



NOBLEOAK

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NobleOak Life Limited

ACN 087 648 708



APPENDIX 4D

Results for announcement to the market

NobleOak's Underlying NPAT for the six months to 31 December 2023 was \$7.8 million, up 16% from the prior corresponding period (\$6.8 million).

On a statutory reporting basis, NPAT decreased by 55% to \$4.2 million (HY23: \$9.5 million), after including the impact of recurring items such as changes in economic assumptions on the valuation of policy liabilities and non-recurring costs such as those pertaining the AASB implementation project.

Consolidated	31/12/2023 \$'000	Restated 31/12/2022 \$'000	Movement \$'000	Movement %
In-force premiums (ex Genus) at period end	351,431	283,310	68,121	+24%
New business sales (annualised premium)	26,503	21,606	4,897	+23%
Net profit after tax	4,241	9,480	(5,239)	(55%)
Underlying net profit after tax	7,835	6,770	1,065	+16%
Basic earnings per share (cents)	4.93	11.05	(6.12)	(55%)
Diluted earnings per share (cents)	4.80	10.78	(5.98)	(55%)
Underlying basic earnings per share (cents)	9.11	7.89	1.22	+15%
Underlying diluted earnings per share (cents)	8.88	7.70	1.18	+15%

Net Tangible Assets Per Share

Consolidated	31/12/2023	31/12/2022
Net tangible assets per share	\$0.72	\$0.61

Dividends

	Amount per ordinary share	Franked amount per ordinary share
Dividend paid	-	-

The NobleOak Board believes the best returns on capital in the near term will be achieved by reinvesting operating cash flows into the business to support its ongoing growth. Accordingly, no dividend has been declared for the first half of FY24.

APPENDIX 4D

continued

Results of operations

NobleOak has developed a trusted brand in the Australian life risk insurance market, combining contemporary Life Insurance products with a modern digital technology platform and service-driven business model.

This half-year financial report has been prepared in compliance with AASB 17 and introduces significant change in the recognition, measurement, presentation, and disclosure of insurance contracts.

The company provided information sessions in February 2024 on the key impacts of the transition to AASB 17. The accounting standard does not impact the underlying business value drivers and strategy for NobleOak, but will see some changes in the timing of recognition of profits across NobleOak's business segments.

Over the six months to 31 December 2023, NobleOak continued to deliver strong in-force premium growth across the Direct (digital and alliance partners) and Strategic Partner segments while continuing to grow its market share. Disciplined underwriting and expense management continues to contribute to sustainable profit growth.

At period end, NobleOak had more than 128,000 active policies (excluding Genus), up 15% from 31 December 2022. These policies represented over \$351 million of annual in-force premiums (31 December 2022: \$283 million), which grew by 24%, significantly outperforming the industry which grew by 3% over the 12-month period.

NobleOak's first half in-force premium growth of 11% sees the Company on track to meet its guidance provided at the November 2023 AGM for in-force premium growth of between 15% to 20% for the full year to 30 June 2024.

NobleOak is focused on maintaining its key financial disciplines which deliver margin stability.

The key growth metrics are outlined below:

- Underlying NPAT of \$7.8 million, up 16% on the prior corresponding period (pcp);
- Active policies in place at 31 December 2023 now exceed 128,000 (15% growth);
- In-force premium at 31 December 2023 grew by 24% to \$351.4 million; and
- Underlying administration expense ratio increased slightly to 7.5% (FY22: 6.8%).

NobleOak's Statutory Reported NPAT was \$4.2 million for the year, down 55% from HY23, largely due to impact of changing economic assumption (interest rates) on policy liabilities, the movement in provision for onerous contracts and one-off compliance and IT project costs.

Key highlights for NobleOak's business in the reporting period are:

- once again being Australia's most awarded direct life insurer, including receiving Platinum Trusted Services Award for the fifth consecutive year, and securing the Overall Excellence award from Plan For Life;
- continuing to invest in people, processes and systems to improve scalability; and
- adding further alliance partnerships with two industry-leading brands, Singapore Airlines' KrisFlyer program and Costco.

NobleOak's balance sheet remains strong, with a sound regulatory capital position as at 31 December 2023.

APPENDIX 4D

continued

NobleOak delivered the following results for the half-year ended 31 December 2023:

After Tax Results by Segment \$'000/%	Consolidated		Variance
	HY24	Restated HY23	
Direct	2,974	2,523	18%
Strategic Partners	4,520	3,871	17%
Genus	341	376	(9%)
Group Underlying NPAT¹	7,835	6,770	16%
<i>Recurring Adjustments</i>			
Impact of policy liability economic assumption changes (post tax)	745	3,695	
Impact of change in loss recognition reserves (post tax)	(1,232)	(399)	
<i>Non-Recurring Adjustments</i>			
Impact of funeral fund member allocation	(780)	-	
Impact of AASB 17 implementation expenses (post tax)	(1,409)	(586)	
Impact of IT transformation project expense (post tax)	(918)	-	
Reported NPAT	4,241	9,480	(55%)
Reported Diluted earnings per share (cents)	4.80	10.78	(55%)
Underlying Diluted earnings per share (cents)	8.88	7.70	15%

1. Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact on one-off and recurring items. Disclosing an underlying measure of profits, allows the users of financial information to better assess the underlying performance of the business (as is contemplated by ASIC RG 230 Disclosing non-IFRS financial information). More details on the recurring and non-recurring adjustment are provided in the Statutory to Management Result Reconciliation Section of the Directors' Report in the half-year financial report.

Key metrics²

\$'000/%	Consolidated		Variance
	HY24	Restated HY23	
In-force premiums (ex-Genus) at period end	351,431	283,310	+24%
New business	26,503	21,606	+23%
Net insurance premium revenue	48,722	38,415	+27%
Underlying gross insurance margin	12.2%	12.1%	+0.1ppts
Underlying administration expense ratio	7.5%	6.8%	(0.7)ppts
Investment return (% insurance premium)	1.5%	0.6%	+0.9ppts
Underlying NPAT	7,835	6,770	+16%

2. Key metrics of the business are based on the way management analyses business performance. See the Statutory to Management Result Reconciliation Section of the Directors' Report in the half-year financial report for more information.

The following section provides an overview of some of the Group consolidated key metrics. More detailed commentary on the results and key metrics by Segment are included in the Operating Segment Review.

APPENDIX 4D

continued

In-force premium and new business

Over the reporting period, sales volumes in the Australian Life Insurance industry continued to improve following the negative impact of industry-wide Income Protection product changes in October 2021.

In-force premiums are the key value driver of NobleOak's business, and the Company achieved strong growth of 24% on the pcp to \$351.4 million, significantly outperforming the industry which grew by 3%.

Pleasingly, NobleOak's new business sales have increased by 23% year-on-year, with a significantly higher market share of new business sales delivering continued market share growth. As a result, in-force premium market share grew to approximately 3.0% at 30 June 2023 (June 2022: 2.5%).

NobleOak's outperformance has been driven by a strong share of new business sales of approximately 13.2% for 12 months to June 2023 (12 months to June 2022: 16.2%) and lower than industry average lapse rates across both the Direct and Strategic Partner Segments.

Net insurance premium revenue

Total net insurance premium revenue grew by 27% to \$48.7 million in HY24 (HY23: \$38.4 million), benefiting from the strong growth in sales volumes and ongoing favourable lapse experience.

Underlying Gross Insurance Margin (before admin expenses)

NobleOak delivered another strong underwriting performance during the period, with the overall net claims experience remains stable and in line with expectations.

Importantly we have not seen further net claims reserves deterioration in the half-year following reserving methodology changes at the end of the prior year.

During the half-year, a one-off surplus on the Funeral Fund has been allocated to members, which resulted in a \$0.8 million reduction in profit before tax.

Underlying administration expense ratio

NobleOak's disciplined approach to investing to build capability continues to drive operating leverage. The investment in its digital technology and actuarial, risk and claims teams is designed to support long-term sustainable growth. These investments have seen the underlying administration expense ratio increased slightly to 7.5% (HY23: 6.8%).

Both the current and prior years have benefited from the transfer of claims handling expenses to the claims expense line in the income statement, bringing NobleOak into line with its peers and with the AASB 17 accounting standard.

As foreshadowed in the 2023 Annual Report, the business is also incurring costs associated with implementation of the new insurance accounting standard AASB 17 *Insurance Contracts* and an organisation-wide technology transformation program. This technology initiative will transition the Company's IT platform to a versatile cloud-based system with new processes, automated forms, and enhanced client access capabilities, representing a significant investment over 2023 and 2024. These IT transformation costs and the AASB 17 compliance costs are excluded from the underlying results to enable a more accurate assessment of the underlying business performance.

Administration expenses in HY24 include depreciation and amortisation expense of \$1.0 million (HY23: \$0.8 million).

APPENDIX 4D

continued

Investment returns

Higher interest rates during the period and the overall growth of the investment portfolio drove investment returns (pre fees) up materially to \$5.4 million (HY23: \$1.1 million), with the average return on invested assets improving to 4.4% (HY23: 2.5%).

The growth of the portfolio benefited from the deposit back assets held to support reinsurance concentration exposure in the Strategic Partner segment. Fees for the deposit back arrangement plus normal investment management fees have been deducted against investment returns bring the reported investment returns (post fees) to \$2.7 million (HY23: \$1 million).

Moving forward, the current interest rates are expected to continue to deliver strong investment returns on the portfolio, which retains an overall low risk profile.

Operating segment review

Direct

\$'000/%	HY24	Restated HY23	Variance
In-force premiums at period end	85,927	74,298	+16%
New business sales (annualised premium)	5,027	4,847	+4%
Lapse rate	11.3%	9.5%	(1.8)ppts
Net insurance premium revenue	23,132	20,061	+15%
Underlying gross insurance margin	28.0%	26.6%	+1.4ppts
Underlying administration expense ratio	19.9%	18.2%	(1.7)ppts
Investment return (% insurance premium)	2.0%	1.5%	+0.5ppts
Underlying NPAT	2,974	2,523	18%

Key metrics of the business are based on the way management analyses business performance. See the Statutory to Management Result Reconciliation Section of the Directors' Report in the half-year financial report for more information.

NobleOak's Direct strategy continues to deliver results, with the Company's strategy of investing in digital marketing alongside a diverse and growing range of alliance partnerships contributing to strong market share gains.

Direct Channel policy count increased by 12% since December 2022, with gross in-force premiums growing by 16% to \$85.9 million (HY22: \$74.3 million). Direct market share has grown to 8.3% (of Direct Market) at 30 June 2023 compared to 4.7% at 30 June 2019.

Lapse rates are returning to more normal levels from pandemic era lows, increasing to 11.3% in the first half but remaining well below the industry average. This is expected to continue over the medium-term.

New business sales in the Direct channel grew by 4% on the pcp, driven by good growth from alliance partnerships, including those with Budget Direct and RAC WA. NobleOak's market share on Direct Sales was 15.8% over the 12 months to 30 June 2023 (FY22: 16.3%), remaining significantly higher than the market share of Direct in-force premiums of 8.3% (FY22: 7.8%).

The Underlying Insurance Margin remained strong at 28%, with the net claims experience in the half better than expected.

The underlying administration expense ratio of 19.9% includes increased premises cost, investment in technology and capability within the business, including actuarial and strategic business development teams. This is expected to improve in the second half. It is important to note that both the current and prior years have benefited from the transfer of claims handling expenses to the claims expense line in the income statement, which brings NobleOak into line with its peers and is consistent with the requirements of the AASB 17 accounting standards.

Underlying NPAT grew by 18% on the pcp to \$3.0 million.

APPENDIX 4D

continued

NobleOak's focus on delivery of our core values of nobility, simplicity, adaptability and delivery continues to deliver strong customer outcomes, resulting in strong customer feedback, including:

- 4.6/5 Feefo customer rating as at 31 December 2023, with a fifth Platinum Trusted Service award;
- 4.2/5 Google customer satisfaction rating as at 31 December 2023; and
- NobleOak was the most awarded Australian direct Life Insurer in 2023, this is the fifth year in a row NobleOak has been the most awarded (2016-2023). In 2023 NobleOak won awards from Canstar, Plan for Life, Mozo, Money Magazine, Finder, WeMoney and DBM during the year for the quality and value of our Life Insurance and Income Protection products and received awards for our customers service from WeMoney, Feefo and Plan For Life. In 2023 NobleOak also became an Employer of Choice winner at The Australian Business Awards.

Strategic Partners

\$'000/%	HY24	Restated HY23	Variance
In-force premiums at period end	265,504	209,013	+27%
New business Sales (annualised premium)	21,476	16,759	+28%
Lapse rate	8.4%	5.2%	(3.2)ppts
Net insurance premium revenue	24,315	17,011	+43%
Underlying gross insurance margin	5.5%	5.8%	(0.3)ppts
Underlying administration expense ratio	2.0%	1.6%	(0.4)ppts
Investment return (% insurance premium)	1.3%	0.4%	+0.9ppts
Underlying NPAT	4,520	3,871	+17%

Key metrics of the business are based on the way management analyses business performance. See the Statutory to Management Result Reconciliation Section of the Directors' Report in the half-year financial report for more information.

The Strategic Partners channel continues to deliver strong growth, with NobleOak's contemporary products, high quality service and strong partnerships with Neos and PPS continuing to deliver market share gains.

In force premium grew by 27% to \$265.5 million as at 31 December 2023 (Dec 22: \$209.0 million), with NobleOak's market share of advised business having grown to 2.5% as at 30 June 2023, up from 0.3% as at 30 June 2019.

Pleasingly, new business sales grew by 28%, supported by improved industry sales volumes which are bouncing back after the impact of industry-wide income protection product changes in October 2021, as well as reduced advisor numbers.

NobleOak's market share of advised sales was 12.5% in the 12 months to 30 June 2023 (FY22: 16.1%)

As expected, lapse rates continue to normalise from pandemic era lows, but remain well below the industry average.

The underwriting performance in the Strategic Partner channel was strong during the period, with overall net claims in line with expectations.

Investment results have benefited from higher interest rates, noting that the return achieved on additional deposit back assets held (supporting reinsurance asset exposures) are offset by higher fees associated with holding these assets.

The underlying administration expense ratio remains low at 2.0% and continues to benefit from operating leverage and financial discipline.

Underlying NPAT of \$4.5 million for HY24 was up 17% pcp.

APPENDIX 4D

continued

Genus

\$'000/%	HY24	Restated HY23	Variance
In-force premiums at period end	24,526	24,881	(1%)
Underlying administration expenses (excluding amortisation)	2,374	2,441	+3%
Amortisation of portfolio acquisition cost	237	155	(53%)
Underlying NPAT	341	374	(9%)

Key metrics of the business are based on the way management analyses business performance. See the Statutory to Management Result Reconciliation Section of the Directors' Report in the half-year financial report for more information.

In-force premiums under management by Genus have stabilised at \$24.5 million at December 2023, with the Freedom conduct remediation program having now concluded.

Moving forward, the business expects to return to a more normal run-off pattern of c.10% per year.

Genus generated \$0.3 million of Underlying NPAT in the half, which is a slight reduction from the prior year in line with in-force premiums under management.

Subsequent events

There has been no matter or circumstance that has arisen since the reporting date that has significantly affected, or may significantly affect, the operations of the Group, or the state of affairs of the Company in future years.

Compliance statements

The information provided in this report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements or other standards acceptable to ASX.

The NobleOak Life Limited Condensed Consolidated Financial Report for the half-year ended 31 December 2023 has been subject to review by our external auditors. A copy of the independent review report to the members of NobleOak Life Limited is included in the Half-Year Condensed Consolidated Financial Report.

Signed:



Anthony R Brown
Director

Sydney, 27 February 2024



Stephen Harrison
Chair



NOBLEOAK
LIFE INSURANCE

NobleOak Life Limited
ABN 85 087 648 708 AFSL No 247302

Telephone: 02 8123 2622
Email: companysecretary@nobleoak.com.au
Website: www.nobleoak.com.au

Registered office address:
Level 4, 44 Market Street, Sydney NSW 2000