decrease is attributable to a decline in single

premium business — which is one of our least profitable product lines. The remainder reflects the effects of the ongoing reorganization of our sales force leadership.

Over the past two years, we have made significant changes to and investments in our sales leadership talent and sales distribution infrastructure. Building any high-performing sales organization does not happen without some turmoil, and that near-term disruption is visible in our top line. However, I want to emphasize we have improved our premium margins — which is showing up in results. Additionally, our renewal premiums remained stable, which reflects the durability of our policyholder base.

Of course, our goal is not to have stable premiums — Our goal is to grow premiums. I am encouraged by what I see across our marketing channels and am confident that the sales leadership and infrastructure investments we have made are building the right foundation.

Our net investment income was \$17.7 million, down about 5% from \$18.6 million in Q1 2025. While there are several moving pieces, the single largest driver was a decline in profit share distributions from our home builder partners.

There is a related dynamic worth noting. Our investment in land increased by approximately \$37 million compared to Q1 2025. That is a meaningful capital commitment, and it carries a near-term opportunity cost: under GAAP, income from land held for investment is not recognized until the lot is sold or a construction loan is taken out. We have more capital deployed in land than a year ago, and that capital is not yet generating reported income. Land holdings may be considered a leading indicator — more land invested today may mean more builder profit splits ahead, but it is a net drag currently and of course we are subject to macro-economic housing trends.

Even with these headwinds, we believe our net portfolio yield remains approximately 100 basis points above industry averages. We remain confident in our investment strategy over the long-term.

Despite adding significant talent and continuing to invest in infrastructure, our overall Life Segment expenses are up less than 3% year over year. That discipline reflects real operational efficiency gains across the organization. Policyholder benefits and claims declined by approximately \$900,000, or 3.6%, to \$24.5 million.

In conclusion, Q1 2026 presented real headwinds — a modestly lower top line premium revenue driven primarily by lower-margin single premium business and our sales force transition, and lower investment income driven by reduced builder profit share distributions and our growing land portfolio. These dynamics are understood and anticipated, but nevertheless, our goal and expectation is to grow both our top line and bottom line.

Beneath the headline numbers: our premium margins improved, total expenses grew less than 3% despite meaningful talent additions, our claims declined, and we believe our investment portfolio continues to yield well above industry benchmarks.

I am confident in the direction of our Life Companies and in the talent of our team. I look forward to updating you on our progress throughout the year.

I will now turn the time over to Steve Kehl, the COO of our Cemeteries and Mortuaries Division.”

6. Security National Funeral Homes and Cemeteries

Presenter: FH&C COO Steve Kehl

“Thank you, Adam. Good afternoon, everyone. I'm Steve Kehl, Chief Operating Officer of Security National Funeral Homes and Cemeteries. I'd like to briefly walk you through our first quarter performance and highlight the key factors that shape the quarter. For the first quarter of 2026, earnings before tax decreased 4% to \$2.149 million, compared with \$2.238 million a year ago. Revenue increased 4.4% to \$8.473 million from \$8.119 million, led by strong cemetery performance and steady results across the broader business.

Importantly, operating earnings before tax, excluding investment results, increased 15.7% to \$1.523 million from \$1.317 million in the first quarter of 2025. That improvement reflects solid execution in the business and gives us confidence in the underlying trajectory of the segment. Let me review with you our funeral home performance. First quarter earnings before tax decreased 9.5% to \$555,000 compared to \$613,000 a year ago. Revenue was essentially flat at \$3.671 million, compared with \$3.673 million in the first quarter of 2025. It's important to note that families served declined 6.7% year over year. However, the average funeral sales were able to increase 6.6%. We also saw 22.5% increase in the percentage of our families choosing cremation with a memorial or funeral service. Those results reflect stronger service mix, excellent sales discipline and continued progress as we align our offerings with the changing customer preferences.

Over the past year, we have invested heavily in training and operational development to improve our arrangement conference effectiveness, strengthen our sales education, and elevate our service quality across our funeral homes. That work is producing measurable improvement, and we believe it positions the funeral home segment for stronger long-term performance.

Now, turning to our cemeteries. 1st quarter earnings before tax increased 37.6% to \$996,000 from \$704,000 a year ago. Revenue increased 18.5% to \$4.209 million, from \$3.553 million in the first quarter of 2025. That growth, as noted, was driven primarily by strong net pre-need land sales, which increased 35.1% during the quarter. It's important to note that the number of pre-need land contracts written also increased 15.8%, reflecting effective execution by our sales team and continued momentum with our overall pre-need strategy. We continue to invest heavily in recruiting top-tier talent, deploying consistent training programs and offering educational community seminars. At the same time, our cemetery placements during the first quarter 2026 declined 5.9% from prior year period, and this remains an area of focus for us. To address that, we are continuing to emphasize family education around permanent placement remembrance while improving the customer experience through stronger arrangement presentations targeted

outreach, enhanced cemetery tours, and ongoing developmental team training.

Let me turn now to investment income. First quarter investment income decreased 33.5% to \$591,000 from \$889,000 a year ago. The key point is that the change was driven by investment results rather than operating performance. As noted in the press release, unrealized losses on common stock positions were the largest factor affecting net investment income this quarter. We continue to manage capital with a long-term perspective, and remain committed to investing in internal growth opportunities, including cemetery garden expansions, as well as external growth opportunities through acquisitions that we expect to support future returns.

Before I close, I want to take a moment to thank our funeral home, cemetery, grounds, and operational support teams. Their commitment, professionalism, and care make these results possible and continue to strengthen the experience we provide to those families that we have the privilege to serve. Overall, we are encouraged by the quarter, confident in the direction of the business and focused on discipline execution. Thank you for your time, your confidence, and your continued partnership. I now turn the time back over to Heather Street, our Human Resources Director.”

7. Q&A Instructions + Live Q&A

Presenter: HR Director Heather Street

“Thank you Steve. Before we conclude today's call, we would like to open the floor for questions. As a reminder to ask a question, please use the Zoom platform to raise your hand to unmute. Or you may submit questions through the Zoom Q&A panel. Include your name and organization will take as many as time permits.”

Question from Alex Cardenas:

“Question in regards to the roughly 50 basis point shortfall between locked loan rates and actual investor pricing on about 200 million in volume for March. What specific changes are you making in your hedging strategy or in your lock sell timing process to prevent this from reoccurring? A following, if allowed, do you expect the conflict with Iran to impact volume going forward?”

Response from SNMC CEO & President Andrew Quist:

“Thank you for the question, Alex. Yeah, that was a difficult one in March, and the bottom line is there's not a lot we could do when the investor simply reduces their pricing from the time of block to the time of purchase. We are able to get our expected margins or our locked margins that are built into our pricing in that instance, but any additional pickup is hard to account for in a hedging strategy. So one of the things that we are doing is simply looking at that change day over day, and

gathering information on the cumulative impact of that change, so that we can make changes in our, uh built-in margins, because that's the only way that we're going to be able to capture that. And it's simply something that we have to be more vigilant for.

As far as the conflict with Iran, it's difficult to tell how that's going to impact volume going forward. Obviously, it has introduced an element of increasing interest rates, which of course impacts volume. I think the bigger issue is the volatility that it's introduced. And anytime that there is volatility, potential home buyers typically don't like that. I think what we'll have to do to blunt that impact is simply be prepared for when those rate drops occur, because there will be pockets of declining rates to take advantage of those opportunities that market gives us, we have to be prepared for those events and not, uh, wait for those events to occur to prepare for them, if that makes sense.”

Presenter: HR Director Heather Street

“Thank you, Andrew, and thank you, Alex. Do we have any further questions?”

Thank you again for your questions and participation. We value the engagement and thoughtful input of our shareholders and analysts. As we've come to the end of our time, we'll note the end of our Q&A.

Before we officially close, I'd like to take this opportunity to remind everyone that our annual shareholder meeting will be held on June 26th, 2026 at 10 a.m. Mountain Daylight Time at 433 Ascension Way first floor Salt Lake City, Utah. For those unable to attend in person, the meeting will also be available via Zoom.

For more information about the meeting, our latest financial reports, or any other investor materials, we invite you to visit the Investor Relations section of our website at www.securitynational.com. We appreciate your continued support of security National Financial Corporation. This concludes our first quarter 2026 earnings call. We look forward to speaking with you again soon.

Thank you and have a great day.”