

Quarterly Investor Call Transcript

Security National Financial Corporation

Quarter: Q3 2025

Date & Time: Friday, November 14th 1PM MDT

1. Welcome & Forward-Looking Statement

Presenter: HR Director Heather Street

“Good afternoon, everyone, and welcome to Security National Financial Corporation’s Third Quarter 2025 Earnings Call. We thank you for joining us today to review our financial and operational results for the period ended October 31, 2025.

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: CEO Scott Quist

“Good afternoon, my name is Scott Quist. I am the Chairman and Chief Executive Officer of Security National Financial Corp. With that I welcome you to this call.

While the third quarter was definitely weak from my point of view, being \$4MM below Q3 2024 or roughly 34%, there are some definite bright spots which partially illuminate much of the hard work that has gone on. For example, on a Return on Equity basis, as of September 30th we achieved a 7.9% ROE for the nine months, which if annualized would put us in double digits at 10.5%. That is an improvement over our June report

where the similar annualized ROE number was 8.5%. In some respects that improvement highlights the financial diversity and resilience of our Company even when our operating earnings are a little disappointing. Another financial bright spot that deserves mention is our personnel costs. While they are still up roughly 6% on a YTD basis, for the quarter they are flat, indicating that we have found and implemented sufficient efficiencies to offset the talent hiring we undertook commencing in Q4 of 2024. Another way to say it is that we have significantly improved our executive management talent, particularly in the sales arena, and have been able to offset those immediate costs with operational efficiencies. In June, by way of further illustration, our YTD personnel costs were up roughly 10%, so to be up just 6% YTD in September indicates that significant progress has been made. Of course, improved management talent, particularly sales talent, should pay for themselves plus a margin and I believe I am seeing that progress. I continue to be very impressed with the people that have chosen to join us. That process, however, is a process and will take a little time for it to play out. 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. It has been and continues to be a major management focus.

Going to our business segments, for the quarter our Mortgage Segment was profitable and was up over Q3 of 2024. While the numbers are not large, it represents a significant milestone. The mortgage market continues to be troubled, with this being only the third profitable quarter in the last 3 years. Nevertheless, it was a profitable quarter! Further, I would note that in my estimation our operational quality has improved YOY with actual operational improvement rather than simply accounting improvements (or drags). Segueing to accounting treatments for a moment, using Current Expected Credit Losses (CECL, or bad debt expense) as the example, which are for the most part formulaic and which affect all our business segments, we have set aside nearly \$1MM for mortgage losses when in fact for at least the last 36 months we have suffered no losses due to foreclosure. I am not arguing that the accounting principles are being misapplied, I am simply saying that sometimes accounting treatments can have a timing effect of moving income between years, if not quarters. Our Cemetery and Mortuary Segment also posted improved results over Q3 2024. We are just now seeing stabilized, if not improved, preneed cemetery land sales which are a major profit driver. It is a fair statement that over the last 9 months we have completely revamped our cemetery sales force. Our Life Insurance segment's earnings were weak for the quarter, primarily due to DAC, CECL, and lower unrealized gains on common stock. Our goal is to grow new life premium sales. We did not achieve that goal in the third quarter, and we are working diligently to rectify the situation. Much of the aforementioned management and sales talent, and increased personnel costs, were/are centered in our Life Insurance Segment. As a reminder, in Q4 we will be implementing new accounting standards known as Long Duration Targeted Improvements (LDTI) in our Life Insurance Segment. This implementation will cause significant adjustments to our Benefit Reserves, our Deferred Acquisition Costs, and the implementation of a new concept of a Deferred Profit Liability among other items. Those accounting adjustments do not reflect any inappropriateness of our current calculations but will reflect new accounting standards. Whether those new accounting standards are better or worse than existing standards, I will leave such judgment to the discretion of the user. Our investment income continues to be good corporate wide, particularly in the Life Insurance Segment. As referenced in the June Earnings Press Release, the nature of our real estate-based activities (lending, directly

owning, builder partnerships) does create a significant current drag to income, we believe it will be positively accretive over time. Finally, just commenting on our real estate-based investments, we seem to be seeing weakness in the first-time buyer markets, but strength in the move up markets.

I thank you for your continued support and I will now turn the time over to Mr. Garrett Sill, our Chief Financial Officer.”

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.

I want to start off with a couple of highlights, just focusing on the changes between Q2 and Q3. Reviewing our Balance Sheet, invested assets increased \$5MM as we increased our investment in mortgage loans, real estate and our equity portfolio saw a \$1MM increase in fair value. Most of our liabilities remained relatively flat with the largest increase of \$6MM occurring in our Future Policy Benefits quarter over quarter. Our Stockholder’s Equity improved quarter over quarter, due to both quarterly earnings and a continued improvement in the fair value of our bond portfolio. Looking at the Income Statement, Q3 revenues were essentially flat compared to Q2, but we did see a \$2MM reduction in total expenses in Q3, which resulted in an increase in pretax earnings of \$2MM compared to Q2 pretax earnings.

Moving to the nine months ended 2025, the Balance Sheet shows that we’ve increased our investments in bonds, mortgage loans, real estate and saw a continued improvement in the fair value of both our fixed income and equity investments. Stockholder’s Equity increased \$27MM as a result of earnings and the improved fixed income portfolio fair value that flows through the Company’s equity statement. Unfortunately, our Income Statement does not show similar year over year results. Net earnings are down \$8MM as a result of increased expenses in several areas, including, Death Benefits, Deferred Acquisition Costs and personnel related expenses. We continue to work on reducing costs to improve profitability and our Q3 results show that we can be successful in our efforts.

As mentioned in our last call, accelerated filing status brings with it some significant changes to the Company. Since our Q2 earnings release, we have been on a sprint to both document and audit the Company’s internal controls on financial reporting. As you are aware, we did file our Q3 report one day earlier than normal. Not a huge step towards the accelerated filing timeline, but it is a step! Regarding our internal controls, we have good documentation in place for the majority of our controls and are working through an audit of all controls at this time.

Finally, as promised in our last earnings call, our “range of impact” and discussion on how the adoption of ASU 2018-12, better known as Targeted Improvements to the Accounting for Long-Duration Contracts, or “LDTI” effects the Company’s financial

statements is found on page 12 of our Q3 Form 10Q. I would also note, that for comparative purposes, our 2025 Form 10K will show “restated” 2024 numbers and subsequent 2026 quarterly filings will also show “restated” 2025 quarterly numbers. This restatement will affect both the Balance Sheet and Income Statement.

In closing, Q3 earnings improved over Q2 earnings, but our YTD Net Earnings remain well below the standard set for the 9 months ended in 2024. Despite the decrease in earnings year over year, we remain financially healthy as our balance sheet remains strong, with minimal debt and well-balanced investments that are poised for good future returns. For the rest of the year, we will continue to push through the “accounting headwinds” as we prepare for an audit opinion on the Company’s internal controls and as we “revamp” our Form 10K because of the adoption of LDTI. Next, we will hear from Andrew Quist, President and Chief Executive Officer of SecurityNational Mortgage.

Thank you.”

4. SecurityNational Mortgage

Presenter: SNMC CEO & President Andrew Quist

“Good afternoon, fellow shareholders. I'm Andrew Quist, President and CEO of SecurityNational Mortgage Company.

In the third quarter of 2025, SecurityNational Mortgage Company had a pre-tax net income of \$66,000 compared to net income of \$16,000 in the third quarter of 2024, an increase of \$50,000, or 312%. This was SecurityNational Mortgage's first quarterly profit since the third quarter of last year. While an improvement, the modest \$50,000 increase over Q3 last year doesn't fully reflect the operational results of SNMC.

The Q3 results for SNMC last year included a legal settlement awarded to SecurityNational that increased revenue and net income by approximately \$1.3 million in the quarter; thus, excluding the legal settlement, net income improved by almost \$1.4 million from year-ago levels. I believe this shows significant operational improvement in our company.

This improvement came on essentially flat origination volumes in the third quarter of 2025. We originated \$622 million of loan volume, compared to \$632 million in the third quarter of 2024, a 2% year-over-year decrease. On a sequential quarter basis, origination volumes were up 1%. Based on the Mortgage Bankers Association’s reported total industry origination volumes for the third quarter, SNMC’s market share decreased to 11 basis points from 12 basis points in the second quarter. I view this decline as a direct result of higher refinance volumes in the third quarter which the MBA reported represented 33% of all loan originations in the quarter. This is the highest reported share of refinance in the market in over 3 years. SecurityNational's third quarter refinance percentage of total originations was 14%. This is an obvious area of underperformance as a purchase money-focused lender. We simply must improve our refinance skill set in this environment. This is a key focus of ours heading into 2026.

In summary, SecurityNational Mortgage returned to profitability in the third quarter for the first time since the third quarter of 2024. Excluding the 2024 legal settlement, the year-over-year net income improvement was almost \$1.4 million, which I consider significant. This was accomplished with essentially flat origination volumes, both year-over-year and on a consecutive quarter basis.

I want to thank our loan officers and our employees for their tireless efforts in returning SecurityNational Mortgage Company to profitability. I know with the outstanding and dedicated team we have at SecurityNational Mortgage, we will continue the improvement we saw in the third quarter.

Thank you.”

5. Security National Life

Presenter: SNL CEO & President Adam Quist

“Good afternoon and thank you for joining us today.

My name is Adam Quist, and I serve as President and CEO of Security National Life Insurance Companies. Today, I'll be reporting on our Life Segment results for the third quarter 2025.

On a GAAP basis, our life segment generated net income before taxes of approximately \$7.5 million for the quarter, compared to \$11.8 million in Q3 2024, for a pre-tax decrease of \$4.4 million or 37%. While earnings were lower year-over-year, total revenues increased by roughly \$2 million, or about 4%, driven primarily by higher investment income resulting from increased profit share from our builder partners.

The increase in investment income this quarter was driven primarily by continued strength in our builder relationships and construction loan balances. Our builder profit-share income remains a key contributor to our earnings, and while we are not immune from macro- and micro-economic trends in the housing market, we expect it to continue to generate attractive returns over time. It is also important to understand that we have deployed over \$50 million into residential land holdings this year. While our residential land holding may be a leading indicator for the prospects of future profit splits with our builder partners, generally speaking we recognize zero income from these land holdings and in fact forgo the opportunity cost of other immediate return generating investments, at least until the construction of a house is started.

We believe the diversification of our earnings base provides resilience across market cycles and reflects our focus on generating what we view as attractive risk-adjusted returns over the long term.

Our personnel costs increased \$561 thousand, or about 10 percent, compared to Q3 2024. While personnel costs have risen this year, it's worth noting that Q3 was our

lowest personnel cost of the year and also our lowest personnel cost growth Quarter over Quarter of the year.

We continue to invest in our sales force, technology, and strengthening our value proposition to our funeral home and agent partners. These are strategic investments that naturally come with up-front costs, that are intended to drive greater efficiency, scale, and market competitiveness in future periods. But by its nature, it does require investment.

Death benefits were up approximately \$2 million compared to the same quarter last year. Net of reserves, this increase reduced earnings by roughly \$800 thousand. Short-term volatility in mortality is expected; however, our overall experience remains within our long-term pricing expectations.

We also recorded an increase in bad-debt expense of \$500 thousand during the quarter. My comments here remain consistent with prior quarters: we continue to view our CECL and bad-debt provisions as largely formula-driven. That said, it may be worth highlighting an important point—in the past three years, we have incurred zero realized losses in our commercial and construction loan portfolios, and our delinquency rates remain in line with our historic norms.

The single largest negative driver on our earnings this quarter was Deferred Acquisition Costs, or DAC—both in increased amortization and a decreased deferral.

We recorded a \$3.2 million higher amortization of DAC in Q3 2025 compared to Q3 2024, combined with approximately \$500 thousand less in the deferral on the same comparative basis, resulting in a total earnings headwind of over \$3.7 million on the quarter.

This was primarily driven by:

- A higher termination rate from deaths, lapses, and policies moving to reduced paid-up status,
- A shift in product mix, and
- The impact of recent premium increases.

It's important to note that on a cash basis, our commissions paid were roughly flat to down, and we have not increased actual commission rates as compared to last year. However, the actuarial and accounting treatment of DAC may shift reported profitability between periods. Also, it is important to remember, the calculation and treatment of DAC will change as we implement Long Duration Targeted Improvements, or LDTI, in Q4 2025.

Looking ahead, our focus remains on:

- Strengthening and expanding our sales distribution relationships;

- Enhancing operational efficiency and data-driven decision-making while investing in profitable growth opportunities; and
- Deploying capital into what we believe are attractive investment opportunities.

We believe that our consistent approach—built on underwriting discipline, strategic investment, and measured growth—positions us well to continue delivering long-term value.

In summary, while third-quarter earnings were lower than last year, our revenues grew, our investment income remained strong, and our expense trends improved. The headwinds we faced this quarter—particularly from DAC, mortality, and bad-debt provisions—are largely timing- and accounting-related, and we remain confident in the strength of our underlying operations and financial position.

We continue to focus on sustainable, long-term profitability, and I remain encouraged by the foundation we're building for future growth.

Thank you all for your continued support, and I look forward to sharing our progress when we report our full-year 2025 results.”

6. Security National Funeral Homes and Cemeteries

Presenter: FH&C COO Steve Kehl

“Good afternoon, everyone. I am Steve Kehl, the Chief Operating Officer of Security National Funeral Homes & Cemeteries.

In Q3, our earnings before tax grew 7.2% to \$3.045 million, compared to \$2.841 million in the third quarter of 2024. Our total revenue in Q3 increased 4.5% to \$8.928 million, compared to \$8.543 million in the third quarter of 2024. We are encouraged by the meaningful improvements achieved this quarter across both earnings and revenue.

In Q3, our funeral home earnings before tax came in at \$724,000, up 40.5%, from the \$516,000 in earnings from Q3 last year. Our funeral home revenue also rose 9.4% to \$3.52 million, up from \$3.22 million in Q3 of 2024. This was driven by a 4.2% growth in the number of families served coupled with a 0.5% increase in our funeral sales averages. Our realized cremation rate in Q3 was 49.9%. We are pleased with our education initiatives from our funeral directors as they explain the value of service to our families. From Q2 to Q3, we have realized an additional 2.5% increase in these cremation families that are choosing to have service associated with honoring their loved one's life. Additionally, for the first nine months of 2025, we have realized an increase of 14.8% over the first nine months of 2024.

We believe this growth underscores the effectiveness of our expanded service offerings and reflects the enhanced expertise of our funeral directors in guiding families toward meaningful and personalized choices. We have dedicated significant time this year to strengthening our professional training, both within the arrangement conference environment and through elevating our broader standards of excellence across our funeral home teams.

In Q3, our cemetery earnings before tax were \$880,000, up 21.7%, from the prior year quarters \$723,000. Our cemetery revenue also increased 0.7% from \$3.60 million in Q3 2024 to \$3.62 million.

As Scott noted in the press release, we are beginning to see stabilization, if not improvement, in preneed cemetery land sales. In the third quarter, our preneed land sales increased 3.2% compared to Q3 2024. As shared on our last earnings call, we have strategically rebuilt 60% of our cemetery sales team throughout 2025, aligning ourselves with growth-minded professionals who are dedicated to educating and serving our families. We also saw a positive shift in our volume of interments during Q3, reducing our year-to-date deficit to 5.2%. As our cemetery teams continue to educate families on the importance of establishing a final resting place to honor a life lived, we are confident these efforts will support continued growth and strengthen our long-term position.

In Q3, our investment income totaled \$1.44 million, compared to \$1.60 million during the same period last year. We recognize that the value of our investment strategy and the returns it generates unfold over time. We remain committed to these long-term objectives, including continued investment in our internal development initiatives, such as cemetery garden expansions, which we believe will contribute meaningfully to future growth.

We remain confident in our future. Our operating model is strong, and our core businesses continue to create meaningful opportunities for growth. We are grateful for the progress we've made in Q3, yet we also recognize that sustained advancement will require more than relying on past practices. With resilience and purpose, we are making strategic investments in our people, in technology, and in elevating the customer experience.

I want to extend my heartfelt appreciation to our funeral home, cemetery, grounds, and operational support teams. Your steadfast dedication to service excellence and professionalism is the foundation of our success. Even amid today's challenging economic environment, your unwavering commitment inspires confidence and ensures we continue delivering the highest standard of care to the families we are privileged to serve.

Thank you for your time, confidence, and your ongoing partnership.

I will now turn the time back over to our Human Resources Director, Heather Street.”

7. Q&A Instructions + Live Q&A

Presenter: HR Director Heather Street

“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. We'll take as many as time permits.”

There were no questions asked on this earnings call.

Presenter: HR Director Heather Street

“As we've come to the end of our time, we'll note the end of our Q&A and as we have no more questions, we'll note the end of our Q&A.”

Thank you again for your questions and participation. We value the engagement and thoughtful input of our shareholders and analysts.”

8. Closing Remarks

Presenter: HR Director Heather Street

“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 third quarter 2025 earnings call. We look forward to speaking with you again soon.

Thank you and have a great day.”