

NobleOak FY22 Results

Strong growth in premiums and profits, exceeded key FY22 Prospectus forecasts

NobleOak Life Limited (ASX: NOL) (**NobleOak** or **the Company**), an independent, award-winning specialist Australian life insurer, today announces its full year results for the 12 months ended 30 June 2022 (**FY22**).

Highlights¹:

- **Exceeded key FY22 Prospectus forecasts:**
 - In-force premiums² up 40% to \$254.6 million
 - Insurance premium revenue up 46% to \$248.4 million
 - Underlying NPAT up 35% to \$9.5 million
- **Active policies² up 33% to over 103,000**
- **Continues to outperform and take market share, with ongoing low lapse rates**
- **Most awarded Direct Life Insurer 2021-2022**
- **Maintained high customer satisfaction and employee engagement**
- **Well capitalised, well positioned and committed to investing for growth**

Commenting on the result, NobleOak Chief Executive Officer Anthony Brown, said: "I am proud to report a strong performance in FY22, as we continue to outperform the market, while remaining operationally resilient and providing fantastic service to our customers. All while delivering on our social licence and protecting Australians with cover they can trust and rely on.

"In FY22, we delivered another year of strong growth in in-force premiums and underlying profits across our three channels, exceeding our key Prospectus forecasts. While new business continues to be impacted across the whole industry by reduced buying activity, as the market adjusts following the introduction of new, more sustainable, Individual Disability Income Insurance (IDII) policies, we continue to increase our market share. Our lapse rates remain materially below the market and will continue to support strong in-force premium growth over the medium-term.

"Looking ahead, we are well capitalised and operationally positioned to withstand the economic uncertainty and inflationary environment we are facing. NobleOak has protected Australians for over 144 years and our experience has shown us the resilience of life insurance in times of economic stress, as policyholders become increasingly risk averse and retain their policies as a hedge against uncertainty. I am confident that as a nimble operator, with a strong team and strategy, we can continue to take market share and capture the significant opportunity ahead of us."

¹ All comparisons relate to the prior corresponding period (pcp) unless otherwise stated.

² Excludes the Genus administration business.

Group performance

\$m/%	FY22	FY21	Var	FY22F Prospectus	Var
In-force premiums (ex-Genus) at period end	254.6	182.1	40%	233.4	9%
New business	60.9	69.0	(12%)	66.1	(8%)
Insurance Premium Revenue	248.4	169.9	46%	216.9	14.5%
Net Insurance Premium Revenue	63.7	46.6	37%	56.5	13%
Underlying Gross Insurance Margin	14.2%	17.6%	(3.4ppts)	15.5%	(1.3ppts)
Administration Expense Ratio	8.7%	11.4%	(2.7ppts)	9.7%	(1.0ppts)
Investment Return	0.1%	(0.1%)	0.2ppts	0.3%	(0.2ppts)
Underlying NPAT	9.5	7.0	35%	9.0	5%

NobleOak delivered strong growth in premiums and profits in FY22, achieving key Prospectus forecasts for the period and continuing to increase market share.

The result was achieved despite subdued industry activity following the launch of new Individual Disability Income Insurance (IDII) products in October 2021.

As expected, sales in both direct and intermediated business benefited from higher customer activity in the lead up to the October deadline. However, new business volumes across the market have declined by over 30% since the launch of the new products, as life insurers revise their products and pricing to ensure the market positioning fits their respective risk appetites.

Despite this, in-force premiums, the key value driver of NobleOak's business, grew by 40% to \$254.6 million, exceeding the Prospectus forecast by 12%, with continued low lapse rates more than offsetting the impact of lower new business sales, which were \$60.9 million, down 12% on the prior year.

NobleOak's underlying net profit after tax (NPAT) grew by 35% to \$9.5 million, 5% ahead of the Prospectus forecast, driven by strong in-force premium growth, disciplined underwriting and expense management.

The Company reported a favourable claims experience, with the group underlying gross insurance margin of 14%. NobleOak has not observed any material adverse claims experience.

The market is expected to take some time to normalise and new business sales are expected to be impacted in the near-term. However, NobleOak's lapse rates are expected to be favourably impacted and remain materially below market average, continuing to drive strong growth in in-force premiums.

Direct Channel

In the Direct Channel, sustained investment in brand and technology is improving the customer experience and driving growth, as NobleOak continues to take market share from larger incumbents.

In FY22, NobleOak's Direct policy count increased by 19%, with in-force premiums in the Direct Channel increasing by 20% to \$69.2 million. Lapse rates remain well below the industry average at 8%. Underlying NPAT rose by 50% to \$5.4 million driven by disciplined underwriting and expense management.

NobleOak continues to expand its network of Alliance Partners, now numbering over 30 after new distribution agreements signed during the year with Qudos Bank and Illawarra Credit Union, as well as Heritage Bank in July 2022. These are in addition to alliance partnerships with The Royal Automobile Club of Western Australia (RAC) and Auto & General (Budget Direct) which went live in October 2021 and February 2022 respectively and are generating good application and sales volumes.

Strategic Partner Channel

In the Strategic Partner Channel, in-force premiums were up by 49% to \$185.4 million in FY22, 10% ahead of the Prospectus forecast. The Strategic Partner Channel delivered Underlying NPAT of \$3.2 million for FY22, an increase of 52% on the prior year and 11% ahead of the Prospectus forecast.

NobleOak continues to work with its Strategic Partners, NEOS and PPS Mutual, to ensure ongoing commercial alignment following the introduction of new IDII products. The Company worked closely with NEOS and PPS to launch and refine new IDII products during the year to ensure product features and market positioning meets the companies' respective risk appetites while remaining attractive to customers and prospects. A review of the commercial terms and operational arrangements with both partners is now complete to ensure these important partnerships meet NobleOak's target return expectations.

While the advised market continues to evolve, partly in response to outcomes from the Royal Commission, with the number of advisers decreasing, the Strategic Partner Channel remains an important part of NobleOak's business. However, NobleOak's Direct Channel remains the key driver of business value and an important differentiator.

Genus

In-force Premium under management by Genus, NobleOak's administration business, decreased by 21% in line with expectations to \$25.5 million.

The decline in the in-force premium under management, due to the Freedom portfolio conduct remediation program completing in April 2022, was partially offset by the acquisition of the Auto & General administration run-off portfolio in October 2021, which added \$4.1 million to the in-force premium under management.

Underlying NPAT was \$0.9 million in FY22, exceeding the Prospectus forecast by 6%.

Moving forward, lapse rates are expected to return to industry average or below and support a more gradual reduction in premiums under management.

Operational update

NobleOak's close alignment with its core values of *nobility*, *simplicity*, *adaptability* and *delivery* continues to deliver strong outcomes for customers and team members, with the Company receiving positive recognition both externally and internally.

In FY22, NobleOak was again Australia's most awarded direct life insurer, including winning the prestigious Plan for Life Overall Direct Life Insurance Excellence Award for an unprecedented fourth year in a row. The Company also received the prestigious Canstar Outstanding Value Awards for both Premium Life Direct Life Insurance and Income Protection Insurance for the sixth consecutive year, as well as Money Magazine's Direct Life Insurance Cover of the Year 2022, the first time the award has been offered.

In the Direct Channel, NobleOak retained its strong net promoter scores and customer satisfaction ratings, with the Direct sales team named the #1 Sales Contact Centre in Australia by leading external consulting group GRIST, as well as maintaining its high ratings on Google and Feefo of over 4.4 or more out of 5.

Team engagement remains high, with 96% of respondents in the most recent Employee Engagement Survey saying they are proud to work for NobleOak. This is important in a competitive talent market, enabling NobleOak to attract and retain talented people, the backbone of our business.

Trading update and outlook

Since the introduction of new IDII products in October 2021, industry-wide customer purchasing activity has remained subdued across all products, with fewer customers switching insurers.

While this is expected to continue to benefit lapse rates, it is also expected to limit new business opportunities throughout FY23. However, green shoots are appearing, with market in-force premium having grown by 5% over the 12 months ended March 2022, and industry profitability improving.

As Australia enters a period of economic uncertainty, with rising interest rates and inflation, NobleOak is well positioned, with a robust capital position providing capacity for growth. The Company's experience has shown that life insurance is traditionally resilient in times of economic stress, as policyholders become increasingly risk averse. This is expected to further support favourable lapse rates moving forward, which will drive in-force premium growth for NobleOak.

Renewal intentions are one of the clearest measures of how the life insurance value proposition stacks up for customers, and this year's edition of NobleOak's industry Whitepaper found that 70% of customers intend to renew their policy in 2022, up from 50% in 2021 and only 33% in 2020.

Rising interest rates are expected to be a tailwind for NobleOak, bringing with them the expectation of improved investment returns. While the Company is not immune from inflationary impacts on its cost base, NobleOak's products do contain inflation adjustments, and its strong culture and high employee engagement are also expected to protect margins.

In FY23, the Company's strong brand and low lapse rates are expected to drive continued above market growth in in-force premiums, with NobleOak's disciplined approach to drive continued profit growth.

NobleOak Chief Executive Officer, Anthony Brown, said: "I am very pleased that the NobleOak team has delivered a strong performance in FY22, our first year as a listed entity. We continue to outperform and grow our market share, giving our business and our brand strong momentum and setting a wonderful platform for future growth."

Investor webcast and conference call

NobleOak CEO Anthony Brown and CFO Scott Pearson will host a webcast briefing for analysts and investors from **10.00am AEST today (31 August 2022)**.

The webcast will be available live and can be accessed at the following link:

<https://webcast.openbriefing.com/8994/>

This announcement has been authorised by the Board of NobleOak Life Limited.

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About NobleOak (ASX: NOL)

NobleOak is an independent, multi award-winning APRA-regulated Australian life insurance provider which has a 145-year history, dating back to one of the first benevolent societies in Australia, the United Ancient Order of Druids Friendly Society of NSW. NobleOak's core values: nobility, simplicity, adaptability and delivery, are grounded in the values of the Druids and are embedded deeply in its culture. Following its demutualisation in 2011, NobleOak repositioned its business model, launching direct-to-consumer life insurance products through its modern and intuitive digital platform. Since then, NobleOak has diversified its business by manufacturing white-labelled tailored products for strategic partners which are mostly offered to customers through advisers. NobleOak's strategy is underpinned by a commitment to offer customers high value, easy to understand and competitive life risk insurance products. NobleOak has achieved success by participating across the life insurance value chain, by manufacturing, underwriting and distributing its own life insurance products.