NobleOak

The smarter way to insure your life

PROSPECTUS

NobleOak Life Limited

ACN 087 648 708

Lead Manager

Barrenjoey

Partnering with BARCLAYS

IMPORTANT NOTICES

This prospectus (**Prospectus**) is issued by NobleOak Life Limited ACN 087 648 708 (**Company**) and NobleOak SaleCo Limited ACN 650 872 370 (**SaleCo**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). This Prospectus involves an initial public offering, involving an invitation to apply and subscribe for fully paid ordinary shares in the capital of the Company (**Shares**) (the **Offer**). Refer to Section 7 for further details on the Offer.

Lodgement and listing

This is a replacement prospectus dated 6 July 2021 and a copy of this Prospectus was lodged with ASIC on that date.
This replacement prospectus replaces the prospectus dated 29 June 2021 (**Original Prospectus**) that was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day (**Original Prospectus Date**). This replacement Prospectus has been issued to clarify certain information relating to the Underlying NPAT measures included in the Prospectus, the use of proceeds received from the Offer, the transaction expenses incurred by the Company in connection with the Offer and the Pre-Offer Dividend to be paid to Shareholders of the Company who held Shares in the Company as at 9 June 2021.

The Company applied to the Australian Securities Exchange (**ASX**) for admission of the Company to the official list of ASX (**Official List**) and quotation of Shares on ASX within seven days of the Original Prospectus Date.

None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

The Company, SaleCo, each of their respective directors and officers, the Share Registry and Barrenjoey Advisory Pty Limited (**Lead Manager** or **Barrenjoey**) disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Expiry Date

This Prospectus expires on the date that is 13 months after the Original Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

Exposure Period

The Corporations Act prohibits the Company and SaleCo from processing applications to acquire Shares under this Prospectus in the seven-day period after lodgement of the Original Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days.

The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus, in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any applications received during the Exposure Period.

Note to applicants

The information contained in this Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for you and does not take into account your investment objectives, financial situation, tax position or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in Shares. If you have any questions, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

In particular, you should consider the assumptions underlying the Financial Information (refer to Section 4) and the risk factors (refer to Section 5) that could affect the financial condition, performance and prospects of NobleOak. You should carefully consider these risks in light of your personal circumstances, investment objectives, financial situation, tax position and particular needs, and seek professional guidance from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest in Shares. There may be risk factors in addition to those in Section 5 that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in the Prospectus, nor any other person, guarantees the performance of NobleOak, the repayment of capital or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or SaleCo, any of either of their Directors, officers, employees, advisers, agents, partners, consultants, representatives, the Lead Manager, any other Lead Manager Parties (defined below) or any other person in connection with the Offer.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at www.nobleoakshareoffer.com for Australian and New Zealand investors only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available to Australian investors in electronic form at www.nobleoakshareoffer.com.

The Offer constituted by this Prospectus in electronic form is only available to persons downloading or printing it within Australia or New Zealand and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

You may, before the close of the Offer, obtain a paper copy of this Prospectus (free of charge) by calling the NobleOak Offer Information Line on 1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

Applications for Shares can be made only during the Offer Period, on an Application Form attached to, or accompanying, this Prospectus. By making an application, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person any Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. Refer to Section 10.11.1 for further information.

Statements of past performance

This Prospectus includes information regarding the past performance of NobleOak. Past performance information given in this Prospectus is given for illustrative purposes only. Investors should be aware that past performance does not represent, and should not be relied upon as being indicative of, future performance. Actual results could differ materially from the past performance information contained in this Prospectus.

Financial Information presentation

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of that information is set out in Section 4.2. All references to FY19 and FY20 appearing in this Prospectus are references to the financial years ended 30 June 2019 and 30 June 2020, respectively. All references to FY21 or FY21F appearing in this Prospectus are to the financial year ending 30 June 2021, unless otherwise indicated. All references to FY22 or FY22F appearing in this Prospectus are to the financial year ending 30 June 2022, unless otherwise indicated.

Historical Financial Information is presented on both an actual and pro forma basis and has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (**AAS**). This Prospectus also includes Forecast Financial Information for FY21F and FY22F based on general and specific assumptions including those set out in Section 4.

The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory basis and a pro forma basis and is unaudited.

Investors should be aware that certain measures included in this Prospectus are 'non-GAAP financial measures' under Regulation G of the U.S. *Securities Exchange Act of 1934*, as amended, and 'non-IFRS financial information' under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information*, published by ASIC, and are not recognised under AAS or any other recognised body of accounting standards. The Company, however, believes this non-GAAP and Non-IFRS Financial Information provides useful information to users in measuring the Company's financial performance and financial condition. The non-GAAP and non-IFRS measures do not have standardised meanings prescribed by AAS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian dollars (**AUD**, **$**, **A$**), unless otherwise stated. Any discrepancies between totals and the sum of components in tables and figures contained in this Prospectus are due to rounding. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 3 and Section 5.

Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Prospectus are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Prospectus.

Forward-looking statements

This Prospectus includes Forecast Financial Information based on an assessment of present market, economic and operating conditions, and on a number of general and specific assumptions set out in Section 4.8, regarding future events and actions that, as at the Prospectus Date, the Company expects to take place. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information.

This Prospectus also contains forward-looking statements which are subject to various risks and uncertainties. Forward-looking statements can be identified by the use of 'forward-looking' terminology, including, without limitation, the terms 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'plans', 'proposes', 'goals', 'targets', 'aims', 'outlook', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. The Forecast Financial Information is an example of forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, and speak only as of the Prospectus Date.

Any forward-looking statements are subject to various risks that could cause NobleOak's actual results to differ materially from the results expressed or anticipated in these statements. Forward-looking statements should be read in conjunction with, and are qualified by reference to, risks as set out in Section 5, general assumptions, specific assumptions and the sensitivity analysis as set out in Section 4.8.1, Section 4.8.2 and Section 4.9, and other information in this Prospectus. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond NobleOak's control. None of the Company, SaleCo or any of their respective directors or the Lead Manager or the other Lead Manager Parties (defined below), or any other person guarantees that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. The Company does not have any obligation (or intention) to update or revise forward-looking statements contained in this Prospectus, or publish any prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Industry and third party market data

This Prospectus, including the overviews of the industry in which NobleOak operates in Section 1.3 and Section 2, uses market data and third party estimates and other information (including industry forecasts and projections). The Company has obtained portions of this information from databases and research prepared by third parties, and customer surveys commissioned by NobleOak and conducted by third parties based on a quantitative online survey and interviews with a limited number of NobleOak's customers. Certain information contained in the Prospectus has been extracted by the Company from these reports and surveys and is based on the Company's analysis of such information. None of the authors of the reports noted in this paragraph have authorised or approved the publication of the Prospectus.

The market and industry data has not been independently prepared or verified and neither the Company or SaleCo nor the Lead Manager nor the other Lead Manager Parties (defined below) can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such data. Industry assumptions, estimates and forecasts involve risk and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5. There is no assurance that any of the third party estimates or projections contained in this Prospectus will be achieved.

Market data and statistics are inherently subject to a range of limitations and possible errors, including errors in data collection and the possibility that relevant data has been omitted. As a result, this data is subject to uncertainty and not necessarily reflective of actual market conditions. Moreover, in choosing what third party sources to reference in the Prospectus, the Company has given due regard to the latest available industry sources that are publicly available, including those that assess the impact of the coronavirus pandemic (**COVID-19**) on market sizes and growth rates. It should be noted, however, that such information is produced at a point in time, and may not reflect the longer term impact of COVID-19 on each of the markets discussed in Section 2 of the Prospectus.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia or New Zealand may be restricted by law and any person who comes into possession of this Prospectus outside Australia or New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Offer is not being extended to any investor outside Australia or New Zealand, other than to certain Institutional Investors as part of the Institutional Offer. In particular, this Prospectus may not be distributed to, or relied upon by, any person in the United States.

The Shares have not been, and will not be, registered under the U.S. *Securities Act of 1933*, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the U.S. Securities Act or are offered and sold, in a transaction exempt from or not subject to, the registration requirements of the U.S. Securities Act or the securities laws of any state or any other jurisdiction in the United States.

None of the Company, SaleCo or any of their related bodies corporate accepts any liability or responsibility for determining whether a person is able to participate in the Offer.

Important information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading, may differ from financial product markets that operate in New Zealand.

Disclaimer

The Lead Manager has acted as lead manager, bookrunner and underwriter of part of the Offer. The Lead Manager, together with its related bodies corporate, shareholders and affiliates and each of their respective officers, directors, employees, partners, consultants, contractors, affiliates, agents and advisers (each a **Lead Manager Party**) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus, and do not make or purport to make any statement in this Prospectus, and there is no statement in this Prospectus which is based on any statement made by a Lead Manager Party. To the maximum extent permitted by law, each Lead Manager Party expressly disclaims any and all liabilities (including, without limitation, any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage) in respect of, and makes no representations or warranties (express or implied) regarding, and takes no responsibility for, and has not independently verified, any part of this Prospectus or the Offer (other than references to its name) and makes no representation or warranty as to the currency, accuracy, reliability, completeness or fairness of this Prospectus. The Lead Manager Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by a Lead Manager Party in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

The Lead Manager Parties are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management, corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offer (such as existing Shareholders and members of the Board) or interests associated with such persons, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, including (without limitation) in debt or equity securities, loans, financing arrangements, or other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, interests associated with the existing Shareholders, members of the Board or other persons that may be involved in the Offer.

Unless specifically noted in Section 10.7, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus by us on the basis of *ASIC Corporations (Consents to Statements) Instrument* 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

Privacy

By filling out an Application Form, you are providing personal information to the Company, SaleCo and the Share Registry. The Company and the Share Registry may collect, hold and use that personal information in order to process your application, service your needs as a Shareholder, provide facilities and services that you request and/or carry out appropriate administration.

Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

If you do not provide the information requested in an Application Form, your application may not be able to be processed or accepted. Your personal information may also be used from time to time to inform you about other products and services offered by the Company which may be of interest to you.

Your personal information may also be provided to agents and service providers of NobleOak on the basis that they deal with such information in accordance with the privacy policy of the Company and applicable laws. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail;
- market research companies for the purposes of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors or consultants and other advisers for the purposes of administering, and advising on, the Shares and for associated actions.

If a person who submits an application becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. A Shareholder has a right to gain access to the information that the Company and the Share Registry may hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the inside back cover of this Prospectus.

Applicants can obtain a copy of the Company's privacy policy by visiting the NobleOak website, www.nobleoak.com.au/privacy-policy. The privacy policy contains further details regarding access, correction and complaint rights and procedures.

By submitting an application, you agree that the Company and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

- **email:** hello@automicgroup.com.au;
- **address:** Level 5, 126 Phillip Street Sydney NSW 2000; and
- **phone:** 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

NobleOak's website

Any references to documents or information included on the NobleOak website, www.nobleoak.com.au, are for convenience only, and none of the documents or other information available on NobleOak's website form part of this Prospectus and are not interpreted as part of this Prospectus, or incorporated herein by reference.

Photographs and diagrams

Photographs used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by NobleOak. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Original Prospectus Date.

Defined terms, times and dates

All defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear.

Unless otherwise indicated, all references to times and dates in this Prospectus are to Sydney time.

Logos

This Prospectus may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with NobleOak or the Lead Manager or the other Lead Manager Parties.

Independent Limited Assurance Report and Financial Services Guide

The provider of the Independent Limited Assurance Report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide is provided in Section 8.

Questions

Instructions on how to apply for Shares are set out in Section 7 and on the Application Form. If you have any questions about how to apply for Shares, please call your Broker (in relation to the Broker Firm Offer). Alternatively, you can call the NobleOak Offer Information Line on 1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

If you have any questions about whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest in Shares.

This document is important and should be read in its entirety.

CONTENTS

KEY OFFER INFORMATION

KEY OFFER DATES

Date of lodgement of Original Prospectus with ASIC	Tuesday, 29 June 2021
Opening date of the Broker Firm Offer, Priority Offer, Employee Gift Offer and Noble Offer	Wednesday, 7 July 2021
Closing date of the Broker Firm Offer, Priority Offer, Employee Gift Offer and Noble Offer	Wednesday, 14 July 2021
Settlement of the Offer	Tuesday, 20 July 2021
Completion (the date on which Shares are issued or transferred under the Offer) and expected commencement of trading on ASX on a normal settlement basis	Wednesday, 21 July 2021
Expected dispatch of holding statements	Thursday, 22 July 2021

DATES MAY CHANGE

The above dates are indicative only and may be subject to change. Unless otherwise indicated, all times and dates are to Sydney time. NobleOak reserves the right to vary the dates and times of the Offer, including to extend the Offer, close the Offer early or to accept late applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any applicant. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. If the Offer is cancelled or withdrawn before the allocation of Shares, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Application Forms as soon as possible after the Offer opens.

KEY OFFER STATISTICS

KEY STATISTICS[1]

Offer Price	$1.95
Total number of Shares on issue prior to the Offer	68.0 million
Total number of Shares to be issued under the Offer[2]	15.4 million
Total number of Shares to be transferred under the Offer	16.5 million
Total number of Shares on issue at Completion[2]	83.4 million
Total proceeds of the Offer[2,3]	$62.2 million
Number of Shares to be held by existing Shareholders on Completion[4]	61.0 million
Indicative market capitalisation[2]	$162.7 million
Indicative market capitalisation[2]/FY21F Underlying NPAT[5,6]	26.9x
Indicative market capitalisation[2]/FY22F Underlying NPAT[5,7]	18.0x

Notes:

1. This table contains Forecast Financial Information and information derived from the Forecast Financial Information. The Forecast Financial Information is based on certain assumptions as discussed in Section 4.8, and should be read in conjunction with the discussion of the Pro Forma Financial Information in Section 4.2, the sensitivities set out in Section 4.9, the accounting policies outlined in Appendix A, and is subject to the key risks set out in Section 5. There is no guarantee that the forecasts will be achieved. Certain financial information in this Prospectus is described as pro forma for the reasons described in Section 4.2. Forecasts have been included in this Prospectus for FY21F and FY22F.
2. Assuming full take up of Employee Gift Offer and excluding Noble Offer.
3. Split between $30.0 million of proceeds to NobleOak relating to the issuance of Shares under the Offer, and $32.2 million of proceeds to SaleCo relating to the transfer of Shares under the Offer. SaleCo will pay the $32.2 million of proceeds to Avant, the Selling Shareholder, under the Sale Deed. Following Completion of the Offer, Avant's interest in the Company will fall from 24.3% to nil.
4. Includes Shares to be acquired by existing Shareholders as described in Section 6.3 (but excludes any Shares agreed to be acquired under the Offer after the Prospectus Date).
5. Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact of changes in policy liability discount rates. As movements in the discount rate are driven by external economic market conditions and can generate volatility in statutory profits, disclosing an underlying measure of profits, which excludes the impact of changes in discount rates, 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*). See Sections 4.2.4 and 4.7.3 for further information.
6. Calculated as the indicative market capitalisation divided by pro forma FY21F Underlying NPAT of $6,041,000.
7. Calculated as the indicative market capitalisation divided by pro forma FY22F Underlying NPAT of $9,031,000.

HOW TO INVEST

Applications for Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 7 and on the Application Form.

QUESTIONS

Please call the NobleOak Offer Information Line on 1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Company.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board, it is my pleasure to invite you to become a shareholder in the Company.

NobleOak is an independent, multi-award winning Australian APRA-regulated friendly society which provides life insurance and is based in Sydney. NobleOak has a 144 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 today (being, nobility, simplicity, adaptability and delivery) are grounded in the values of the Druids and are embedded deeply in the culture of NobleOak.

Following its demutualisation in 2011, NobleOak repositioned its business model, launching a direct-to-consumer life insurance product set. This strategy was underpinned by NobleOak's commitment to look after customers and offer high value, easy to understand and competitive life risk insurance products through a modern and intuitive digital platform. Since then, NobleOak has diversified the business by manufacturing white labelled tailored products for Strategic Partners. These products are mostly distributed to customers through advisers.

NobleOak has achieved success by participating across the life insurance value chain. NobleOak manufactures, underwrites and distributes its own life insurance products. NobleOak has built a strong and sustainable life insurance business, unhindered by many of the problems that face the industry's incumbents, such as inflexible legacy systems and the need to compete for resources with wealth, insurance or banking businesses within a wider conglomerate structure.

Today, NobleOak has over 60,000 active insurance policies, representing over $140 million of in-force premiums.[1] Growth has been strong with in-force premiums growing at a compound annual growth rate (**CAGR**) of over 60% in the five years to December 2020. In the six months to 31 December 2020, NobleOak continued on its strong growth trajectory notwithstanding the continuing backdrop of transformation in the Australian life risk insurance industry and the COVID-19 pandemic.

NobleOak is navigating the significant scrutiny placed on the Australian life insurance industry by the Financial Services Royal Commission and other regulatory inquiries. NobleOak has maintained a clear customer-focused, culturally and service-led value proposition. Industry structural change is welcomed at NobleOak, as it is anticipated that it will deliver improved products and outcomes for customers and set a foundation for long term, sustainable growth in the Australian life insurance industry. NobleOak believes that it is well positioned to take advantage of industry disruption to drive further sustainable growth in the business. Nevertheless, NobleOak continues to prudently monitor and manage the risks posed by regulatory changes and ensure that it remains in compliance with regulatory obligations.

The Board and Senior Leadership Team at NobleOak have deep, multi-disciplinary experience across insurance and financial services. The Senior Leadership Team is led by Anthony Brown who has been Chief Executive Officer of NobleOak since July 2012. The Board and Senior Leadership Team are highly motivated by a common goal to be a leading challenger in the $16 billion Australian life risk insurance market[2], by delivering protection Australians can rely on. While NobleOak insurance policies represent approximately 1.4% of total Australian individual life risk market in-force premiums, they account for over 4% of new individual life risk market premium sales and increases in the 12 months to December 2020.[3]

1. Excluding Genus.
2. Plan For Life, Life Statistics, December 2020. Measured by in-force premiums. Includes individual and group life risk insurance markets.
3. Plan For Life, Life Statistics, December 2020. Australian individual life risk market.

The Board and Senior Leadership Team expect NobleOak's strong performance to continue, with underlying NPAT forecast to grow at a CAGR of 37% between FY2020 and FY2022F.

The purpose of the Offer is to support NobleOak's growth strategy and future growth opportunities, to broaden the Company's shareholder base, to provide a liquid market for the Shares, to provide the Company with the benefits of an increased brand profile that may arise from being a publicly listed entity, and to provide existing Shareholders with an opportunity to realise a portion of their investment in the Company.

This Prospectus contains detailed information about the Offer, the financial and operating performance of NobleOak, and the key risks associated with the industry and business in which NobleOak operates. Key risks associated with an investment in NobleOak include risks related to insurance (such as insurance risk and higher than expected claims), strategic risks (such as distribution risk and discontinuance risk), regulatory risks, and macroeconomic risks. These and other risks are described in Section 1 and Section 5 of this Prospectus, which should be considered in detail. Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company.

I encourage you to read this Prospectus carefully and in its entirety, and consult with your stockbroker, accountant, lawyer, or other independent adviser before deciding whether to invest in Shares.

On behalf of my fellow directors, I look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

Stephen Harrison
Chairman

NobleOak Life Limited

1. INVESTMENT OVERVIEW

1.
INVESTMENT OVERVIEW

1.1 INTRODUCTION

Topic	Summary	For more information
Who is NobleOak?	NobleOak is an independent, multi-award winning Australian life insurer based in Sydney. As an APRA-regulated friendly society, NobleOak is able to manufacture, underwrite, administer and distribute life risk insurance products.	Section 3.1
What is NobleOak's history?	NobleOak's heritage dates back to one of the first benevolent societies in Australia, The United Ancient Order of Druids Friendly Society of NSW (**UAOD**) established in 1868. The UAOD became a mutual society in 1877, making it one of Australia's earliest insurers and friendly societies. In July 2008, the UAOD acquired NobleOak Services Limited (then called 'Noblelink Financial Services'). Noblelink Financial Services specialised in the administration and development of life insurance products. In April 2011, the UAOD was demutualised. This represented a shift in NobleOak's aim from being a society for Druids to a life insurer for all Australians. Demutualisation was shortly followed by NobleOak introducing a direct to market strategy, and since then the Company has experienced strong growth. As at 31 December 2020, NobleOak had over 60,000 active life insurance policies, representing over $140 million of annual in-force premiums (i.e. life risk insurance policies where premiums have been paid by NobleOak's customers and whose insurance policies remain active).[4]	Section 3.2
Where does NobleOak operate?	NobleOak is located in Sydney, Australia and had 114 full-time equivalent staff (**FTEs**) as at 30 April 2021.[5]	Section 3.11

4. Excludes Genus.
5. Excludes Genus remediation staff and includes contractors.

1.2 OVERVIEW OF NOBLEOAK'S BUSINESS MODEL

Topic	Summary	For more information
What is NobleOak's business model and how does NobleOak generate revenue?	NobleOak operates a diversified business model with multiple products, channels and revenue streams. NobleOak operates across the life insurance value chain, including product design and manufacturing, marketing, distribution, administration, underwriting and claims. NobleOak operates across three business lines: • **Direct Channel:** Mostly NobleOak-branded policies marketed and distributed by NobleOak, often through Alliance Partners and without personal financial advice • **Strategic Partner Channel:** Mostly white labelled policies marketed and administered by a Strategic Partner • **Genus:** Administration of legacy life insurance portfolios NobleOak generates revenue differently across each of the three business lines: • **Direct Channel:** NobleOak earns a margin on retained insurance risk in the portfolio • **Strategic Partner Channel:** NobleOak earns a management fee for providing services such as policy manufacturing and claims handling. The Company also expects to earn a profit in exchange for insurance risk retained within NobleOak • **Genus:** NobleOak earns an administration fee for administering the portfolio's life insurance books Investment income is also earned from funds held.	Section 3.4
What are NobleOak's key products?	NobleOak offers all key life risk insurance products to individuals, including term life, income protection, trauma, Total & Permanent Disability (**TPD**) and business expenses cover.	Section 3.5.1
Who uses NobleOak's products?	NobleOak targets the mass affluent and emerging mass affluent customer segments. NobleOak's life insurance policies are purchased by a variety of customers who seek to protect themselves and their families in the case of an adverse event such as illness or death through a substitute income or a lump sum payment (often to offset a large debt such as a mortgage).	Section 3.5.1

Topic	Summary	For more information
How does NobleOak sell its products?	NobleOak sells its products differently in each business line: • **Direct Channel:** NobleOak markets its products through digital marketing, direct marketing and Alliance Partners (credit unions, industry associations, membership programs and other groups). Each of these channels help to generate inbound 'leads' which NobleOak attempts to convert into sales through NobleOak's omnichannel fulfilment platform • **Strategic Partner Channel:** NobleOak's Strategic Partners (PPS Mutual, Avant Mutual and NEOS) market NobleOak's products to their respective target markets, typically through financial advisers • **Genus:** No new products are sold in this business line and NobleOak exclusively performs administration services NobleOak does not engage in cold-call selling practices.	Section 3.4

1.3 KEY FEATURES OF NOBLEOAK'S INDUSTRY

Topic	Summary	For more information
What industry and segments does NobleOak operate in?	NobleOak operates in the Australian individual life risk insurance industry. NobleOak distributes its policies through both direct and intermediated channels, and sells both lump sum and income protection insurance.	Section 2.1
What is the Australian individual life risk insurance industry?	The Australian individual life risk insurance industry manufactures and sells life insurance policies to individuals rather than to employers or superannuation trustees (as in group life risk insurance). Life risk insurance products provide benefits only upon the occurrence of some coverage event, such as death, TPD or illness.	Sections 2.1.1 and 2.2.1
What are the long term drivers supporting growth in the Australian life risk insurance market?	Long term drivers supporting growth in the Australian life risk insurance market include: • population growth; • ageing population; • rising household wealth, income and debt; and • inflation.	Section 2.2.2
What is the size of NobleOak's addressable market?	The Australian individual life risk insurance market recorded $10.0 billion of in-force annual premiums at 31 December 2020.[6]	Section 2.2.1

6. Plan For Life, Life Statistics, December 2020.

Topic	Summary	For more information
Who does NobleOak compete with?	NobleOak's competitors are a range of industry participants, including: • large multinational life insurers and multi-line insurers (e.g. AIA, MLC, TAL, Zurich); • large and medium scale domestic insurers and wealth managers with multiple business lines or operating within a broader wealth management or financial services enterprise (e.g. ClearView Wealth, Westpac Life); and • other direct players and friendly societies (e.g. Greenstone[7], Integrity Life).	Section 2.4

1.4 KEY STRENGTHS

Topic	Summary	For more information
High in-force premium growth	NobleOak's in-force premiums have grown at over 60% CAGR over the past five years[8], driving a growing base of diversified revenue streams for the Company. Over the same period, the number of in-force policies grew from approximately 5,000 to over 60,000 policies. NobleOak's in-force premiums are projected to continue growing at a CAGR of 39% from 1H20 to FY22.[9]	Section 3.13.1
Strong profit levers	NobleOak's strong profit levers include having lower lapse rates (i.e. rate at which policies are not renewed), strong product margins and a lower cost of acquisition compared to the broader Australian life risk insurance industry.	Sections 3.13.1 and 3.13.2
Challenger brand	NobleOak believes that it is a challenger brand to industry incumbents. NobleOak has developed a modern digital platform and an omnichannel capability to create a favourable customer experience. In addition, NobleOak uses digital data insights to inform business decision making. The success of this strategy relative to market incumbents is demonstrated through new business and profit growth which is above industry levels.	Section 3.6.3
Clear 'client-focused' value proposition	NobleOak maintains a strong focus on delivering high-value, easy to understand, and competitive life risk insurance products. A fully underwritten insurance business model with a disciplined approach to risk-based pricing means that customers receive high levels of coverage for a competitive price.	Sections 3.4, 3.5.2, 3.6.3 and 3.8
High customer satisfaction	NobleOak believes that its high performance, client-focused culture creates a positive environment for employees and customers. NobleOak boasts a high customer net promoter score (**NPS**) (being the metric used to measure the loyalty of customers to a particular company or product) in relation to its Direct Channel, along with high online review scores.	Section 3.8.4

7. Greenstone is a direct life insurance distributor but is not a registered insurer under the Life Insurance Act.
8. 31 December 2015 to 31 December 2020. Excludes Genus.
9. Excludes Genus.

1.5 KEY RISKS

Topic	Summary	For more information
Failure to comply with, and adverse changes to, applicable laws and regulations	NobleOak's business and its operations are affected by a range of laws, regulations, and policies which govern the life insurance industry specifically as well as the financial services industry generally. NobleOak's operational and financial performance may be adversely affected if it does not comply with applicable laws, regulatory requirements and government policies. Failure to comply with these requirements may result in adverse consequences including penalties, restrictions on activities or fee models, operations being suspended, the forced sale of part of the business or other liabilities. In particular, any failure by NobleOak or one of its Strategic Partners or Alliance Partners to comply with the terms of applicable codes of practice, laws and regulations (such as the Life Insurance Act and Corporations Act) or those relating to their respective AFSLs could result in those entities becoming unable to provide insurance products, which would adversely impact NobleOak's cashflows. While NobleOak has a dedicated regulatory compliance team and uses its best efforts to comply with all its obligations under the various regulations and licences, there is always a risk that NobleOak or any of its partners will not be compliant and/or will incur costs associated with non-compliance.	Section 5.1.1
Industry and regulatory compliance investigations	NobleOak is subject to oversight and review by regulators. NobleOak's principal regulators are APRA, ASIC and AUSTRAC, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to NobleOak and the outcomes of those reviews and investigations can vary and may lead, for example, to enforcement actions and the imposition of charges, penalties, variations or restrictions to licences, the compensation of customers, enforceable undertakings or recommendations and directions.	Section 5.1.2
Additional regulatory capital requirements	In terms of regulatory requirements: • NobleOak is subject to minimum regulatory capital requirements in accordance with APRA's life insurance prudential standards, in respect of the principal risk exposures retained by NobleOak; and • the Company and NobleOak Services Limited (**NOS**) are also required to maintain minimum regulatory capital as required by ASIC. There is a risk that changes to these standards could adversely impact NobleOak's regulatory position, and the level of capital required to support NobleOak's business units. In certain circumstances (including changes to NobleOak's growth rate (including increases in it), business model or asset (including reinsurance) concentration level), APRA or other regulators may require NobleOak and other entities within the Group to hold a greater level of capital to support its business and/or require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them.	Section 5.1.3

Topic	Summary	For more information
Governance and risk management practices may not be effective	NobleOak has implemented governance procedures, risk management strategies and internal controls which are intended to identify, monitor and mitigate risks. These risks include, but are not limited to, strategic, liquidity, market, credit, counterparty, compliance, market conduct, insurance and operational risks which are all important to NobleOak's reputation. NobleOak seeks to maintain a strong risk and compliance culture and will often challenge the way in which it manages its risks and regulatory compliance to seek to strengthen its management of these risks with strong oversight by the Senior Leadership Team. However, there are inherent limitations with any governance and risk management framework as there may exist, or emerge in the future, risks that the Company has not anticipated or identified. If any of the Company's governance and risk management processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, this could have a material adverse impact on the overall financial position and performance of NobleOak.	Section 5.1.5
Insurance risk	Life insurance, and in particular income protection, is a long tail insurance category. As a result, NobleOak's financial success is in part dependent on the accuracy of predicting future mortality, morbidity and disability experience. In addition, policy terms, lapse rates, discontinuance rates and claims expenses affect NobleOak's performance. Insurance claims experience is also a significant risk to NobleOak. As part of its business model, NobleOak makes assumptions with respect to the frequency and quantum of anticipated claims in order to appropriately price its insurance products. Actual claims levels may be higher than assumed when setting pricing, and as such the premiums received on policies may be insufficient to cover future claims and expenses.	Section 5.1.6
Reinsurance risk	NobleOak monitors and manages its insurance portfolio on a gross (before reinsurance) and net (after reinsurance) basis and has entered into reinsurance arrangements with global reinsurers which reduce the net effect of mortality and morbidity risks on the business. The reinsurance also includes a financing element to assist NobleOak in meeting the acquisition costs associated with the sale of new business. Failures in reinsurance management, insufficient reinsurance cover or misalignment of the reinsurance treaty to the exposure of NobleOak could each lead to current reinsurance arrangements becoming ineffective or inadequate, which may have a material adverse effect on the Group. The availability, amount and cost of reinsurance depend on prevailing market conditions, in terms of price, terms and available capacity, and may vary significantly. NobleOak is exposed to the risk that the Company cannot secure ongoing reinsurance (or secure it on competitive terms), diminishing the Company's ability to compete as effectively. There are also risks associated with the determination of proper levels of outwards reinsurance protection, the cost of such reinsurance, the financial security of reinsurers and that reinsurers may dispute or default on their obligation to pay valid claims.	Section 5.1.7

Topic	Summary	For more information
Distribution risks including risks relating to Strategic Partner relationships	NobleOak's business is highly dependent on its ability to distribute its products effectively through its chosen channels (such as the Direct Channel or the Strategic Partner Channel) relative to its competitors (whose business models rely materially on distribution via financial advisers). Accordingly, NobleOak is exposed to distribution risk, which is the risk that NobleOak loses access to, does not adequately maintain, or is otherwise exposed to risk though its distribution channels, including: • poor performance of, or unprofitable business through, Strategic Partners, which may arise as a result of a lack of control which it has over the business which is written, insufficient pricing, or reputational damage through poor conduct of one or more of its Strategic Partners; • reduced effectiveness in, or an increase to the costs of, marketing as well as a reduction in NobleOak's ability to generate leads and convert such leads to sales; and • loss of relationships with Strategic Partners such as NEOS, PPS and Avant, whether through termination or failure of the Strategic Partner to renew (or renew on terms less favourable to NobleOak) their arrangements with NobleOak.	Section 5.1.8
Operational risk	The Group has exposure to a number of operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems. It includes: • failure to maintain adequate underwriting or claims management processes and systems; • internal fraud; • errors/delays in processes; and • erroneous, negligent or grossly inaccurate financial models upon which the management of NobleOak depends (such as the pricing model, valuation models for financial reporting, capital management or tax).	Section 5.1.9
Discontinuance risk	Discontinuance risks, or the risk of increase in lapse rates, involves the extent to which the rate of loss of members or policyholders exceed management estimates and pricing targets, resulting in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.	Section 5.1.10
Concentration of insurance risk	Concentration risk relates to policies written on lives with common exposures. Whilst NobleOak's new insurance business is now written on individual lives (not group business), the underlying claims experience across all lives may be impacted by Australian community outcomes, including but not limited to public health and the availability of work for those recovering from disability or illness.	Section 5.1.11

Topic	Summary	For more information
Other risks	There are a number of other risks that may impact an investment in Shares, set out in Section 5 and summarised below: • Asset concentration risk (including reinsurance assets) (refer to Section 5.1.12); • Uncertainty regarding the impact of reforms on individual disability income products (refer to Section 5.1.4); • Uncertainty regarding outstanding claims liability and policy liabilities (refer to Section 5.1.13); • Risk of higher than expected discount rates impacting outstanding claims liability and policy liabilities (refer to Section 5.1.14); • Impact of the COVID-19 pandemic (refer to Section 5.1.15); • Increased competition or market change (refer to Section 5.1.16); • Expense risk (refer to Section 5.1.17); • Accounting standards risks (refer to Section 5.1.18); • Loss of key personnel (refer to Section 5.1.19); • Liquidity risk (refer to Section 5.1.20); • Changes in tax law and inconsistencies between the tax laws and policies (refer to Section 5.1.21); • Risk of a breach of data security and privacy (refer to Section 5.1.22); • Failure to identify, execute and realise benefits from M&A or strategic partnerships (refer to Section 5.1.23); • Listed company transition (refer to Section 5.1.24); • Future funding requirements and ability to access capital markets on attractive terms (refer to Section 5.1.25); • Inadequate business insurance cover (refer to Section 5.1.26); • Inability to meet forecasts and other forward-looking information (refer to Section 5.1.27); and • Environmental risk (refer to Section 5.1.28). In addition, Section 5.2 outlines some general investment risks. Investors should review all of these risks carefully before making an investment decision.	Sections 5.1.12 to 5.1.28

1.6 KEY FINANCIALS AND DIVIDEND POLICY

Topic	Summary	For more information
What is the key financial information?	(see tables below)	Section 4

$'000	Pro forma historical FY19	Pro forma historical FY20	Pro forma forecast FY21	Pro forma forecast FY22	Statutory forecast FY21	Statutory forecast FY22
In-force premiums (Ex Genus) at period end	59,941	109,547	172,117	233,437	172,117	233,437
New business	23,696	48,602	63,897	66,105	63,897	66,105
Net insurance premium revenue	27,237	36,638	46,126	56,536	46,126	56,536
Operating profit	5,689	9,235	3,099	12,948	4,220	8,414
Profit before tax	5,689	9,109	3,011	12,901	4,132	8,367
NPAT	4,026	6,578	2,107	9,031	2,892	5,857
Underlying NPAT[1]	2,142	4,778	6,041	9,031[2]	6,826	5,857

Note:

1. Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact of changes in policy liability discount rates. As movements in the discount rate are driven by external economic market conditions and can generate volatility in statutory profits, disclosing an underlying measure of profits, which excludes the impact of changes in discount rates, 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*). See Sections 4.2.4 and 4.7.3 for further information.
2. As the Company has assumed no change in the yield curve for Australian Government bonds, Underlying NPAT and NPAT for FY22F are the same. To the extent that that yield curve does in fact change, the policy liability discount rate will change, which will impact NPAT in FY22F.

$'000	Statutory 31 December 2020	Pre-Offer Dividend	Offer proceeds	Offer costs[1]	Pro forma 31 December 2020
Total assets	103,969	(8,159)	30,000	(4,915)	120,895
Total liabilities	22,106	–	–	–	22,106
Net assets	81,863	(8,159)	30,000	(4,915)	98,789
Total equity	81,863	(8,159)	30,000	(4,915)	98,789

Note:

1. Offer costs have been illustrated on a net of tax basis.

Topic	Summary	For more information
What is the key financial information? continued	See table and notes below	Section 4

	Pro forma historical		Pro forma forecast		Statutory forecast	
$'000	FY19	FY20	FY21	FY22	FY21	FY22
Operating cash flow	(6,111)	5,534	(4,640)	2,062	(3,856)	(2,306)
Cash flow from/(used in) investment activities	7,404	1,298	(2,038)	(1,150)	(2,038)	(1,150)
Cash flow from/(used in) financing activities	821	9,112	14,326	(946)	14,326	18,241
Net increase/(decrease) in cash	2,114	15,944	7,648	(34)	8,432	14,785

The information presented above contains Non-International Financial Reporting Standards (**IFRS**) financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.

NobleOak believes that the non-IFRS financial measures included in this Prospectus (including Underlying NPAT) provide useful information to users in measuring the financial performance and condition of the business. Investors are, however, cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

Investors should read Section 4 for the full details of NobleOak's pro forma and statutory Financial Information.

Topic	Summary	For more information
What is the Company's dividend policy?	The payment of dividends by the Company, if any, subject to any contractual, legal or regulatory restrictions, is at the complete discretion of the Directors, and the Directors do not provide any assurance of any future level of dividends likely to be paid by the Company. The ability to pay dividends will depend on a number of factors, many of which are beyond the control of the Company. In determining whether to declare future dividends, the Directors will have regard to NobleOak's earnings, cash flows, overall financial condition and capital requirements, taxation considerations (including the level of franking credits available), the general business environment, and any other factors that the Directors may consider to be relevant. NobleOak's current policy will generally be to reinvest cash flows into the business to support its ongoing growth. Accordingly, no dividends are expected to be paid in the near term following the Company's listing on ASX. However, from time to time the Company may consider paying dividends. Shares issued as a result of this Prospectus will rank equally with all other Shares for dividend entitlements. The Company has determined to pay a Pre-Offer Dividend as referred to above. This Pre-Offer Dividend is to be paid out immediately prior to Completion to Shareholders on the share register on 9 June 2021, and reduces the Company's pro-forma cash and cash equivalents by approximately $8,159,000 at 31 December 2020. This has been taken into account in the Financial Information contained within this Prospectus.	Section 4.10

1.7 BOARD AND MANAGEMENT OF NOBLEOAK

Topic	Summary	For more information
Who are the Directors of NobleOak?	Stephen Harrison, Non-Executive Chairman Anthony Brown, Executive Director and Chief Executive Officer Emery Feyzeny, Non-Executive Director Inese Kingsmill, Non-Executive Director Andrew Boldeman, Non-Executive Director Kevin Hamman, Non-Executive Director	Section 6.1
Who are the members of NobleOak's Senior Leadership Team (SLT)?	Anthony Brown, Executive Director and Chief Executive Officer Scott Pearson, Chief Financial Officer Matthew Wilson, Chief Risk Officer Hayden Jonas, Chief Insurance Officer Phil Hill, Head of Underwriting Matthew Minney, Head of Claims & Operations Tatyana Marfenko, Head of Alliances Moana Kolesi, Head of Sales Rick Rupping, Head of Marketing Joey Yusnanda, Head of People & Culture	Section 6.2

1.8 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Topic	Summary	For more information
Who are the existing Shareholders and what will be their interest in the Company at Completion?	Details of interests in Shares, Existing Options exercisable for Shares (which were issued as a one-off Offer-related bonus), Existing Performance Rights, and Performance Rights exercisable for Shares as at the Prospectus Date and as expected on Completion are set out in the table below.	Section 6.3

Table 1: Security holdings as at Prospectus Date and Completion

	Prospectus Date				Completion			
Shareholder	Shares	Existing Performance Rights	Existing Options	Fully diluted[1]	Shares	Performance Rights	Options	Fully diluted[1]
Avant Group Holdings Limited	16,487,986	Nil	Nil	16,487,986	Nil	Nil	Nil	Nil
Portfolio Nominees Pty Ltd	6,968,190	Nil	Nil	6,968,190	7,378,446	Nil	Nil	7,378,446
J P Morgan Nominees Australia Pty Ltd	6,250,000	Nil	Nil	6,250,000	11,378,205	Nil	Nil	11,378,205
ES Gordon Pty Ltd <Gordon Family Trust No2 A/c>, Evanic Investments Pty Ltd <ES Gordon Super Fund>, <E S Gordon Pty Ltd <Gordon Family Trust A/C> and <Queenscliff Development Pty Ltd>	5,363,718	Nil	Nil	5,363,718	5,363,718	Nil	Nil	5,363,718
Gant Super Pty Ltd <Quay Superannuation Fund>/Scott Francis Gant/ Moneris Pty Ltd	3,915,667	Nil	Nil	3,915,667	4,615,667	Nil	Nil	4,615,667
Stephen Harrison[2]	972,700	Nil	Nil	972,700	972,700	Nil	Nil	972,700
Anthony Brown[3]	5,118,247	742,829	273,083	6,134,159	5,384,914	974,623	273,083	6,632,620
Emery Feyzeny[4]	390,000	Nil	Nil	390,000	390,000	Nil	Nil	390,000
Kevin Hamman[5]	1,100,002	Nil	Nil	1,100,002	1,100,002	Nil	Nil	1,100,002
Scott Pearson	25,000	484,127	209,408	718,535	50,641	648,230	209,408	908,279
Andrew Boldeman	Nil	Nil	Nil	Nil	51,282	Nil	Nil	51,282
Other Senior Leadership Team members and other members of management of the Company[6]	75,760	346,142	248,821	670,723	76,273	744,689	248,821	1,069,783
Other Shareholders[7]	21,307,526	Nil	Nil	21,307,526	24,333,167	Nil	Nil	24,333,167
Investors in the Offer[8]	Nil	Nil	Nil	Nil	22,320,295	Nil	Nil	22,320,295
TOTAL[9]	**67,974,796**				**83,415,310**			

Topic	Summary	For more information
Who are the existing Shareholders and what will be their interest in the Company at Completion? continued	**Notes:** 1. 'Fully diluted' refers to the number of issued Shares plus the number of Shares which would be issued on exercise of Existing Options and Existing Performance Rights (each in respect of one Share) and does not include new Performance Rights which will be issued on Completion (refer to Section 6.4) (although these new Performance Rights are included in the 'Performance Rights' column in this table). 2. Of the Shares held by Mr Harrison, 38,000 Shares are held in the name of MSJ Capital Pty Ltd as trustee for the Harrison Super Fund (an entity associated with Mr Harrison), 148,667 Shares are held by his wife (Julie McConaghy), and 635,579 Shares are held by Jasmah Investments Pty Ltd as trustee for The Jasmah Investments A/c (an entity associated with Mr Harrison's wife). 3. Of the Shares held by Mr Brown, 3,750,000 Shares are held in the name of Brohok Investments Co Pty Ltd (an entity associated with Mr Brown). 4. Of the Shares held by Mr Feyzeny, 150,000 Shares are held in the name of Emery Feyzeny and Judy Feyzeny as trustees for the Pluvial Super Fund. 5. Of the Shares held by Mr Hamman, 437,002 Shares are held in the name of TK Consulting (Aust) Pty Ltd as trustee for the Hamman Family Trust (an entity associated with Mr Hamman), 227,273 Shares are held in the name of Future Super KH Custodian Pty Ltd as trustee for the Future Super Fund (an entity associated with Mr Hamman), 172,727 Shares are held in the name of Future Super KH Pty Ltd as trustee for the Future Super Fund (an entity associated with Mr Hamman) and 110,000 Shares are held in the name of KH Investments Pty Ltd as trustee for the KH Development Trust (an entity associated with Mr Hamman). 6. 'Other Senior Leadership Team members' refers to members of the Senior Leadership Team listed in Section 6.2 other than Anthony Brown and Scott Pearson. Does not include Performance Rights which may be issued after Completion (refer to Section 6.4.5). 7. 'Other Shareholders' refers to other investors, former employees, and current employees other than those referred to in the rows above. 8. Assumed to include full take up of the Employee Gift Offer by Eligible Gift Employees (other than those who are categorised as 'Other Senior Leadership Team members and other members of management of the Company'). 9. Total Shares on issue on completion includes full take up of Employee Gift Offer Shares and excludes Noble Offer Shares. The shareholders listed are assumed to not take up additional Shares in other components of the Offer.	Section 6.3
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what interests do they hold?	Details of the Shares, Existing Performance Rights, Existing Options and Performance Rights held by Directors in the Company, the CEO and the SLT as at the Prospectus Date and on Completion are set out in Table 1 above (including those granted in connection with the Offer, as described in Section 6.4.3.2). Directors and the SLT are entitled to remuneration and fees as disclosed in Section 6.4.2, Section 6.4.3, Section 6.4.4 and Section 6.4.6, and are entitled to participate in the NobleOak New Incentive Plan as described in Section 6.4.5. Advisers and other service providers are entitled to fees for services and have other interests as disclosed in Section 6.4.1.	Sections 6.4.2 and 6.4.3

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>Will any Shares be subject to restrictions on disposal following Completion?</td><td>Yes, the Shares referred to below will be subject to voluntary escrow arrangements on Completion:
<table>
<tr><th>Shareholder</th><th>Escrowed Shares on Completion</th><th>Representing as a percentage of issued Shares on Completion</th></tr>
<tr><td>Mr Anthony Brown (and his controlled entities)</td><td>5,384,914</td><td>6.5%</td></tr>
<tr><td>Mr Kevin Hamman (and his controlled entities)</td><td>1,100,002</td><td>1.3%</td></tr>
<tr><td>Mr Stephen Harrison (and his controlled entities)</td><td>188,454</td><td>0.2%</td></tr>
<tr><td>Mr Emery Feyzeny (and his controlled entities)</td><td>390,000</td><td>0.5%</td></tr>
<tr><td>Mr Andrew Boldeman</td><td>51,282</td><td>0.1%</td></tr>
<tr><td>Mr Scott Pearson</td><td>50,641</td><td>0.1%</td></tr>
<tr><td>TOTAL</td><td>7,165,293</td><td>8.5%</td></tr>
</table>
</td><td>Section 6.5</td></tr>
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1.9 OVERVIEW OF THE OFFER

Topic	Summary	For more information
Who are the issuers of the Prospectus?	NobleOak Life Limited ACN 087 648 708 and NobleOak SaleCo Limited ACN 650 872 370.	Section 7.1.1
What is SaleCo?	SaleCo is a special purpose vehicle, established to enable Selling Shareholders to sell part of their investment in the Company in connection with the Offer.	Section 10.4
What is the Offer?	This Prospectus relates to an initial public offering of Shares at the Offer Price of $1.95 per Share. Approximately 31.9 million Shares will be available under the Offer (excluding the Noble Offer), of which approximately 15.4 million Shares will be offered by the Company and 16.5 million Shares will be offered by existing Shareholders. The Offer is expected to raise approximately $62.2 million (excluding the Noble Offer). The Shares to be issued and transferred under the Offer (excluding the Noble Offer) will represent approximately 38.3% of the Shares on issue at Completion.	Section 7.1.1

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is the proposed use of proceeds raised under the Offer?</td><td>
The purposes of the Offer are to:

support NobleOak's growth strategy and future growth opportunities;
broaden the Company's shareholder base;
provide a liquid market for Shares;
facilitate an increased brand profile that may arise from being a publicly listed entity; and
provide existing Shareholders with an opportunity to realise a portion of their investment in the Company.

The Offer proceeds received by the Company and SaleCo will be applied as described in the below table:
Table 2: Sources and uses of funds
<table>
<tr><th>Sources of funds</th><th>$ millions</th><th>Uses of funds</th><th>$ millions</th></tr>
<tr><td colspan="4">NobleOak</td></tr>
<tr><td>Proceeds from the issue of new Shares under the Offer[1]</td><td>30.0</td><td>General corporate purposes, including to support increased risk retention, organic growth and inorganic growth initiatives</td><td>23.0</td></tr>
<tr><td></td><td></td><td>Transaction costs[2]</td><td>7.0</td></tr>
<tr><td colspan="4">SaleCo</td></tr>
<tr><td>Proceeds from the sale of existing Shares by SaleCo</td><td>32.2</td><td>Payments to Selling Shareholders</td><td>32.2</td></tr>
</table>
Note:

Assumes full take up of Employee Gift Offer and excludes Noble Offer.
Transaction costs includes the fees payable to advisers as referred to in Section 10.15, as well as other costs such as registry fees, ASX listing fees and other adviser fees.

</td><td>Sections 7.1.3 and 7.1.4</td></tr>
<tr><td>What is the consideration payable for the Shares?</td><td>The price payable under the Offer is $1.95 per Share.</td><td>Section 7.1.1</td></tr>
</table>

Topic	Summary	For more information
Will the Shares be quoted on ASX?	The Company applied for admission to the Official List of ASX and quotation of Shares on ASX under the code 'NOL' within seven days of the Original Prospectus Date. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.12.1
How is the Offer structured?	The Offer comprises the following components: • **Broker Firm Offer:** open to Australian and New Zealand resident clients of Brokers who have received an invitation to participate in this component of the Offer from their Broker; • **Priority Offer:** open to selected investors in Australia and New Zealand nominated by the Company; • **Employee Gift Offer:** open to Eligible Gift Employees who have received an offer from the Company to acquire, at no cost, $1,000 worth of Shares; • **Noble Offer:** open to Eligible Investors in Australia and New Zealand who have received a Noble Offer invitation from the Company; and • **Institutional Offer:** an invitation to bid for Shares made to Institutional Investors in Australia and in certain other eligible jurisdictions.	Sections 7.3, 7.4, 7.5, 7.6 and 7.7
Is the Offer underwritten?	The Offer (other than the Employee Gift Offer and the Noble Offer) is underwritten by the Lead Manager, Barrenjoey.	Sections 7.1.1, 10.7.1 and 10.9
What is the allocation policy?	The allocation of Shares under the Institutional Offer has been determined by agreement of the Company, SaleCo and the Lead Manager. The Company, SaleCo and the Lead Manager have absolute discretion regarding the basis of allocation of Shares among Institutional Investors. The allocation of Shares between the Broker Firm Offer, the Institutional Offer, the Priority Offer, the Employee Gift Offer and the Noble Offer, and the identity and level of participation of Brokers in the Broker Firm Offer, has been determined by agreement between the Company, SaleCo and the Lead Manager. With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their retail clients.	Sections 7.1.1, 7.3.4 and 7.7.2
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by successful applicants on the acquisition of Shares under the Offer. Refer to Section 10.7.1 for details of the various fees payable to the Lead Manager.	Section 7.2

Topic	Summary	For more information
Are there any tax considerations for Australian investors?	A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 10.12. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants and bidders should obtain their independent tax advice having regard to their own specific circumstances before deciding whether to invest in Shares.	Section 10.12
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be dispatched to successful applicants by standard post on or about Thursday, 22 July 2021. Refunds (without interest) to applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the application monies they have paid, will be made as soon as practicable after Completion.	Section 7.2
How can I apply?	If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Please see Sections 7.4, 7.5 and 7.6 for details on how to apply for Shares under the Priority Offer, the Employee Gift Offer and the Noble Offer, respectively.	Section 7.3.2
Where can I find more information about this Prospectus or the Offer?	Call the NobleOak Offer Information Line on 1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether NobleOak is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.	Key Offer Information
Can the Offer be withdrawn?	Yes. The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful applicants under the Offer. If the Offer, or any part of it, does not proceed, or you are not issued any Shares or are issued fewer Shares than the number that you applied for, all relevant application monies will be refunded (without interest) as soon as possible.	Section 7.11

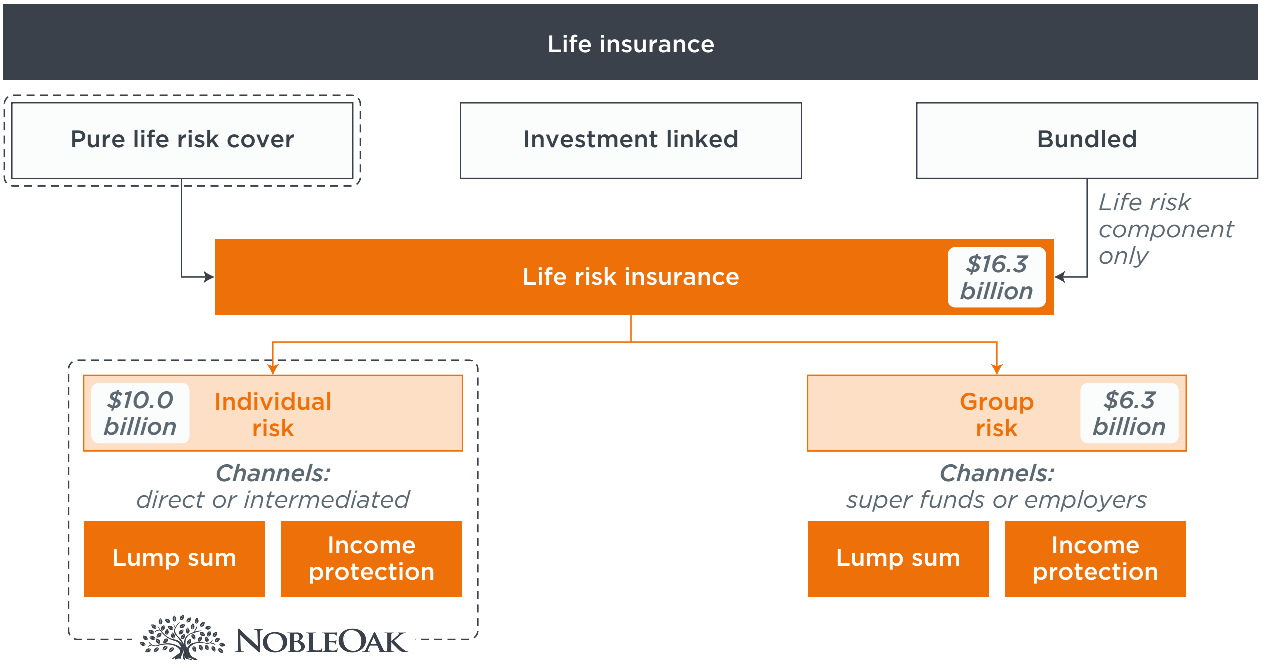
2.
INDUSTRY OVERVIEW

2.
INDUSTRY OVERVIEW

This Section provides an overview of the Australian life insurance industry, including key products, market size, distribution channels, market participants, recent industry trends and an overview of the regulatory framework. It also provides a view of where NobleOak operates within the Australian life insurance industry.

2.1 OVERVIEW OF LIFE INSURANCE PRODUCTS

Figure 1: Life insurance product categories and NobleOak's positioning[10]



Note: Market sizes are measured by in-force premiums, which refer to the total annualised statistical premiums for all active policies as at a given date.

10. Plan For Life, Life Statistics, December 2020. Market sizes are measured as in-force premiums as at December 2020.

2.1.1 Product overview

Life insurance products include:

- pure life risk cover products (which provide policyholders with benefits in the event of death, TPD or illness);
- investment-linked products (which provide policyholders with an annuity or pension). Such products have no material life risk cover; and
- bundled products (which provide policyholders with the ability to 'bundle' various life risk cover and investment-linked products).

'Life risk insurance' includes pure life risk cover products and the life risk component within bundled products. Life risk insurance plays a crucial role in helping people manage unexpected events and protect themselves and their families against financial difficulties. Consumers wishing to take out a life insurance policy will typically pay premiums to a life insurer in return for a future benefit linked to the occurrence of some coverage event.

The life risk insurance market in Australia can be broken down by product category and type of insurance cover, as seen in Table 3.

Table 3: Types of life risk insurance

Product category	Type of insurance cover
Individual risk	• **Lump sum:** Entitles policyholders to a one-off payment in the case of an eligible claim, including: – **Term life cover:** Provides a lump sum payment if the policyholder dies or becomes terminally ill, helping to clear debts and support loved ones – **TPD cover:** Provides a lump sum payment if the policyholder becomes permanently disabled as the result of a sickness or injury and is unable to return to work – **Trauma cover:** Provides a lump sum payment if the policyholder is diagnosed with a specified medical condition
	• **Income protection:** Entitles policyholders to recurring benefits (ongoing monthly payments) in the case of an eligible claim over a specified period, typically a certain number of years, or up to a specific age, including: – **Income protection cover:** Provides regular payments to replace a portion of the policyholder's income if they suffer a sickness or injury and can no longer work – **Business expenses cover:** Provides regular payments to replace a portion of the fixed running costs of the policyholder's business if they suffer a sickness or injury and can no longer work
Group risk	• Purchased by the trustee of a superannuation fund or an employer, with fund members or employees ultimately given the benefit of the cover • Risk is pooled amongst group members and policies are priced on a group cohort basis • Many participants within group schemes are covered under a default arrangement where they automatically receive an amount of cover

NobleOak provides all key individual risk products referred to in Table 3. The Company's life insurance product mix largely comprises lump sum cover, accounting for approximately 58.6% of the Company's in-force premiums, with income protection products comprising the remaining 41.4%.

2.1.2 Product value chain

The life risk insurance value chain includes product design and manufacturing (including pricing), marketing, distribution, administration, underwriting and claims management.

NobleOak participates in all aspects of the life risk insurance product value chain. Refer to Section 3 Company Overview for further details.

2.2 LIFE RISK INSURANCE MARKET SIZE AND GROWTH

2.2.1 Size of Australian life risk insurance market

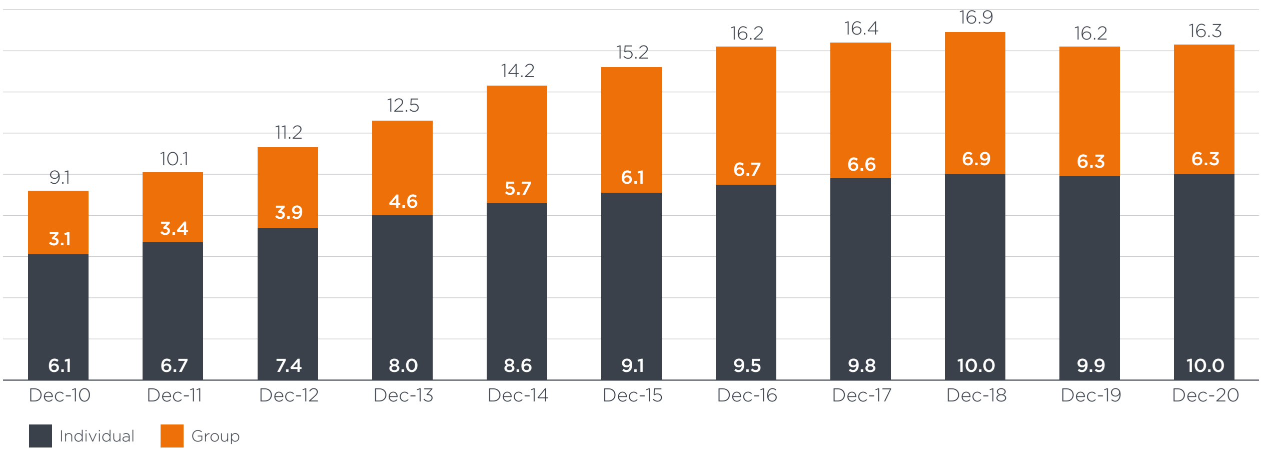
Australia's life insurance industry is well established and in 2019, was recognised as a top 25 market globally by premiums paid per capita for life risk insurance products.[11] As at December 2020, the total size of the Australian life risk insurance market, as measured by in-force annual premiums, was approximately $16.3 billion.[12]

Figure 2 shows that the Australian life risk insurance market is comprised of:

- **Individual risk:** Approximately $10.0 billion of in-force premiums, which grew at a compound annual growth rate (**CAGR**) of 5.1% in the 10 years to December 2020, but more recently has grown at a CAGR of 0.6% in the three years to December 2020; and
- **Group risk:** Approximately $6.3 billion of in-force premiums which have grown at a CAGR of 7.6% in the 10 years to December 2020, but which has more recently declined at a CAGR of 1.4% in the three years to December 2020. The contraction in group life risk insurance can be explained partially by the Federal Government's Putting Members' Interests First[13] and Protecting Your Superannuation Package[14] reforms.

NobleOak does not provide group risk insurance policies.

Figure 2: In-force annual premiums in the Australian life risk insurance industry split by individual and group products ($ billions)[15]



11. Swiss Re Institute, sigma 4/2020, July 2020. Australian life premium volume ranked 18th globally in 2019.
12. Plan For Life, Life Statistics, December 2020.
13. *Treasury Laws Amendment (Putting Members' Interests First) Act 2019.* Requires all registrable superannuation entities to cease the provision of insurance to members on an opt-out basis where the member has an account balance below $6,000 or where the member is a new member under the age of 25.
14. *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019.* Mandates that inactive low-balance accounts be reported and paid to the ATO for consolidation, and requires that trustees stop providing insurance to any member who has not opted in and whose product has been inactive for a continuous period of 16 months or more.
15. Plan For Life, Life Statistics, December 2020.

2.2.2 Long term drivers supporting growth in the Australian life risk insurance market

Total Australian life risk insurance in-force premiums grew by 6.0% per annum in the 10 years to December 2020[16] with such growth being underpinned by a number of longer-term sustainable factors, including:

- **Population growth:** Australia's estimated resident population increased at a CAGR of 1.5% over the 10 years to September 2020.[17] As the population grows, the insurable market size increases and demand for life insurance policies are expected to increase;
- **Ageing population:** The median age of the Australian population increased by 0.7 years to 37.8 in the 10 years to June 2020.[18] Consumers generally maintain their life insurance policies for a longer period of time as age expectancy increases. The pricing of policies typically also increases with older individuals' higher health risk profiles;
- **Household wealth, income and debt:** The average equivalised household net worth[19] increased at a CAGR of 2.7% in real terms in the eight years to June 2018.[20] As individuals become wealthier, increase their incomes or take on more debt, the sum insured required to maintain that individual's quality of life increases. A higher sum insured generally results in higher life insurance premiums; and
- **Inflation:** Most life insurance premiums are index-linked to inflation, meaning that inflation drives nominal increases in life risk in-force premiums. In the 10 years to December 2020, the Consumer Price Index (**CPI**) in Australia increased at a CAGR of 1.9%.[21]

2.3 DISTRIBUTION OF INDIVIDUAL LIFE RISK INSURANCE

The distribution channels of individual life risk insurance products can be segmented in the following way:

- **Direct:** Policies distributed directly to consumers, typically with general advice only;
- **Intermediated:** Policies distributed to consumers via an intermediary, most often with personal advice and through a financial adviser:
  - **Banks:** Policies distributed to consumers via a bank;
  - **Aligned/non-aligned dealers:** Policies distributed to consumers via financial advisers or dealer groups. Dealer groups or financial advisers who are part of a group which is fully or partly owned by an insurer are 'aligned'.

16. Plan For Life, Life Statistics, December 2020.
17. Australian Bureau of Statistics, National, state and territory population, 18 March 2021.
18. Australian Bureau of Statistics, National, state and territory population, 18 March 2021.
19. Refers to the total household net worth adjusted by the application of an equivalence scale to facilitate comparison of net worth levels between households of differing size and composition, reflecting the requirement of a larger household to have a higher level of net worth to achieve the same standard of living as a smaller household.
20. Australian Bureau of Statistics, Household wealth and wealth distribution, 12 July 2019.
21. Reserve Bank of Australia, Measures of Consumer Price Inflation, 28 April 2021.

Figure 3: In-force annual premiums in the Australian individual life risk insurance industry split by direct and intermediated channels ($ billions)[22]

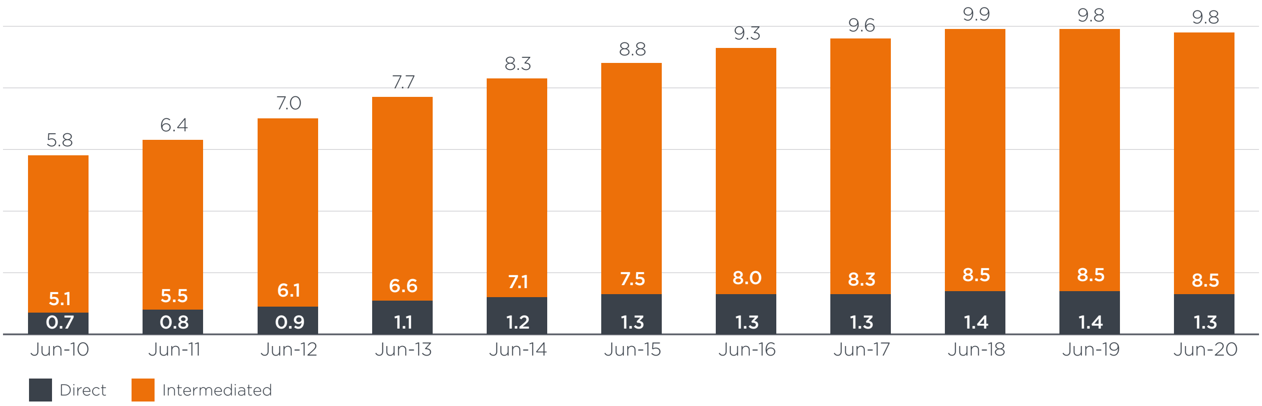


Figure 4: Individual risk premium inflows[23] by product type and distribution channel in the 12 months ending 31 December 2019[24]

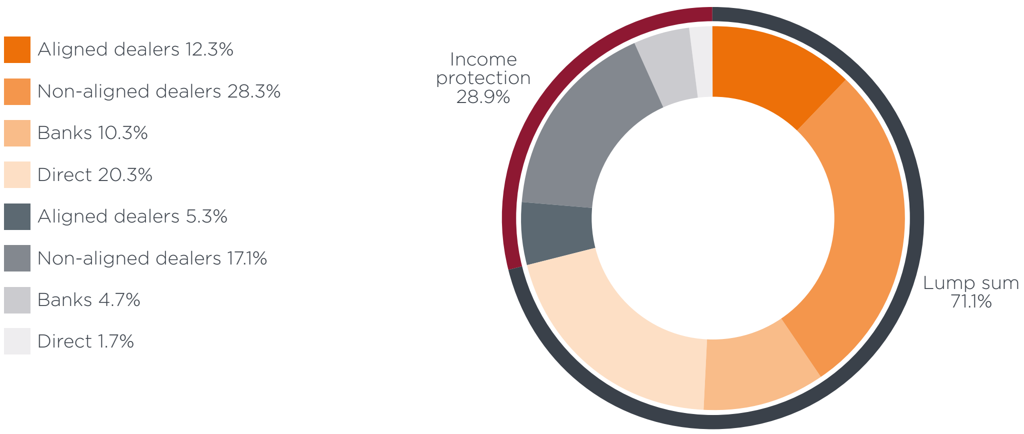


Figure 4 shows the split in individual life risk insurance by distribution channel in Australia.

- The direct channel represented 22.0% of all Australian individual life risk insurance premium inflows in 2019;
- The bank channel accounted for 15.0% of all Australian individual life risk insurance premium inflows in 2019; and
- Aligned and non-aligned dealers represented 63.0% of all Australian individual life risk insurance premium inflows in 2019.

22. Plan For Life, Life Insurance Sales Channels, June 2020. Direct and Intermediated individual life risk in-force premium data is unavailable for December 2020.
23. 'Inflows' is a term used by Plan For Life and includes both in-force annual and single premiums. It used as a proxy for total in-force premiums as several companies sell by single premium (i.e. where the policyholder pays a single upfront premium and the policy provides cover for a set period).
24. Plan For Life, Direct Risk Report, December 2019.

A number of these distribution channels have been significantly impacted by recent industry and regulatory change, the effects of which are likely to emerge over a number of years.

The bank channel is expected to be significantly impacted by change caused by recent sales of life insurance businesses by a number of Australian banks as they have decided to exit life insurance manufacturing. See Section 2.5.1.2 for further information.

The aligned and non-aligned dealer channels have been significantly impacted by change arising from:

- divestments of advice business from each of the four Major Banks and multi-year strategic review process at AMP;
- reduced vertical integration between manufacturing and distribution of life risk insurance products; and
- reduced adviser numbers across the industry due to increasing operating costs, reduced commission rates, industry consolidation and increasing education and licensing requirements of advisers.

NobleOak believes that it can benefit from this significant industry change as other market participants may be more distracted. NobleOak also believes that it is well positioned in the longer term by virtue of its fully underwritten direct channel (**Direct Channel**) product offering and its highly valued and differentiated intermediated product offerings for advisers through the Company's Strategic Partners (**Strategic Partner Channel**). See Section 3.4 for an overview of NobleOak's business lines.

2.3.1 Characteristics of the direct distribution channel

Life insurance is purchased 'direct' when it is either purchased directly through the insurer, or through an intermediary without personal advice. 'Direct' life insurance is therefore not purchased through an adviser or intermediary with personal advice or as part of a superannuation fund or group cover. With direct life insurance, only general financial product advice or factual information is provided at the point of sale. General advice is limited to information about the life insurance product and its features and benefits and does not take into account a person's objectives, particular circumstances and needs.

Buying life insurance products directly can be a convenient way to access life insurance. The channels through which direct life insurance products are typically purchased by consumers include:

- **Inbound channel:** Product sales generated through methods such as print, television or radio advertising where the consumer is encouraged to contact the seller (insurer or distribution partner) themselves;
- **Outbound channel:** Consumers who consent to being contacted as a result of providing their contact details to a life insurance provider may receive a telephone call, email or direct mail in order to continue a potential sales journey;
- **Online channel via call centre:** Product sales generated through online leads which are followed up with a telephone call;
- **Online channel via straight-through-processing:** Online sales which do not require a consumer to engage with a call centre or intermediary party prior to sale;
- **Face-to-face channel:** Product sales generated in-store, such as through bank branches; and
- **Intermediary channel:** Product sales generated through an intermediary without offering personal advice.

Direct life insurance products have a variety of underwriting processes, and some products have more exclusions and limitations than others. Such products can be broadly categorised as follows:

- **Fully underwritten products:** The insurer assesses the risk it will take on before issuing a policy by asking the consumer a range of questions during the policy application stage. The extent of these questions can vary and may cover issues such as height, weight, current and past medical conditions, occupation, lifestyle, and recreational activities. Outcomes from the underwriting process include being covered in full, increased premiums for higher risk assessments ('premium loadings'), modified or limited coverage, or being denied cover altogether; and

- **Guaranteed acceptance products:** The consumer is only required to meet basic eligibility criteria. The consumer will on some occasions be asked a limited number of questions only, including questions relating to their age, gender and smoking status to determine the price of their policy, but not about their health status. Rather than fully underwriting the policy by assessing the consumer's individual health, the insurer applies broader exclusions and limitations on these products. This can include broad pre-existing medical condition exclusions or general exclusions such as where a consumer is unable to work on the date of acceptance due to a particular health issue.

NobleOak offers its NobleOak-branded insurance products directly to consumers without the assistance of financial advisers. This mitigates the need for commissions to be paid to financial advisers, providing savings for the consumer, NobleOak or both. These NobleOak-branded products are purchased by consumers through online and inbound phone distribution channels incorporating an omnichannel customer experience.

NobleOak only offers fully underwritten products. The Company has preferred this model on the basis that it gives a better outcome for consumers, as it reduces the risk that consumers do not fully understand the general exclusions that might apply in guaranteed acceptance products. Fully underwritten products also provide the insurer more information to tailor the price that can be offered to the consumer and provide better value outcomes for consumers.

2.3.2 Characteristics of the intermediated distribution channel

The largest component of the life insurance market in Australia, by in-force premiums, is the individual intermediated channel. Life insurance distributed via this channel is usually provided as part of a personalised financial advice service, whereby financial advisers assess an individual's personal circumstances and recommend a tailored life insurance product that is in the best interests of the individual. The financial adviser is bound by a legislated 'best interests' duty and must hold a valid AFSL.

NobleOak has partnered with three Strategic Partners to develop unique tailored customer propositions for the intermediated market:

- PPS Mutual Insurance (**PPS Mutual**),
- Avant Mutual Group (**Avant Mutual**); and
- Australian Life Development (**NEOS**).

These Strategic Partners each offer tailored life insurance products manufactured and issued by NobleOak, available for the individual advised intermediated life insurance market. Avant Mutual also offers NobleOak manufactured life risk insurance products directly to its members without the provision of personal financial advice. Distribution of such products through the Strategic Partners' intermediated distribution networks represents a growing contribution to NobleOak's scale (see Section 3.7 for further information).

2.4 MARKET PARTICIPANTS IN THE LIFE INSURANCE RISK MARKET

In Australia, only life insurers and friendly societies that have been authorised by APRA are able to manufacture and underwrite life risk insurance products. There were 28 registered life insurers and 11 registered friendly societies as at 30 June 2020 according to APRA.[25] Friendly societies, sometimes referred to as mutual societies (although not all are mutual organisations), are financial organisations generally owned by members and not shareholders. Friendly societies conducting a life insurance business must be registered by APRA under the *Life Insurance Act 1995* (Cth) (**Life Insurance Act**) and usually need to hold an AFSL issued by ASIC. NobleOak is a registered friendly society that was de-mutualised in 2011. Since 4 January 1999, NobleOak has been a public company owned by its shareholders rather than members.

The Australian life risk insurance market includes a range of industry participants that can be broadly grouped as:

- Large multinational life insurers and multi-line insurers (e.g. AIA, MLC, TAL, Zurich);
- Large and medium scale domestic insurers and wealth managers with multiple business lines or operating within a broader wealth management or financial services enterprise (e.g. ClearView Wealth, Westpac Life);
- Insurers who have ceased to write new policies and have placed existing in-force books into run-off (e.g. Resolution Life);
- Other direct players and friendly societies (e.g. Greenstone[26], Integrity Life, NobleOak); and
- Reinsurers (e.g. Gen Re, Hannover Re, Munich Re, Pacific Life Re, Swiss Re).

NobleOak is a relatively small player in the Australian life insurance industry but is growing materially above industry growth rates. NobleOak's refreshed strategy in 2012, following demutualisation, has enabled the Company to focus on growing a book of in-force business without the need to continue servicing a large legacy book of policies.

2.5 RECENT INDUSTRY TRENDS AND IMPACT ON NEAR TERM OUTLOOK FOR NOBLEOAK

2.5.1 Recent trends

2.5.1.1 Regulatory disruption

There has been an increase in regulatory change in the life insurance industry which has had a significant impact on market participants and industry sales volumes. This regulatory change aims to strengthen the industry in the long term. See Section 2.6.2 for a summary of the recent regulatory developments impacting the sector.

2.5.1.2 Large increase in offshore ownership of life insurance companies

Since 2015, there has been significant and unprecedented change of ownership in the Australian life insurance industry. This has consolidated the market and created significant disruption while incumbents separate and integrate, presenting opportunities for businesses like NobleOak, which remain focused on the end customer, to take advantage of market dislocation. These changes impact the distribution of life insurance generally, but particularly through the bank channel which has experienced significant change. The full impact is yet to be fully observable in the industry.

Recent activity has included:

- **October 2016:** Zurich Australia acquired Macquarie Life, which was owned by Macquarie Bank;
- **October 2016:** Nippon Life Insurance Company acquired 80% of MLC Life, which was owned by NAB;
- **February 2019:** TAL Dai-ichi Life Australia acquired Suncorp's life insurance business;
- **June 2019:** Zurich acquired OnePath Life, which was owned by ANZ;

25. APRA, 2020 Year in Review, 5 February 2021.
26. Greenstone is a direct life insurance distributor but is not a registered insurer under the Life Insurance Act.

- **May 2020:** Westpac announced a strategic review of their life insurance business;
- **July 2020:** Resolution Life acquired AMP Life; and
- **April 2021:** AIA acquired Comminsure Life, which was owned by CBA.

2.5.1.3 Banks exiting wealth management and declining financial adviser numbers

There has also been significant consolidation in the wealth management industry, with the Major Banks either divesting or announcing strategic reviews of their wealth management and advice businesses. Recent activity has included:

- **October 2019:** CBA sold Count Financial to CountPlus;
- **February 2020:** IOOF acquired ANZ's OnePath Pensions and Investments business and aligned dealer groups;
- **May 2020:** Westpac announced a strategic review of their wealth platforms, superannuation and retirement products, and investments businesses;
- **May 2020:** Commonwealth Bank of Australia announced an agreement to sell a 55% stake in Colonial First State to KKR; and
- **August 2020:** NAB announced an agreement to sell MLC to IOOF.

Alongside industry consolidation, there has been a significant decline in industry adviser numbers. According to ASIC's Financial Advisers Dataset, there were 20,669 active finance advisers at 13 May 2021, declining by 1,639 in less than six months.

2.5.1.4 Recent growth and profitability below long-term trend

As a result of the significant change described in Sections 2.5.1.1 to 2.5.1.3, recent growth in the life insurance market has been more subdued than the long-term average growth rate. In the three years to December 2020, total individual life risk insurance market in-force premiums increased at a CAGR of 0.6% which is lower than the 10-year CAGR of 5.1%. New business[27] declined by a CAGR of 6.9% over the same period.[28]

The Australian life risk insurance market has demonstrated positive long-run average profitability, with total industry return on equity averaging 8.6% over the 10 years to December 2020.[29] However, since 2019 the industry has been impacted by a range of factors which have negatively impacted profits, resulting in an industry loss of $92m in the 12 months to December 2020.[30] These factors include reducing central bank interest rates, disruption in the traditional distribution channels as outlined in Section 2.5.1.3, and poor performance in legacy income protection in-force books. Management expects industry profitability to improve in the long-term, and regulators are focused on ensuring the long-term sustainability of the sector. For example, APRA's final individual disability income insurance sustainability measures released in September 2020 use repricing as a mechanism to restore sustainable income protection profitability in the long term.

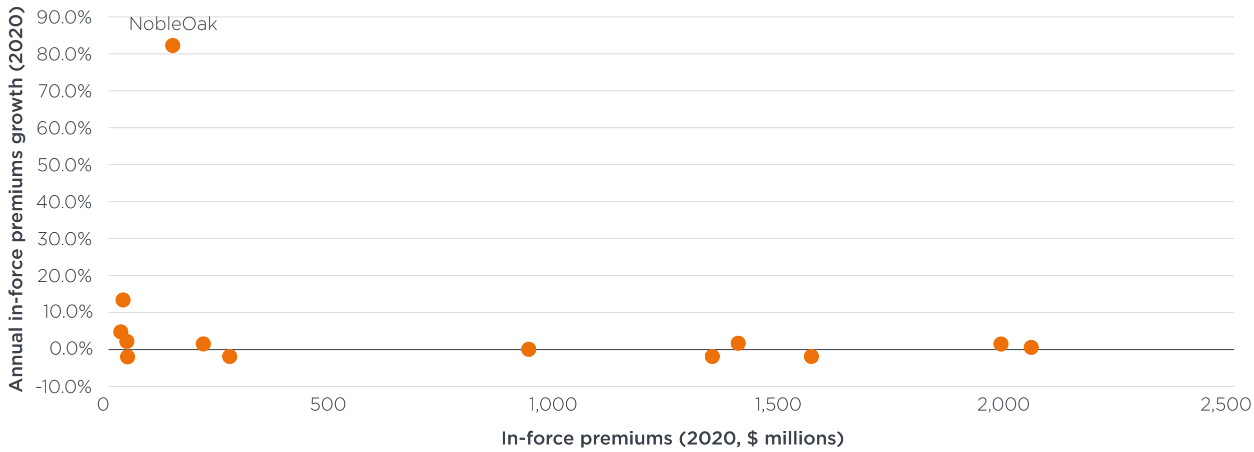
2.5.2 Impact of recent trends on NobleOak

NobleOak has experienced continued strong profit growth despite recent industry trends, and it is management's belief that NobleOak is well positioned to benefit from the market disruptions by capturing additional market share from other market participants and the increasing share of life insurance being purchased directly.

As seen in Figure 5 below, NobleOak is demonstrating considerably higher premium growth than its competitors, with runway to increase scale over time.

27. 'New business' is a statistical measure of the amount of increased annual premium a company will receive due to activities during the period. It includes new sales as well as premium increases due to factors such as age or inflation.
28. Plan For Life, Life Statistics, December 2020.
29. APRA, Quarterly Life Insurance Performance Statistics December 2020, 4 March 2021. Figure represents average of quarterly annualised return on net assets from December 2010 (calculated as annualised net profit after tax divided by average net assets).
30. APRA, Quarterly Life Insurance Performance Statistics December 2020, 4 March 2021.

Figure 5: Australian life insurers' individual in-force annual premiums and annual growth in the 12 months ending 31 December 2020[31]



2.5.3 Emerging trends in life insurance

2.5.3.1 Increasing level of underinsurance in the life insurance industry

NobleOak believes that Australia is underinsured in life insurance coverage, based on the population's relatively low level of spending on life insurance. Australia was ranked 22nd amongst the OECD countries in terms of life insurance premiums as a percentage of gross domestic product at 1.5%.[32]

NobleOak management believes that the underinsurance gap presents an opportunity for the Company to better address the needs of the nation's individuals and families. Management also believes that the Company is well positioned to capitalise on any future changes in community sentiment with regard to health risks which would lead to a tightening of the underinsurance gap.

Penetration of the life risk insurance market in Australia has been historically adversely impacted by:

- complexity of life risk insurance products;
- perception of the high cost of life risk insurance;
- lengthy approval times for securing life risk insurance policies;
- upfront costs of financial advice associated with obtaining a life risk insurance policy; and
- low levels of awareness of the benefits provided by life risk insurance products.

NobleOak's Direct Channel focuses on the manufacturing and distribution of easy-to-understand and compelling life risk insurance products directly to customers or through referrals from credit unions, industry associations, friendly societies and other partners (**Alliance Partners**), without financial advice. NobleOak's policies have leading product features[33] and multiple industry awards recognising the Company's strong customer value, product and service propositions.

31. Plan For Life, Life Statistics, December 2020. NobleOak data is sourced from audited financials to account for Strategic Partners which are not reported under NobleOak in Plan For Life data. Excludes life insurers with less than $10.0 million of individual life risk in-force annual premiums.
32. Swiss Re Institute, sigma 4/2020, July 2020. Swiss Re does not provide data on Estonia, Iceland, Latvia, and Lithuania.
33. Plan For Life, Direct Risk Report, December 2019.

2.5.3.2 Increasing consumer propensity to buy direct insurance

More generally, consumer preferences towards purchasing insurance products directly from insurers are increasing. Globally, insurance has seen robust growth in direct channels as insurers try to better understand their customers and consumer preferences shift towards convenience and price.[34] NobleOak's direct digital sales platform and array of Alliance Partners positions the business well to capitalise on any continued increase in consumer propensity to directly purchase insurance.

Plan For Life forecasts the direct life insurance market growing new annual business and premium increases from $201 million in 2021 to $257 million in 2025, representing a CAGR of 5.8%.[35]

2.6 REGULATORY ENVIRONMENT

2.6.1 Overview of the life insurance regulatory landscape

The life insurance sector in Australia has a high degree of regulatory oversight from federal governmental bodies such as ASIC, APRA and AUSTRAC.

APRA's role includes setting prudential standards for life insurers with a view to ensuring life insurance companies remain financially sound and protect the interests of policyholders or prospective policyholders. The prudential standards relate to capital adequacy, liquidity requirements, valuation of policy liabilities, financial statements, conflicts of interest, governance, remuneration, fitness and propriety, friendly society benefit funds, risk management, outsourcing and pandemic planning.

ASIC, as Australia's corporate, markets and financial services regulator, is responsible for administering the Corporations Act and the Insurance Contracts Act. ASIC also regulates AFSL holders, including AFSLs held by life insurers and friendly societies such as NobleOak. ASIC's approach is influenced by the key principles of market integrity and consumer protection. Consumer protection is designed to make sure consumers have sufficient information about the financial products they purchase and that they are treated fairly and have appropriate avenues for redress.

Another key regulator is the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), Australia's anti-money laundering and counter-terrorism financing (**AML/CTF**) regulator and specialist financial intelligence unit. Among other things, AUSTRAC is responsible for making AML/CTF rules and monitoring and promoting compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and rules, which apply to financial institutions.

NobleOak believes regulatory oversight will assist with improving long term industry sustainability and maintaining high quality industry participants.

2.6.1.1 Industry self-regulation

The life insurance industry is also subject to self-regulation through the Life Insurance Code of Practice (**Code**) which establishes a commitment by life insurers who are members of the Financial Services Council (**FSC**) to mandatory standards on sales practices and advertising, including providing certain information at the point of sale, not engaging in pressure selling, appropriate consequences for inappropriate sales conduct, and providing warning to consumers considering replacing an existing policy. At a high level, these standards promote high standards of service to customers, provide a benchmark of consistency within the industry and establish a framework for professional behaviour and responsibilities.

The Code is binding on life insurers that are members of the FSC, such as NobleOak.

The Code was developed by the life insurance industry through the FSC and commenced on 1 October 2016, with a transition period to 30 June 2017. The introduction of the Code was recommended by the Trowbridge Final Report into the Review of Retail Life Insurance Advice which concluded that an industry code could lead to improved standards of service and advice to consumers. Management expects that this will improve trust and confidence in the industry.

34. McKinsey & Company, 2019 Global Insurance Pools trends and forecasts: Distribution, May 2019.
35. Plan For Life, Life Insurance Market Outlook Report, June 2021.

2.6.1.2 Conduct obligations

AFSL holders are required to comply with the licensing, disclosure and conduct framework relating to the operation of those licences set out in the Corporations Act, including the general obligations to:

- provide financial services efficiently, honestly and fairly;
- ensure that representatives are adequately trained and competent to provide financial services;
- take reasonable steps to ensure that representatives comply with financial services law; and
- have adequate arrangements in place for managing conflicts of interest.

A person is prohibited under the Corporations Act from engaging in conduct, in relation to a financial product or a financial service, that is misleading or deceptive (or likely to mislead or deceive).

In broad terms, a person is also prohibited under the *Australian Securities and Investments Act 2001* (Cth) (**ASIC Act**) from engaging in conduct in relation to financial services (or in connection with the supply or possible supply of financial services) that is unconscionable or misleading or deceptive (or likely to mislead or deceive). ASIC is responsible for promoting a fair, transparent and efficient financial system and for regulating the conduct of financial services organisations.

2.6.1.3 Approved benefit funds

The Life Insurance Act requires that separate funds, known as approved benefit funds, be maintained by registered friendly societies in respect of certain classes of life insurance business. Approved benefit funds are regulated on substantially the same basis as statutory funds which are required to be established by non-friendly society life insurers under the Life Insurance Act. The assets of each approved benefit fund must be kept distinct and separate from the assets of each other approved benefit fund and from any other assets of the company. Transfers in and out of approved benefit funds are regulated and the company and each approved benefit fund must satisfy solvency and minimum capital requirements. Customers gain an interest in the benefit fund to which their product is referable and become members of the relevant benefit fund.

Policies issued by friendly societies, such as NobleOak, are governed by approved benefit fund rules, which form part of the constitution of the company and are taken to be the terms of the relevant insurance policy issued by the company. Amendments to approved benefit fund rules must be approved by APRA to become effective and take effect as an amendment of the constitution of the company.

2.6.1.4 Solvency and capital adequacy requirements

Approved benefit funds, such as those operated by NobleOak, must meet solvency and capital adequacy standards provided for under the Life Insurance Act which are designed to ensure that:

- the life insurance company will be able to meet all policy and other liabilities of a fund as they become due, out of assets of the approved benefit fund; and
- approved benefit funds have adequate capital to conduct business in accordance with the Life Insurance Act and in the interests of policyholders.

2.6.1.5 Investment

The Life Insurance Act regulates investment of the assets of an approved benefit fund. The general rule is that a life insurance company, such as NobleOak, may invest such assets in any way that is likely to further the business of the approved benefit fund, provided the investment is of a kind provided for by the approved benefit fund rules and the investment complies with APRA's prudential standards.

2.6.1.6 Priority to policyholders

In the investment, administration and management of the assets of a statutory fund, life insurance companies and their directors must give priority to the interests of policyholders and prospective policyholders referable to the fund. In the event of a conflict between the interests of policyholders (or prospective policyholders) of policies referable to a statutory fund and the interests of shareholders of the life insurance company, the directors have a statutory duty to take reasonable care, and use diligence, to see that the company gives priority to the interests of those policyholders (and prospective policyholders). The Life Insurance Act generally applies to friendly societies as if references to statutory funds were references to approved benefit funds.

2.6.1.7 Governance and risk management

Under the APRA Prudential Standards, there are a range of requirements of a board of directors and senior management of a life insurance company in relation to governance, oversight and management of the company including:

- ensuring that directors and senior management collectively have the full range of skills needed for the effective and prudent operation of the company, and that each director has skills that allow them to make an effective contribution to board deliberations and processes;
- size and composition requirements of the board of directors;
- setting up of appropriate board committees and sub-committees;
- evaluation and renewal of board; and
- identifying responsible persons within the organisation who have the potential to impact significantly on the financial soundness and stability of the entity and ensuring the fitness and propriety of those responsible persons.

The board of directors of a life insurance company is ultimately responsible for oversight of the sound and prudent management of the company.

2.6.1.8 Responsible manager regime

AFSL holders, such as NobleOak, are required to maintain the competence to provide the financial services covered by the licence which, in essence, requires a licensee to be competent at the organisational level. At a high level, ASIC assesses an AFSL holder's competence by reference to the knowledge and skills of the people who manage the financial services business. For this purpose, ASIC requires AFSL holders to nominate responsible managers who:

- are directly responsible for significant day-to-day decisions about the ongoing provision of the licensee's financial services;
- together, have appropriate knowledge and skills for all of the licensee's financial services and products;
- individually, meet prescribed knowledge and skills requirements, having regard to the person's formal qualifications and relevant experience as defined in *ASIC Regulatory Guide 105 AFS licensing: Organisational competence*; and
- are fit and proper.

2.6.1.9 Risk management

A life insurance company, such as NobleOak, must have systems for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks that may affect its ability to meet its obligations to policyholders. These systems, together with the structures, policies, processes and people supporting them, comprise the company's risk management framework.

In particular, APRA Prudential Standard CPS 220 (Risk management) (**CPS 220**) requires that the risk management framework include:

- a board-approved risk appetite statement that addresses the company's material risks (including the degree of risk the company is prepared to accept);
- a board-approved risk management strategy that describes the strategy for managing risk and the key elements of the risk management framework that give effect to this strategy (including the policies and procedures dealing with risk management matters and the risk governance relationship between the company's board, board committees and senior management);
- a board-approved business plan that sets out the company's approach for the implementation of its strategic objectives;
- policies and procedures supporting clearly defined and documented roles, responsibilities and formal reporting structures for the management of material risks throughout the company;
- a designated risk management function that supports the board and senior management to maintain the risk management framework. The function must be headed by a person (such as a Chief Risk Officer) who has the authority to provide effective challenge to activities and decisions that may materially affect the company's risk profile;
- a management information system that is adequate, both under normal circumstances and in periods of stress, for measuring, assessing and reporting on all material risks across the company; and
- a review process to ensure that the risk management framework is effective in identifying, measuring, evaluating, monitoring and controlling or mitigating material risks.

The board must also make an annual declaration to APRA on risk management of the company that satisfies the requirements of CPS 220 (including that the company has in place systems for ensuring compliance with all prudential requirements of CPS 220).

2.6.1.10 Assurance

A life insurance company, such as NobleOak, must have an independent and adequately resourced internal audit function, the objectives of which must include evaluation of the adequacy and effectiveness of the financial and risk management framework of the company.

The Life Insurance Act requires that a life insurance company appoint an auditor and an actuary:

- the approved auditor must provide a report to the insurer outlining the auditor's opinion in relation to a number of matters associated with the insurer's compliance with the prudential and reporting framework (including whether the insurer's annual returns are reliable and in accordance with the relevant prudential standards and whether the prudential requirements in relation to the accounting for statutory funds have been met); and
- the appointed actuary's role is to assess the financial condition of the insurer and each of its funds and to report on that assessment in a written FCR. That report must be prepared annually and provided to APRA. The actuary must also provide advice on the value of the insurer's liabilities and prepare an annual Actuarial Valuation Report. The position of appointed actuary is a statutory role with the appointed actuary required to report to APRA if they believe that a breach of the Life Insurance Act that may significantly affect the interests of policyholders has occurred.

Both the auditor and appointed actuary must satisfy fit and proper criteria under APRA's prudential standards. The auditor must be independent of the appointed actuary.

2.6.1.11 Dispute resolution

All AFSL holders are required to have a dispute resolution system that consists of an internal dispute resolution procedure that meets the standards or requirements made or approved by ASIC and membership of the Australian Financial Complaints Authority (**AFCA**).

2.6.2 Recent developments

2.6.2.1 APRA intervention to improve sustainability of individual disability income insurance

In 2019, APRA launched an intervention into the life insurance market in response to ongoing heavy losses in respect of individual disability income insurance (income protection). These losses were a significant driver of the negative industry profitability noted in Section 2.5.1.4. This intervention aims to provide certainty for life insurers and friendly societies to make the necessary changes to their products and practices to improve individual disability income insurance sustainability. APRA announced a number of measures, including capital charges, that will require life insurers and friendly societies to address flaws in product design and pricing that are contributing to unsustainable practices. NobleOak has proportionally greater exposure to lump sum policies compared to income protection policies – see Section 3.5.1 for further details. Management expects the Company to be a beneficiary of regulatory change in income protection products, given that such change would be expected to increase the sustainability of the industry.

2.6.2.2 Review into direct life insurance

ASIC undertook a multi-stage review in 2017-2018 of how direct life insurance products (including term life, accidental death, trauma, TPD and income protection insurance) are designed and sold, and whether this might increase the likelihood of policies lapsing or consumers later having their claims declined. The review involved:

- sales call reviews with a focus on whether sales practices may contribute to poor customer outcomes;
- data analysis relating to trends for in-force policies and new business, claims numbers and outcomes, and lapse rates including cooling-off cancellations;
- a review of products, policies and procedures, including the features and limitations of direct life insurance products, scripts and training materials, quality assurance processes and targets, incentives and performance management frameworks;
- a review of the sales culture of a subset of the life insurers; and
- externally conducted qualitative and quantitative research with consumers who had recently bought direct life insurance.

The review found that the introduction of the Code appeared to have played a role in improving sales standards, particularly where it sets clear and specific expectations. However, significant improvements were still needed to reduce the risks of poor consumer outcomes and to consistently place the interests of consumers at the centre of the direct life insurance market, and to increase consumer trust in direct life products and how they are sold.

ASIC's review identified a number of concerns, including that:

- outcomes for consumers who buy direct life insurance are often poor;
- there is a clear link between sales conduct and poor consumer outcomes;
- life insurers engaged in sales conduct that is likely to lead to consumers buying a product they do not want or cannot afford, or that does not meet their needs;
- some products or product features provided little value to consumers, while others were difficult to understand and therefore may not perform as expected;
- training and scripts did not always set clear and professional standards for sales conduct; and
- quality assurance frameworks were not always effectively designed to detect and address poor sales conduct.

2.6.2.3 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

The Financial Services Royal Commission (**FSRC**) was established in December 2017 to inquire into and report on misconduct in the banking, superannuation and financial services industry. This included inquiry into whether any conduct, practices, behaviour or business activities by financial services entities fell below community standards and expectations and whether any changes were required to the legal framework, the financial regulators or practices within financial services entities to minimise the likelihood of misconduct in future.

The FSRC, which took place throughout 2018, issued its final report in February 2019 (**FSRC Final Report**). The FSRC Final Report contained 76 recommendations, including that:

- ASIC consider further reducing the cap on commissions in respect of life risk insurance products and, unless there is a clear justification for retaining those commissions, the cap should ultimately be reduced to zero (Recommendation 2.5);
- that the Code be amended to empower the Life Code Compliance Committee to impose sanctions on a subscriber that has breached the Code (Recommendation 4.10);
- all financial services entities should review at least once each year the design and implementation of their remuneration systems for front line staff to ensure that the design and implementation of those systems focus on not only what staff do, but also how they do it (Recommendation 5.4);
- all financial services entities should, as often as reasonably possible, take proper steps to:
  - assess the entity's culture and its governance;
  - identify any problems with that culture and governance;
  - deal with those problems;
  - determine whether the changes it has made have been effective (Recommendation 5.6);
- a new oversight authority for APRA and ASIC, independent of the Government, be established to assess the effectiveness of each regulator in discharging its functions and meeting its statutory objectives (Recommendation 6.14);
- in the context of consumer insurance contracts, consumers' duty of disclosure be replaced with a duty to take reasonable care not to make a misrepresentation to an insurer (Recommendation 4.5); and
- the law to be amended to provide for enforceable provisions of industry codes and for the establishment and imposition of mandatory industry codes (Recommendation 1.15).

The FSRC Final Report has prompted a plethora of developments, including the recent passing of a tranche of reforms contained in the Royal Commission Response Act, which includes:

- enhancements to the existing prohibitions on offers of financial products (including insurance products) during the course of, or because of, unsolicited contact with a consumer;
- limitations to the circumstances in which an insurer can avoid a life insurance contract on the basis of non-fraudulent misrepresentation or non-disclosure by an insured;
- the strengthening of the breach reporting regime for AFSL holders, which includes an expansion of the matters that need to be reported to ASIC (including serious compliance concerns about individual financial advisers);
- the requirement for AFSL holders, as a condition of their licence, to comply with a reference checking and information sharing protocol in relation to financial advisers to promote better information sharing about the performance history of financial advisers; and

- the extension of the current AFSL regime to claims handling (which covers activities such as assisting a person to lodge an insurance claim and assessing and settling a claim). The effect is that insurers (and other people who provide claims handling services for insurers) must, among other things, obtain an AFSL covering claims handling and ensure that insurance claims are handled and settled efficiently, honestly and fairly.

Other reforms arising in response to the FSRC Final Report include the application of unfair contract term provisions set out in the ASIC Act to insurance contracts regulated by the Insurance Contracts Act.

2.6.2.4 Design and distribution obligations

In 2019, design and distribution obligations (**DDOs**) were introduced which will apply to issuers and distributors of financial products, including life insurance, from 5 October 2021. The DDOs were released following recommendations of the 2014 Financial System Inquiry which found that poor design and distribution practices had played a significant role in contributing to consumer detriment. As a result, the Financial System Inquiry recommended that the design and distribution of financial products be improved through strengthening product issuer and distributor accountability. The industry was afforded two years to prepare for these reforms, with the introduction of DDO delayed for a further six months due to COVID-19.

The DDOs are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric approach to designing and distributing products. In particular, the DDOs require issuers and distributors to develop and maintain effective product governance arrangements across the life cycle of financial products to ensure that consumers are receiving products that are likely to be consistent with their likely objectives, financial situation and needs.

ASIC has recently published a regulatory guide (RG 274: Product design and distribution obligations) (**RG 274**) which outlines its expectations for compliance and its general approach to administering the DDOs. NobleOak is supportive of this initiative and advanced in its preparations for DDO compliance ahead of the proposed implementation date.

2.6.2.5 The hawking prohibitions

In response to recommendations 3.4 and 4.1 of the FSRC Final Report (which recommended prohibiting the hawking or pressure selling of superannuation and insurance products), the Royal Commission Response Act introduced amendments to the prohibitions on the hawking of financial products. These amendments, which will take effect on 5 October 2021, aim to give retail consumers greater control over their decision to purchase financial products including for example a general prohibition on offers to sell financial products through unsolicited contact with the customer. NobleOak does not engage in cold-call selling practices.

2.6.2.6 AUSTRAC

AUSTRAC has also recently been increasingly undertaking regulatory action. AUSTRAC adopts a risk-based approach to regulating reporting entities, including by applying a forceful and credible deterrent to serious and systemic non-compliance. AUSTRAC has recently consulted on reforms to strengthen Australia's AML/CTF laws.

2.6.2.7 NobleOak impact

It is NobleOak management's belief that the impact of regulatory change on the Company is manageable, with the Company always aiming to hold itself to a high standard of integrity. Management is supportive of continued regulatory change which improves the sustainability of the industry in the long term.

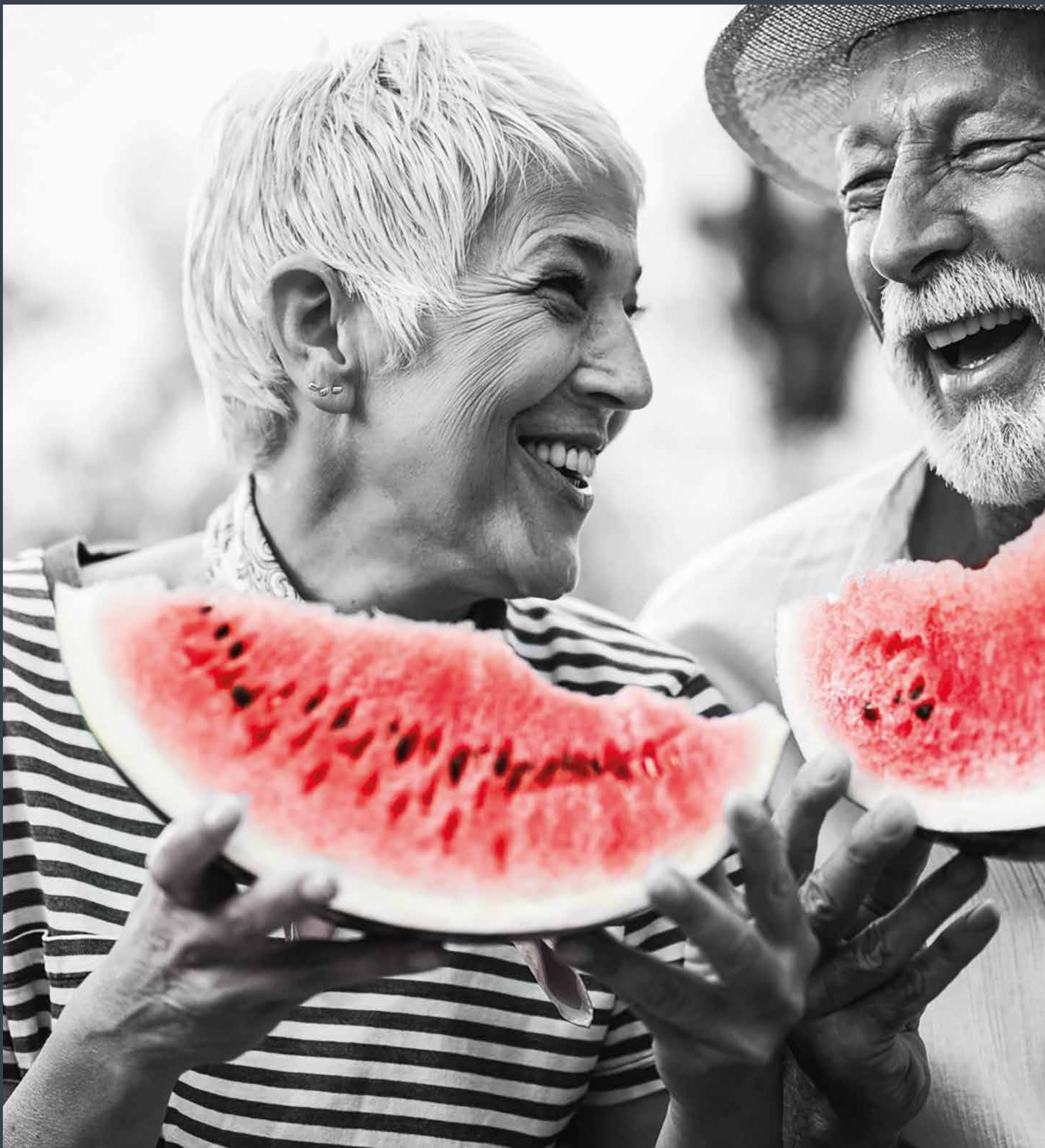
2.6.3 Regulatory outlook

Australia's regulatory environment will continue to evolve as the FSRC recommendations and other reforms continue to be rolled out to the financial services sector. NobleOak believes that the long term sustainability and outcomes of the life insurance industry are enhanced through appropriate and well-developed regulatory reform.

APRA has announced that it will work closely with Treasury and ASIC in expanding the Banking Executive Accountability Regime to all APRA-regulated entities (including life insurers) through the proposed Financial Accountability Regime (**FAR**). At a high level, the FAR aims to increase transparency and accountability of APRA-regulated entities and improve risk culture and governance for both prudential and conduct purposes.

Among APRA's other policy priorities are:

- progressing its review of Prudential Standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge which is designed to ensure that APRA remains able to effectively supervise the life insurance industry in light of the increased use of offshore reinsurers in the group risk market. This consultation ends in June 2021, with APRA expecting the final standard to be released by the end of 2021 and take effect in July 2023;
- aligning APRA's capital and reporting frameworks with AASB 17 *Insurance Contracts* which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts;
- strengthening entities' preparedness for managing through periods of stress, including recovery and resolution planning, operational resilience, stress testing and climate-related financial risks; and
- enhancing the financial resilience of friendly societies which will involve a review in 2021 of board composition, recovery planning and the impact of the prolonged low interest rate environment on business model sustainability. Planning works for the other components of APRA's three-year supervision roadmap (risk management, minimum capital requirement and stress testing) are scheduled to begin in the second half of 2021.



3.
COMPANY OVERVIEW

3.
COMPANY OVERVIEW

3.1 ABOUT NOBLEOAK

"Independent Australian Life Insurer with strong performance in a disrupted industry."

NobleOak is an independent, multi-award winning Australian life insurer based in Sydney. Its heritage dates back to one of the first benevolent societies in Australia, The United Ancient Order of Druids Friendly Society of NSW.

As an APRA-regulated friendly society, NobleOak manufactures and distributes life risk insurance products, including term life, income protection, trauma, Total & Permanent Disability (**TPD**) and business expenses cover. NobleOak is a challenger to the more traditional life risk insurance market incumbents (including, for example AMP and MLC) and operates in the approximately $10 billion Australian individual life risk insurance market.[36]

NobleOak's approach to providing life insurance is to put the interests of its customers first in a way that is consistent with NobleOak's 144-year-old founding principles of 'justice', 'benevolence' and 'friendship'.

By combining contemporary life insurance products with a digital technology platform and service-driven business model, NobleOak has developed a trusted brand in the Australian life risk insurance market which has underpinned solid growth over the past five years. As at 31 December 2020, NobleOak had over 60,000 active life insurance policies (excluding Genus), representing over $140 million of annual in-force premiums.

NobleOak believes that it has a number of key points of difference when compared to most of its competitors in the life risk insurance market, including:

1. **Strong growth**
   NobleOak's in-force premiums have grown at over 60% CAGR over the past five years[37], driving a growing base of diversified revenue streams for NobleOak. NobleOak generates revenue from both direct and intermediated distribution channels and without being limited by channel conflict issues due to differentiated branding and product design. This revenue growth flows through to profit growth, helped by strong profit levers, including lower lapse rates (i.e. where policies are not renewed) and a lower cost of new customer acquisition compared to the broader Australian life risk insurance industry.
2. **Challenger brand**
   NobleOak believes that it is a challenger brand to industry incumbents. NobleOak has developed a modern digital platform and an omnichannel capability to create a favourable customer experience. In addition, NobleOak leverages digital data insights to inform business decision making. The success of this strategy relative to market incumbents is demonstrated through new business and profit growth which is above industry levels.

36. Plan For Life, Life Statistics, December 2020.
37. 31 December 2015 to 31 December 2020.

3. **Clear 'client-focused' value proposition**
   NobleOak maintains a strong focus on delivering high-value, easy to understand, and competitive life risk insurance products. NobleOak provides a comprehensive product range both directly to Australians (without personal financial advice) and through Strategic Partners (with personal financial advice). NobleOak operates a fully underwritten insurance business model with a disciplined approach to risk-based pricing, customer acquisition and expense management.
4. **High customer satisfaction**
   NobleOak believes that its high performance, client-focused culture creates a positive environment for employees and customers. In relation to its Direct Channel, NobleOak boasts a high customer net promoter score, known as NPS (being the metric used to measure the loyalty of customers to a particular company or product), along with high online review scores (see Section 3.8.4 for more information).

Some of the NobleOak team with recent industry awards

3.2 NOBLEOAK HISTORY

In 1861, the NSW Ancient Order of Druids was established, founded on the same principles of justice and philanthropy underpinning the Ancient Order of Druids in England formed 80 years earlier.

Members of the NSW Ancient Order of Druids later established the United Ancient Order of Druids (**UAOD**) in 1868 founded with the motto 'united to assist'. The UAOD later became an established mutual society in 1877, making it one of Australia's earliest insurers and friendly societies.

At a time when the general population had limited access to social welfare or insurance, friendly societies provided mutual benefits to members. These societies supported their members at times when it was most needed. Some of the benefits included the provision of sick pay, funeral benefits and medical assistance to members. In return for these benefits, members of the society were required to contribute a nominal amount to a communal fund on a regular basis. However, over time, as the industry became more sophisticated and regulated, many friendly societies did not survive, and the UAOD was required to modernise its offerings to effectively compete.

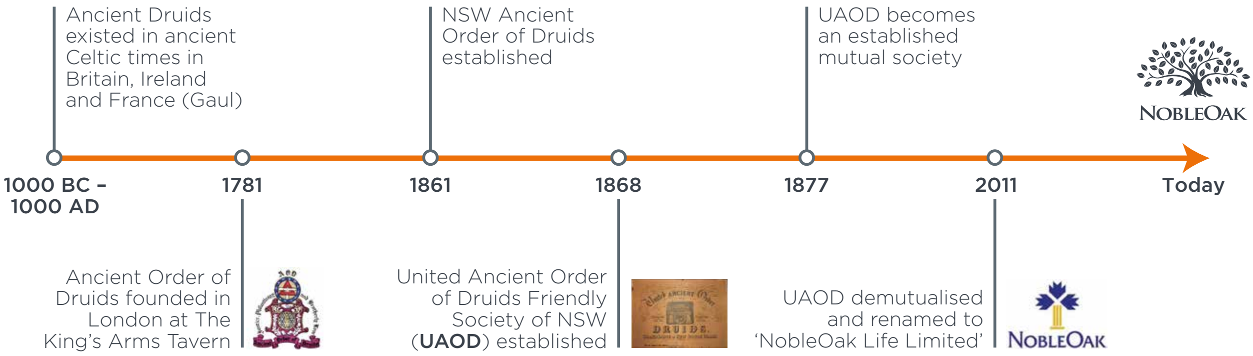
In July 2008, the UAOD acquired NobleOak Services Limited (then called 'Noblelink Financial Services'). Noblelink Financial Services specialised in the administration and development of life insurance products.

In April 2011, the UAOD was demutualised (it ceased being a mutually owned financial organisation). This represented a shift in NobleOak's aim from being a society for Druids to a life insurer for all Australians.

In 2012, NobleOak modernised its brand and commenced its direct-to-market strategy with the objective of offering customers better value life insurance products with lower premiums (which was achieved through lower legacy and distribution costs), supported by more personal service using an in-house based service team. NobleOak set about achieving this through leveraging contemporary and flexible technology. NobleOak commenced with a genuine desire to protect its customers and their families, putting into practice through their core values (nobility, simplicity, adaptability and delivery).

In 2016, NobleOak complemented this direct strategy with the introduction of selected Strategic Partners that shared similar principles and distributed its product through the adviser market. These Strategic Partners include PPS Mutual, Avant Mutual and NEOS.

Figure 6: NobleOak's Druid origins to today



NobleOak's more recent history since demutualisation, as seen in Figure 7, has been characterised by an increase in policies and in-force premiums, and a commensurate increase in innovation and operational milestones as NobleOak builds for further growth.

Figure 7: NobleOak's recent history

2009–2011	2012	2013	2014	2015	2016	2017	2018	2019	2020–2021
									Most awarded direct life insurer (2020)
								Online app launch = omnichannel experience	Launch of FlexiCover
						Mobile website launch 2	Commenced optimal client experience technology initiative	Information security and cyber risk program	Successful transition to COVID-19 environment
					New product development – successful bidder for development of Avant life insurance range	Integration of Salesforce	Launch of first product with NEOS	New 'Noble Man' ad campaign	Increase in insurance risk retention
			Swiss Re relationship begins	Premium Life Direct product launched		Launch of first product with Avant	Pacific Life Re (Australia) relationship begins	Commenced Genus administration business	44 Alliance Partners (up to 53 in 2021)
	Direct Channel launched	First Alliance Partner	Online quote tool launched	15 Alliance Partners	Launch of first product with PPS Mutual	Over 1 million members marketed to	Launch of TV advertising campaign	26 Alliance Partners	120 staff (excluding Genus)
Hannover Re relationship begins	>$4.3 million in-force premiums	>$4.9 million in-force premiums	>$7.5 million in-force premiums	>$10.5 million in-force premiums	>$16.4 million in-force premiums	>$29.4 million in-force premiums	>$46.7 million in-force premiums	>$78.1 million in-force premiums	>$142.3 million in-force premiums
Demutualised	>2,600 in-force policies	>2,700 in-force policies	>3,900 in-force policies	>5,600 in-force policies	>8,700 in-force policies	>14,100 in-force policies	>21,200 in-force policies	>33,900 in-force policies	>61,200 in-force policies

NobleOak's success has been recognised externally through various industry awards across a broad range of categories such as service, customer value proposition and product. Figure 8 outlines some of NobleOak's achievements since 2016.

Figure 8: NobleOak awards since 2016

2016

- Canstar Outstanding Value Award (direct life insurance and income protection)
- Strategic Insight Overall Direct Life Insurance Excellence Award

2017

- Canstar Outstanding Value Award (direct life insurance and income protection)
- Strategic Insight Overall Direct Life Insurance Excellence Award Finalist
- Feefo Gold Trusted Service Award

2018

- Canstar Outstanding Value Award (direct life insurance and income protection)
- Strategic Insight Overall Direct Life Insurance Excellence Award
- Feefo Gold Trusted Service Award
- Australian Insurance Awards Life Insurance Company of the Year and Life Insurance Product/Innovation of the Year

2019

- Canstar Outstanding Value Award (direct life insurance and income protection)
- Plan For Life Overall Direct Life Insurance Excellence Award
- Feefo Gold Trusted Service Award
- Mozo Life Insurer of the Year
- Finder Best Life Insurance

2020

Most awarded direct life insurer

- Canstar Outstanding Value Award (direct life insurance and income protection)
- Plan For Life Overall Direct Life Insurance Excellence Award
- Feefo Platinum Trusted Service Award
- Mozo Life Insurer of the Year
- Finder Best Life Insurance, Best Income Protection, and Best Life Insurer
- GRIST Top Rated Life Insurance Sales Contact Centre

2021 (January to April)

- Canstar Outstanding Value Award (direct income protection)
- Feefo Platinum Trusted Service Award
- Mozo Life Insurance Company of the Year

3.3 CULTURE

"NobleOak has been protecting Australians for over 144 years, aspiring to hold true to a core belief of treating others the way you would want to be treated."

NobleOak has four core values which help to link its 144 year-old heritage with its relatively new existence as a demutualised friendly society. These values underpin NobleOak's business model and are summarised in Figure 9.

Figure 9: NobleOak's core values

Nobility

We put our clients and members first at all times. Integrity is the essence of our business and we are here to protect Australians with better cover.

Simplicity

We use simple, clear communication at all times and avoid jargon. We aim to make getting life insurance easier and ensure our clients know what they are covered for.

Adaptability

We continually drive, and respond to, positive change to ensure our clients have access to the best service and products.

Delivery

We deliver results, not excuses. This includes both to our clients and to each other. When we say we are going to do something, we do it.

Employees are evaluated against these core values prior to commencing employment with NobleOak, and their performance is assessed against these values each year.

NobleOak's 'delivery' value seeks to contribute to a high-performance culture by emphasising the delivery of results. Key performance indicators are in place for all employees which are designed to incentivise strong performance and help promote a high degree and sustainable level of professionalism in NobleOak's culture and business operations.

NobleOak's focus on entrenching these core values in all parts of the Company helps to create a culture-driven business with high levels of employee engagement. 97.3% of respondents who participated in NobleOak's 2020 Employee Engagement Survey indicating that they would refer someone to work for NobleOak, with employees noting their particular satisfaction with NobleOak's culture and leadership team.[38]

Figure 10: Top 3 scoring questions in the NobleOak 2020 Employee Engagement Survey[39]

1. ***"I live the NobleOak values."***
   – Scored a 92.86%

2. ***"Overall, I am proud to be part of the NobleOak team."***
   – Scored a 92.86%

3. ***"I believe in NobleOak's aim to be recognised as the leading direct life insurer."***
   – Scored a 92.50%

38. Response rate of 91.1%.
39. Response rate of 91.1%.

Management believes that the embedded culture within NobleOak, across employees, processes and operations, is underpinned by a genuine belief that Australians deserve good value as well as transparent and honest dealings from their life insurers. In NobleOak's view, this belief drives an aspiration to deliver superior and industry leading customer outcomes. This has had strong external validation through industry awards, customer NPS and customer reviews, resulting in strong historical financial growth and performance.

3.4 BUSINESS MODEL

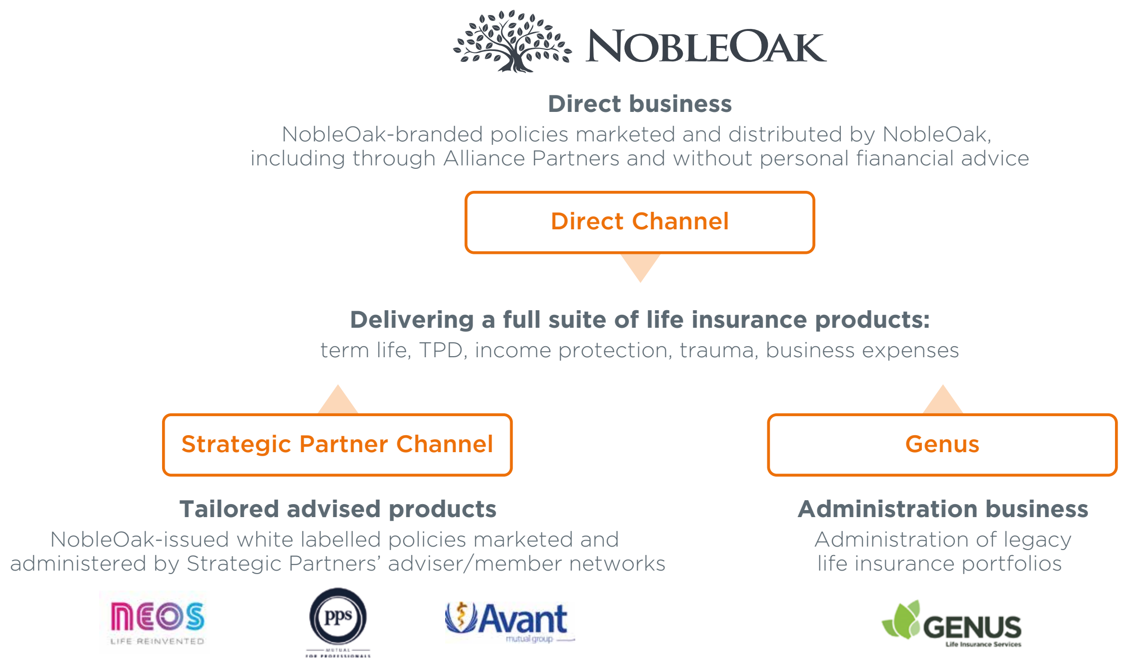
"A simple diversified growth portfolio with minimal legacy."

NobleOak operates a diversified business model within the life risk insurance market with multiple products, channels and revenue streams. NobleOak's business:

- is agile in a large and disrupted industry;
- operates with a digital-first offering with minimal legacy issues and systems;
- has multiple levers of sustainable revenue growth; and
- has developed, and continues to develop and maintain, strong Strategic Partnerships and relationships.

NobleOak operates across three business lines, as shown in Figure 11.

Figure 11: NobleOak's business lines



By operating across three business lines, NobleOak is able to generate diversified revenue streams with varying exposures to different customer demographics and parts of the life risk insurance value chain.

Information regarding each business line is summarised below in Table 4.

Table 4: Overview of NobleOak's business lines

	Direct Channel	Strategic Partner Channel	Genus[40]
Advice regime	General advice	Mostly personal advice with some general advice	General advice
Brands	NobleOak	PPS Mutual; Avant mutual; NEOS	Genus Life Insurance Services
Value chain			
Product design and manufacturing	✓	✓*	✗
Marketing	✓	*	✗
Distribution	✓	*	✗
Administration	✓	✓*	✓
Underwriting	✓ (significantly reinsured)	✓* (significantly reinsured)	✗ (100% reinsured)
Claims	✓	✓†	✓
Key financials			
Number of policies[41]	30,376	30,843	43,218
In-force premiums[42]	51.4	90.9	33.3
New business[43]	10.9	51.4	n.a.[44]

✓ Function performed by NobleOak in-house.

* NobleOak responsible but appoints the relevant Strategic Partners to perform the function under service agreements.

✓* NobleOak and the relevant Strategic Partner work together to maximise effectiveness of function.

† Pacific Life Re (Australia) is the appointed claims manager for the NEOS Benefit Fund with NobleOak having ultimate responsibility on the management of claims.

40. Genus is not writing new policies. See Section 3.4.3 for more information.
41. As at 31 December 2020.
42. $ millions. As at 31 December 2020.
43. $ millions. 12 months to 31 December 2020.
44. Not issuing new business.

3.4.1 Overview of the Direct Channel

The Direct Channel offers all key types of life insurance cover generally under the NobleOak brand, distributed with general advice rather than personal advice.

These products are distributed through a diverse range of channels where a target cost of acquisition can generally be achieved. Cost of acquisition refers to policy acquisition costs as a proportion of new business.

Figure 12: Customer acquisition channels (Direct Channel)

Online and Alliance Partners include comparison websites, credit unions, industry and other associations, membership programs and other groups.

NobleOak uses an internally developed go-to-market strategy in its Direct Channel, sourcing customer leads through direct marketing, digital marketing and customer acquisition using Alliance Partners. NobleOak does not engage in cold-call selling practices. Direct Channel sales are fulfilled through NobleOak's proprietary omnichannel platform which connects online channels with telephone sales, customer services agents, underwriting and claims.

Importantly, all NobleOak life risk insurance policies sold in the Direct Channel are fully underwritten. This means that customers are asked more questions upfront and are often required to provide medical records and perform blood tests, providing management with confidence to take insurance risk in a sustainable and measured portfolio approach.

3.4.2 Overview of Strategic Partner Channel

NobleOak has strong mutually beneficial relationships with its Strategic Partners in the intermediated individual life risk insurance channel. NobleOak currently has relationships with three Strategic Partners: PPS Mutual, Avant Mutual and NEOS. A brief outline of these Strategic Partners is set out below in Table 5.

Table 5: Strategic Partners overview

Strategic Partner	Overview	Product launch year
pps MUTUAL FOR PROFESSIONALS	An Australian mutual company based on the model of PPS in South Africa. PPS Mutual provides life insurance for professionals such as doctors, accountants, lawyers and engineers. PPS Mutual's product range includes a unique profit-share feature. PPS Mutual also has the highest NPS of all insurers from the Beddoes Adviser Survey 2021.	2016
Avant mutual by doctors for doctors	Avant has been protecting doctors in Australia since 1893, providing medico-legal advice and defence services for over 78,000 members. Products and services in the areas of insurance, wealth, legal and practice management are created exclusively and designed specifically for doctors' professional and personal needs.	2017
NEOS LIFE REINVENTED	Low-cost life insurance distributor with very strong service proposition and a strong technology capability. Earned a #1 ranking in the Adviser Ratings Landscape Survey 2020.	2018

NobleOak and its Strategic Partners work closely together to develop life risk insurance products, underwrite policies, pay claims and service customers under a well-defined governance framework. This framework enables customers to be provided with a strong value proposition, regulatory requirements to be met, and advisers to be well serviced.

See Section 3.7 for further information on the Strategic Partner Channel.

3.4.3 Overview of Genus

In 2013, NobleOak entered into a strategic alliance with Freedom Insurance to be its product issuer. This led to the launch of the 'Reward' and 'Freedom' life insurance products in 2014, which included funeral and accidental death insurance products issued by NobleOak. In 2016, NobleOak sold the right to issue Freedom products to a reinsurer. Freedom Insurance ceased operations in 2019 and went into liquidation in February 2020 and a Freedom remediation program was subsequently established to compensate customers who may have been disadvantaged by past conduct, including:

- Failing to properly disclose policies' key features and limitations at the point of sale;
- Engaging in pressure selling techniques;
- Selling products with limited value to the customer; and
- Not cancelling life insurance policies promptly when requested by the customer.

As Freedom could no longer administer their existing portfolio of customers, Genus was established by NobleOak in 2019 to provide these services in return for a product margin. Genus is an authorised representative of NOS in respect of specified administration services. The underlying benefit funds are closed to new members and the portfolio remains entirely reinsured. NobleOak retains no insurance risk for the policies administered by Genus.

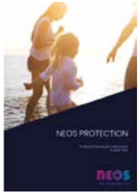
NobleOak has business appetite to provide administration services to other select business partners in the future to further leverage this administration capability. See Section 3.8.4 for further details in relation to NobleOak's approach to policy administration.

3.5 PRODUCT

3.5.1 Product suite

NobleOak offers a range of products across both the Direct Channel and the Strategic Partner Channel. These products are summarised in Table 6.

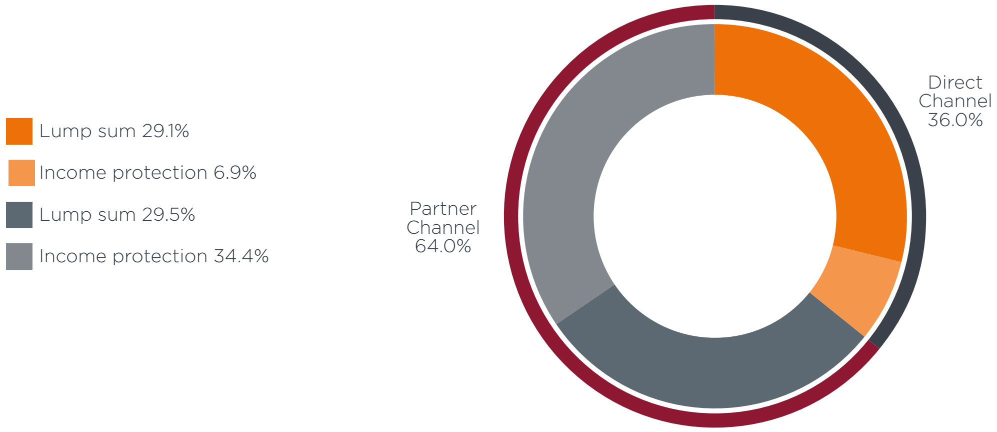
Table 6: Select NobleOak products offered in the Direct Channel and the Strategic Partner Channel

	Direct Channel		Strategic Partner Channel		
					
Product	Premium Life Direct	My Protection Plan	NEOS Protection	Avant Life	PPS Mutual Professionals Choice
Branding	NobleOak	NobleOak or white label	NEOS	Avant	PPS
Target market	Self-directed mass affluent and emerging mass affluent		Advised mass affluent	Doctor members	Professional members
Channel	NobleOak Direct and Alliance Partners	Alliance Partners	Advisers	Members and advisers	Advisers
Acquisition cost	Commission/ marketing	Commission/ marketing	Commission	Commission	Commission
Term life	✓	✓	✓	✓	✓
TPD	✓	✓	✓	✓	✓
Trauma	✓	✓	✓	✓	✓
Income protection	✓	✓	✓	✓	✓
Business expenses	✓	✓	✗	✓	✓

The majority of NobleOak's life risk insurance policy book is comprised of lump sum life risk insurance (comprising term life, TPD and trauma cover) which accounts for 58.6% of in-force annual premiums.[45] The balance is made up of income protection in-force annual premiums (also known as individual disability income). The Direct Channel in particular is more exposed to lump sum life risk insurance, with 80.7% of the channel being this product type. A further breakdown of NobleOak's in-force annual premium split can be seen in Figure 13.

45. As at 31 December 2020.

Figure 13: Split of in-force annual premiums by channel and product as at 31 December 2020

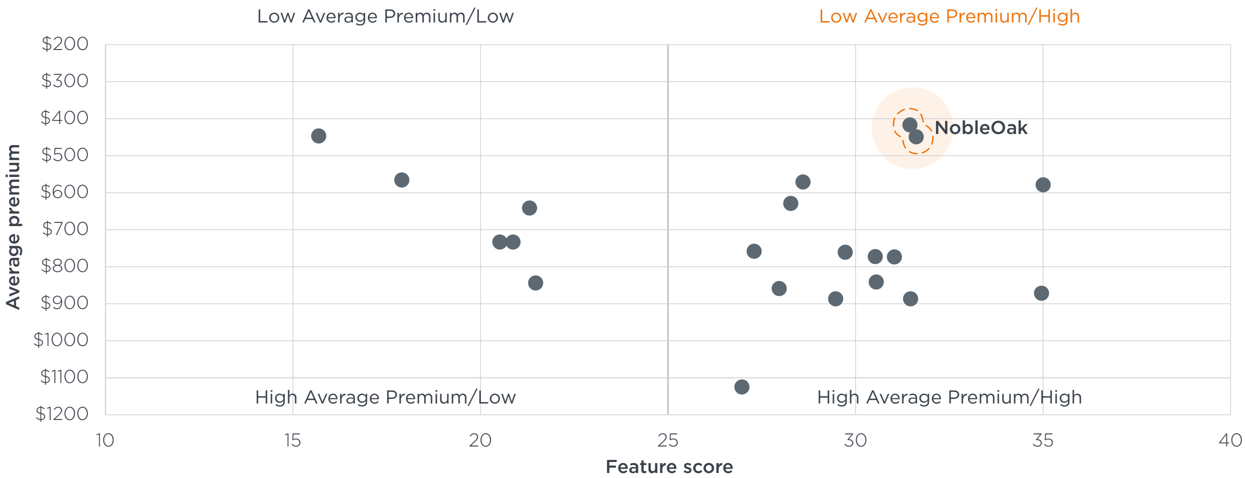


3.5.2 Direct Channel – product design

"Unique client value – accessible and competitive."

In the Plan For Life Direct Insurance Report (2020), NobleOak's products were recognised as having some of the highest product feature scores whilst maintaining a relatively low average premium.

Figure 14: Plan For Life direct life insurance price and features benchmarking[46]



46. Plan For Life, Direct Life Insurance Report, July 2020.

3.6 DIRECT CHANNEL – MARKETING AND DISTRIBUTION

"NobleOak – accessible and competitive life insurance so that Australians can get the protection they need."

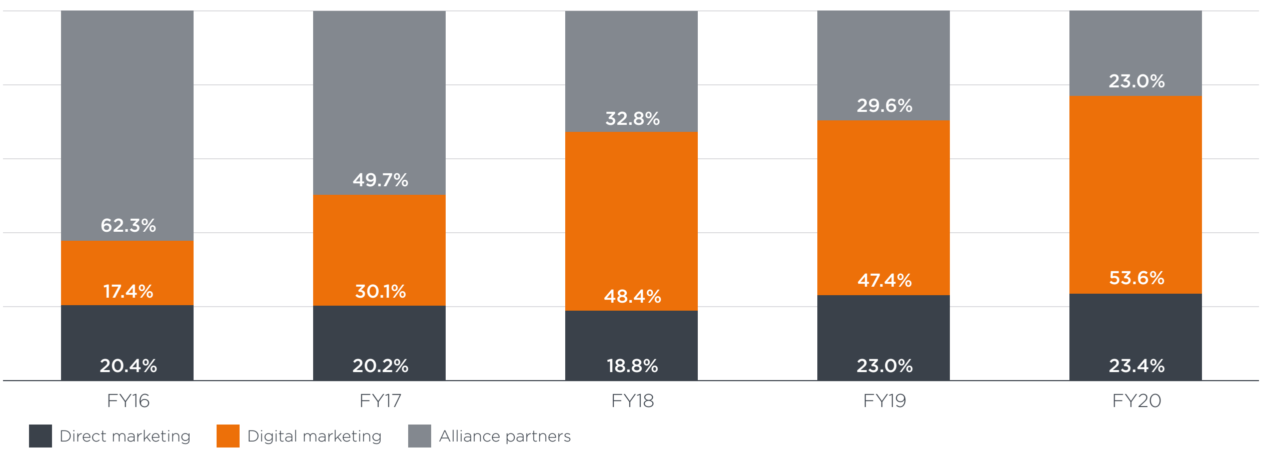
3.6.1 Customer acquisition strategy

NobleOak employs a robust customer acquisition strategy utilising targeted cost-effective lead generation avenues to acquire customers sustainably in the mass market. These avenues include over 150 partners, including direct marketing partners, digital marketing partners and Alliance Partners. This broad-based set of channels and partners allows NobleOak to reach an audience which management estimates to exceed three million people based on the annual reach of Australians that would access NobleOak marketing messages and materials through all of NobleOak's marketing channels, excluding TV.

In addition to conventional marketing methods, NobleOak focuses on developing more in-depth and long-standing relationships with marketing partners to drive iterative and effective marketing campaigns.

See Figure 15 for an overview of NobleOak's historical allocation of customer marketing acquisition investment across the three customer acquisition channels. The customer marketing acquisition investment refers to the total marketing and sales related direct costs and commissions invested in each Direct Channel to acquire new policies. A marketing fee is an agreed annual fee for a specified quantity of marketing and is generally paid by NobleOak to an Alliance Partner or other marketing channel on a monthly or quarterly basis, whereas a commission fee is measured as an agreed percentage of in-force premiums generated and is generally paid by NobleOak to an Alliance Partner on a monthly basis.

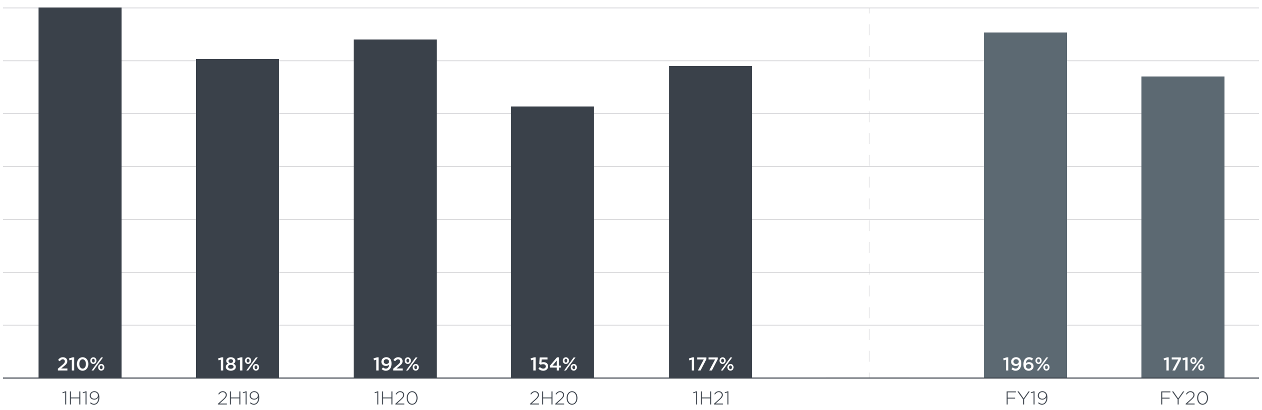
Figure 15: Growing customer acquisition spend allocation to digital marketing



Customer acquisition investment decisions in the Direct Channel are based on analyses of the implied cost of acquisition and return on investment. This enables NobleOak to identify and attribute unique sales trends to specific customer acquisition efforts and make informed decisions on the future allocation of spend. This also has the effect of giving NobleOak greater control and visibility over the efficiency of its customer acquisition spend.

Figure 16 demonstrates a proxy for NobleOak's historical cost of customer acquisition.

Figure 16: Cost of acquisition[47]



The success of NobleOak's customer acquisition strategy is assessed through various lenses.

In addition to cost of acquisition and return on investment, NobleOak also tracks data on lead generation, conversion rates and brand strength. One such brand strength measure is WPP's brand health score, which is calculated from the responses of 300-500 consumers across dimensions of prompted awareness, consideration, spontaneous awareness, brand appeal, NPS and top-of-mind awareness.

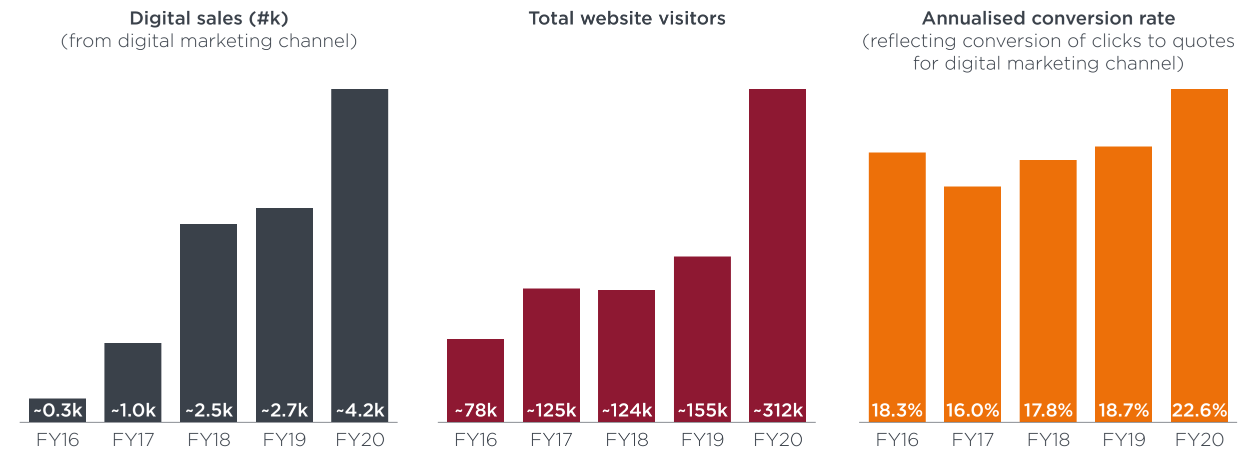
NobleOak's brand health score has significantly increased since measurements began in July 2018, increasing at a CAGR of 54.6% to March 2020.

3.6.2 Customer acquisition channels

3.6.2.1 Digital marketing

NobleOak's digital marketing strategy has been highly successful, with website visitors, digitally generated sales and digital conversion rates having increased significantly in recent years. Digital marketing includes marketing through platforms such as search engines, online aggregators and online advertising.

Figure 17: Digital marketing performance measures



NobleOak's search engine strategy includes both search engine optimisation (**SEO**) and search engine marketing (**SEM**). SEO involves optimising NobleOak's website to drive traffic from organic search engine results, whereas SEM involves generating traffic from paid search marketing through search engines such as Google.

47. Calculated as policy acquisition costs (excluding ongoing commissions and duties) divided by new sales.

NobleOak's SEO strategy has been successful, with NobleOak's website consistently achieving a strong organic ranking in online searches for key search terms such as 'life insurance'. This is the result of NobleOak undertaking frequent data-driven website redesigns, including the release of an updated website in 2020. Following this upgrade, new users of NobleOak's website increased by 25% on the prior corresponding period (**pcp**), which was predominantly driven by superior paid and organic search performance. SEO is often more cost-effective than SEM in generating leads.

NobleOak's SEM strategy is to focus on fewer and higher value search terms which demonstrate clearer customer intent. However, NobleOak ensures that it does not bid for search rankings beyond a threshold where the implied cost of acquisition would be above the target level.

In addition to the SEO and SEM strategy, NobleOak also engages with a range of online aggregators including Canstar, Finder and Mozo. NobleOak's direct life insurance products consistently rank highly on these sites, generating a large volume of leads with a high conversion rate.

3.6.2.2 Direct marketing

Direct marketing at NobleOak, refers to marketing through traditional channels such as TV, radio and print advertising. NobleOak's direct marketing employs an 'always on' strategy by ensuring that the NobleOak brand maintains an ongoing presence through targeted TV, paid TV and catch-up TV advertising, distributed across different time slots and on multiple channels throughout the year.

NobleOak's most recent TV advertising campaign was developed in 2019 and called the 'NobleMan' campaign. It aired on several channels throughout Australia and remains on air with targeted placements.

Figure 18: Excerpt from 'NobleMan' TV advertising campaign

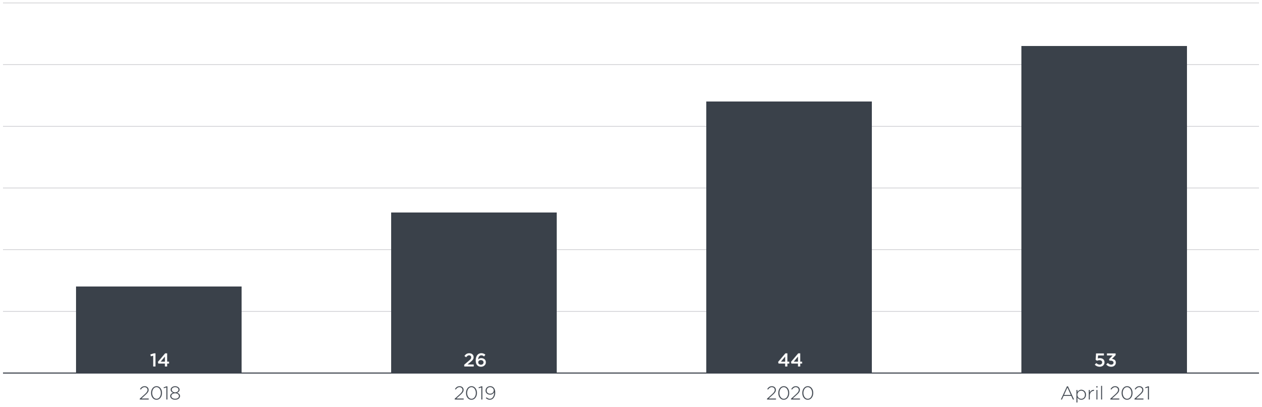
3.6.2.3 Alliance Partners

NobleOak has established over 50 Alliance Partnerships with credit unions, industry associations, membership programs and other groups. Alliance Partners include professional associations such as Chartered Accountants Australia & New Zealand, The Law Society of NSW, CPA Australia, AMA Victoria and Law Institute of Victoria. NobleOak selects its Alliance Partners based on a range of parameters, including culture, cost effectiveness of customer acquisition, and member base. The Company is intending to continue increasing the number of Alliance Partners.

Direct Channel insurance policies are marketed through these Alliance Partners to members, leveraging the relevant Alliance Partners' relationships with select and targeted market segments.

NobleOak has recently experienced strong growth in its number of Alliance Partners, as seen in Figure 19.

Figure 19: Number of Alliance Partners



As NobleOak has increased its focus on building Alliance Partners, it has benefitted from stronger penetration rates for a comparatively lower cost than might otherwise be achieved through a more conventional mass marketing strategy. NobleOak has developed a number of Alliance Partner relationships over many years, allowing for the iterative improvement of marketing campaigns.

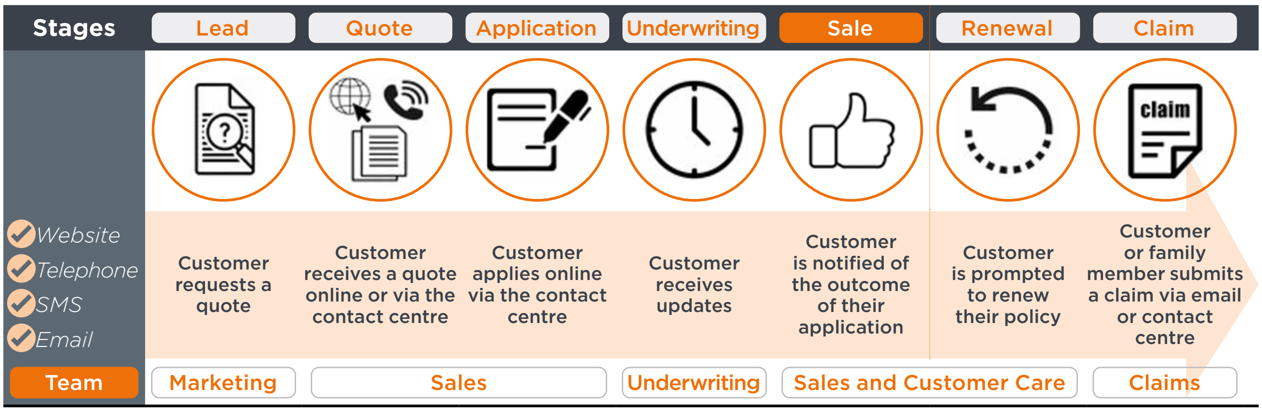
Marketing methods employed through Alliance Partners include methods such as electronic direct mail, direct mail, unique quoting widgets (condensed instant quote tools) and educational content. Most leads generated through Alliance Partners are generated digitally, meaning that campaign performance can be closely tracked. An Alliance Partner is typically remunerated through earning an annual fee as a percentage of the premium generated through the channel.

3.6.3 Omnichannel customer experience

Each customer acquisition channel leads prospective customers to NobleOak's proprietary omnichannel fulfilment platform. This creates a consistent customer journey regardless of whether the interaction occurs online, over the phone or via email. Customer experiences can also seamlessly switch between each one of these touchpoints without any application steps needing to be repeated. The omnichannel platform also allows NobleOak to maintain a consolidated view of each individual and their stage in the customer acquisition funnel.

The omnichannel NobleOak customer experience progresses through several stages, with each stage able to be undertaken across all communication platforms. This is summarised in Figure 20.

Figure 20: NobleOak's omnichannel customer experience



This customer journey, as experienced online on a mobile phone, can be seen below in Figure 21.

Figure 21: Example NobleOak customer journey

Website

User navigates to NobleOak website either independently or prompted by marketing (direct, digital or Alliance Partners).

Initial quote

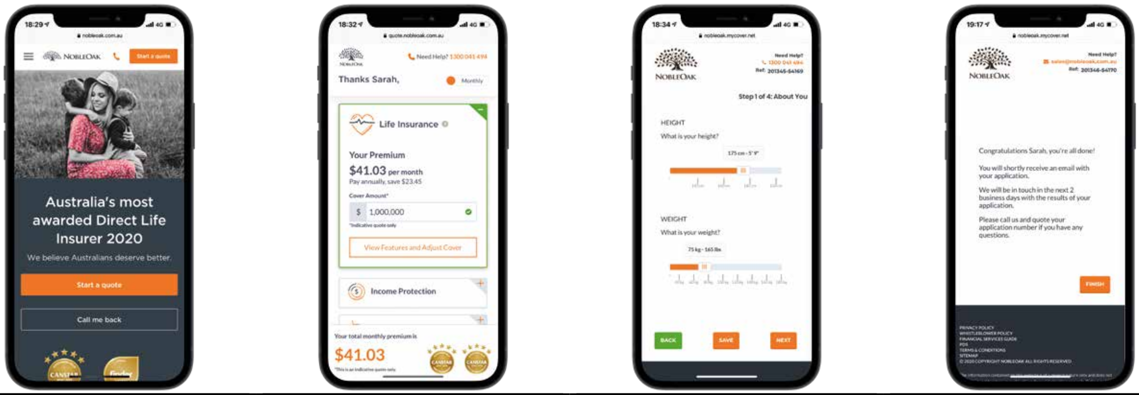
Initial quote generated by date of birth, occupation category, smoking status, income and cover amount.

Application

User guided through extensive questionnaire.

Sale

Sale completed pending NobleOak underwriting decision.



NobleOak management is of the belief that it is building a customer experience which caters for changing customer demographics and preferences. A NobleOak survey showed that 66.8% of respondents were confident in purchasing life insurance online without financial advice and with the right resources.[48]

3.6.4 Direct Channel – sales

It is the NobleOak sales and service team's responsibility to ensure that individual leads are managed to provide clear support to the potential customer and make the sales process as efficient and pain-free to the customer as possible, ensuring they are well informed about their cover and next steps at the end of each call.

Lead to sale conversion rates are a key measure of performance of the NobleOak sales and service team. However, NobleOak ensures that conversion rates never take precedence over company values. NobleOak does this by linking performance-based pay to the fulfilment of the NobleOak values, and by remunerating sales and service staff with proportionally higher base salaries to lower the risk of bonus remuneration incentivising poor sales practices.

NobleOak employs approximately 30 sales and service staff. Sales and service staff are trained to understand and assist with all NobleOak insurance cover types, to ensure they can better inform the customer of the various life risk insurance policies offered by NobleOak.

In recognition of the integrity and performance of the NobleOak sales and service team, NobleOak was awarded second place in the 'GRIST Top 10 Sales Contact Centres' in 2020 and was the top placed life insurer.[49]

Figure 22: GRIST Top 10 Sales Contact Centres – First Runner-Up 2020 Award

48. Survey undertaken in 2018.
49. GRIST is a tactical consulting and behavioural analytics company.

3.7 STRATEGIC PARTNER CHANNEL

“Engaged and aligned Strategic Partners with compelling market offerings.”

NobleOak has established relationships with product developers and distributors of intermediated life risk insurance policies (which include covers such as term life, income protection, trauma and TPD). These are referred to as Strategic Partners. NobleOak formed its Strategic Partner Channel in 2014.

NobleOak’s Strategic Partners include:

- PPS Mutual;
- Avant Mutual; and
- NEOS.

NobleOak establishes benefit funds for each Strategic Partner under the terms of a product development and distribution agreement. Individual life risk policies are then issued from these benefit funds for Strategic Partners’ customers. NobleOak has agreements in place for the marketing, distribution and administration with its Strategic Partners.

The Strategic Partner Channel has experienced significant in-force premium growth in recent years, growing at a CAGR of 138.0% in the three years to 31 December 2020. The Strategic Partner Channel is also an increasing contributor to NobleOak’s profit.

Selecting the right Strategic Partners

NobleOak selectively partners with life insurance product developers and distributors with core competencies of meeting customer and adviser needs in an evolving market. Two of these Strategic Partners are mutual companies, meaning they are member or policyholder-owned. While the adviser engaged by the Strategic Partner is an important contributor to the success of these tailored products, the product portfolios have been designed with the end customer in mind.

Investment Trends’ 2021 Planner Risk Report noted: “Competitive premiums matter for planners and their clients in their choice of insurer, but it isn’t the sole factor. Planners highly value proactive support, meaning that insurers that provide quality BDM [Business Development Manager] support, ongoing communications and quick turnaround times will stand out.” NobleOak believes that the Strategic Partners are well placed in their target markets to offer competitive premiums, offer proactive support to advisers and facilitate the processing of applications efficiently.

3.7.1 NEOS

NEOS is a Strategic Partner which has experienced strong in-force premium growth, supported by their aim to “set a new standard in Australian Life Insurance”. NEOS was launched in 2018 and provides fully underwritten insurance with a market leading financial adviser and customer service proposition.

Like NobleOak, NEOS benefits from new technology, and not being constrained by legacy systems or significant corporate overheads. NEOS’ service team is Australian-based, with dedicated business development managers, underwriters and customer service staff being provided for all advisers.

In recognition of NEOS’ personalised service for advisers, NEOS was awarded 2020 Business Development Manager Team of the Year by the Association of Financial Advisers. While all policies distributed by NEOS are fully underwritten, quick turnaround times are a focus, with a target of 80% of underwriting decisions being made in three working days. In recognition of NEOS’ strong adviser proposition, it was the top-rated life insurer in terms of overall adviser satisfaction according to Investment Trends’ 2021 Planner Risk Report. NEOS was also voted as the number one life insurance provider for the second year running in the 2020 Adviser Ratings Landscape Survey.

3.7.2 PPS Mutual

PPS Mutual is a mutual company owned by its Australian members. It is based on the PPS model from South Africa, founded in 1941. PPS is the only mutual financial services company in South Africa that focuses exclusively on graduate professionals, providing tailor-made insurance, investment and healthcare solutions to members. It is the largest financial services company in South Africa operating as a mutual company.

PPS Mutual offers life insurance products to an exclusive group of professionals including doctors, accountants, lawyers and engineers. NobleOak entered into a strategic partnership with PPS Mutual in 2014 to develop a unique product which was launched in mid-2016 for the professional market. The comprehensive range of PPS Mutual products, distributed through quality financial advisers, incorporates a unique member profit-share feature.

In the first instance, members' premiums are utilised to pay claims, cover the operational costs of the business and provide capital reserves for the future. Any surplus profits are pooled and invested by the PPS Mutual Benefit Fund, and all members are entitled to a share. The funds in members' Profit-Share Accounts continues to accumulate over time providing that the policy is maintained and premiums are paid. After 10 years, a member can withdraw 5% of their balance each year. After 20 years, or on reaching the age of 65, they can access the full amount in the Profit-Share Account. The full amount is also payable on the earliest of death or terminal illness, or the payment of a full TPD or trauma insurance benefit if no other coverage is held which would continue post-claim.

3.7.3 Avant Mutual

Avant has been protecting doctors in Australia since 1893, providing medico-legal advice and defence services for over 78,000 members. Products and services in the areas of insurance, wealth, legal and practice management are created exclusively and designed specifically for doctors' professional and personal needs. NobleOak entered into a Strategic Partnership with Avant in 2016, initially developing a unique and comprehensive product range specifically tailored to the needs of doctors.

3.8 SUSTAINABLE INSURANCE PORTFOLIO

"Strong focus on risk management and long-term sustainable growth."

By participating across the insurance value chain, NobleOak seeks to further build and maintain a meaningful and sustainable life insurance risk portfolio in the Australian market. The focus areas of the Board and Senior Leadership Team to achieve this include:

- well defined culture and risk framework;
- tight underwriting discipline;
- robust claims management and reinsurer relationships;
- service-led administration; and
- prudent capital management.

3.8.1 Risk management framework

While NobleOak's approach of embedding its four key values throughout the organisation is important in providing a platform for tight risk management, NobleOak measures, manages, tracks and mitigates risk through a well-defined and embedded Risk Management Framework (**RMF**).

The RMF governs all financial and operational sources of risk that could have a material impact on the operations of NobleOak. It is fully aligned to NobleOak's risk appetite statement and its risk management strategy each of which is set and approved by the Board. The RMF sets out the approach to the management of risk at NobleOak with a focus on empowering front-line employees to identify, promptly report and manage risk in consultation with specialist risk resources. NobleOak's SLT is responsible for managing key material risks in the business under the guidance of NobleOak's Chief Risk Officer. NobleOak's Risk Management Committee ultimately considers key material risks and refers high risks to the wider Board for decision-making.

3.8.2 Underwriting discipline

NobleOak designs its product risk parameters in conjunction with its reinsurers and uses individual risk-based pricing. NobleOak's robust underwriting process means that its application process can be lengthier than some competitors (especially if a full medical assessment is conducted), but this gives NobleOak a more comprehensive risk profile of the customer and allows for a more disciplined underwriting decision.

For more complex applications, NobleOak may request further information or medical assessments (which NobleOak arranges), utilising NobleOak's omnichannel communication platforms with the customer (SMS, emails, letters, mobile, telephone) in order to form a full customer view.

Each of NobleOak's products, across both term life and income protection, have contemporary approaches to underwriting focused on risk selection and assessment. Higher risk lives accepted are subject to special acceptance terms, supporting the overall sustainability of the insurance portfolio.

3.8.3 Claims management and reinsurer relationships

NobleOak's claims rates are within its estimated range, primarily due to the individual risk-based pricing approach to underwriting and relatively earlier phase of NobleOak's growth trajectory as compared with larger, more mature and established life insurance businesses.

NobleOak assesses claims with an objective to provide prompt and comprehensive assistance to deliver the best possible outcome for the customer in light of the claim circumstances. The customer is assigned a claims manager who assists that customer throughout the entire claims process. All contentious claims pass through the NobleOak's Claims Review Committee, which considers each individual claim. The Claims Review Committee considers the entire factual matrix of each individual claim and assesses the claim wholistically. There are Key Performance Indicators (**KPIs**) related to the claims administration process, including turnaround time and decision quality as assessed by NobleOak's auditors, that form part of the SLT's monthly reporting to the Board.

NobleOak maintains strong relationships with longstanding reinsurance partners and cedes the majority of claims (insurance) risk to these large-scale global reinsurers. By passing on insurance risk to third party reinsurers, NobleOak is able to reduce earnings volatility and the business' capital requirements as it grows scale.

NobleOak's intention is to progressively retain more insurance risk in the future. Retaining additional insurance risk represents a future opportunity for management to increase NobleOak's net insurance revenues and ultimately earnings. This extra profit margin would be earned in exchange for taking extra risk on claims experience and holding additional regulatory capital. The Company will consider both a gross portfolio view and a net portfolio view when managing insurance risk with a focus on sustainable insurance portfolios that support competitive pricing between different generations of customers.

The following Figure 23 summarises NobleOak's current reinsurance relationships.

Figure 23: NobleOak's reinsurance relationships[50]

Reinsurer	Relationship established	Approximate current insurance risk retained by NobleOak business lines
hannover re	2011	NobleOak: 25-35%
Swiss Re	2016	Neos Life Reinvented, PPS Mutual for Professionals, Avant mutual: <10%
Pacific Life Re	2018	

3.8.4 Administration and customer focus

NobleOak is responsible for the administration of all policies in the Direct Channel and the Strategic Partner Channel. This includes the management of renewals, customer enquiries, policy updates and other activities.

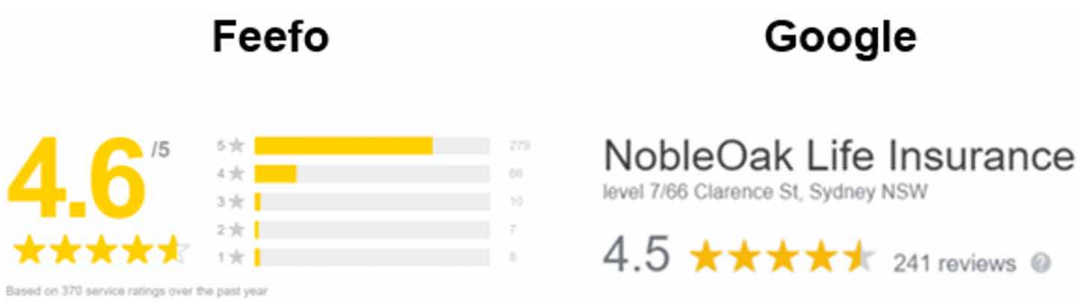
NobleOak's four core values embedded in its culture are key ingredients in generating strong customer satisfaction outcomes. NobleOak measures customer satisfaction using a broad range of metrics which are closely monitored and tracked on an ongoing basis. This includes the NPS, Feefo ratings and reviews, Google ratings and reviews and customer surveys.

NobleOak's NPS of +30 as at 31 December 2020 is strong for a retail Australian financial services company.

As at May 2021, NobleOak had earned 4.6 out of 5 and 4.5 out of 5 ratings on Feefo and Google respectively. Based on internal surveys, 95% of NobleOak direct customers surveyed rate the service as 'good' or 'excellent',[51] and over 90% of customer calls are answered by a representative within 20 seconds.[52]

NobleOak customer service scores and select Feefo and Google reviews as at 14 May 2021 are below.

Figure 24: NobleOak Feefo and Google reviews



50. Percentages represent averages which will increase if NobleOak retains more insurance risk on new business.
51. As at 21 July 2020.
52. Average over FY20.

3.8.5 Regulatory capital management

The Board and SLT closely monitor NobleOak's regulatory capital requirements through monthly reporting. The financial management and budgeting processes undertaken by the SLT seeks to give due consideration to the ongoing and forecast capital requirements of the business and seeks to prudently manage to regulatory minimums plus conservative management buffers. As at 31 December 2020, NobleOak held statutory excess capital of approximately $16 million above regulatory minimums. Part of the proceeds from the Offer will go towards increasing the excess capital to over $29 million. As NobleOak executes its growth plan, approximately half of assets in excess of target capital are projected to be utilised over the Forecast Period.

3.9 COMPLIANCE AND QUALITY ASSURANCE

3.9.1 Quality assurance

NobleOak has a quality assurance program which is designed to seek to uphold its high customer service standards and to ensure that regulatory obligations are adhered to. The quality assurance program includes ongoing monitoring and training programs which are implemented across NobleOak. Employees are required to complete mandatory online modules with topics including company induction, cyber security awareness, breach reporting, FSC and the Code standards, whistleblowing, mental health and vulnerable people awareness, and workplace health and safety awareness.

The quality assurance team audits the calls of sales and service staff, claim assessors and back office administrators to assess each staff member's performance against a set of criteria which considers NobleOak's values, regulatory compliance and performance. Sales and service staff's quality assurance scores are tracked individually and in aggregate. There is regular reporting of the quality assurance outcomes to the SLT. The SLT also regularly attends quality assurance call calibration sessions. The Chief Executive Officer has overall responsibility for the quality assurance function.

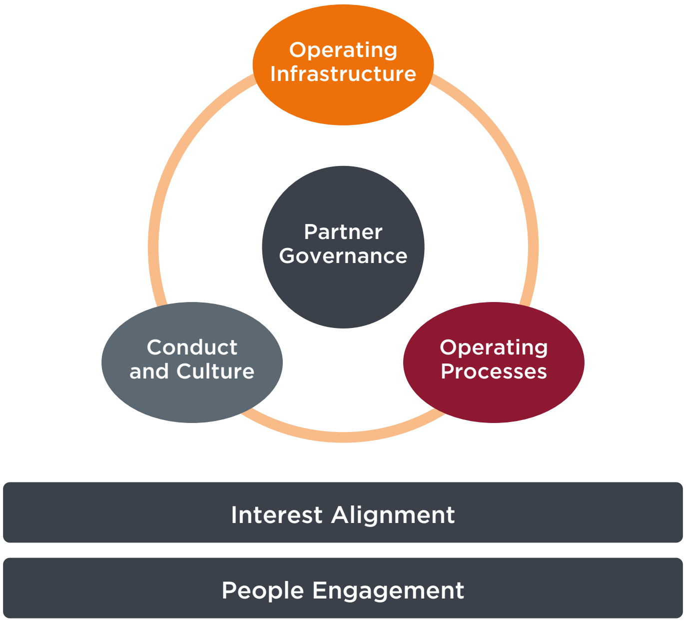
3.9.2 Strategic Partner governance

As the Strategic Partnerships have grown over the past six years, the governance and monitoring frameworks supporting them have also matured. NobleOak has entered into administration agreements with each Strategic Partner or an associated company for the purposes of outsourcing of the policy administration services in respect of the relevant Benefit Fund.

NobleOak adopts a robust governance framework to manage the outsourcing and reputational risks associated with its Strategic Partner business. This framework provides comfort to management and the Board that these relationships are managed in both substance and form. Policies, procedures, measures, risks and tracking are all well-defined, managed and implemented with appropriate resourcing and Board oversight. Importantly, the governance framework is supported by engaged teams and an alignment of interests.

This framework is illustrated below.

Figure 25: Strategic Partner governance framework



In Figure 25 above, the three ovals relate to different aspects of the NobleOak and Strategic Partner operations and the boxes refer to two underlying imperatives which underpin the overall governance structure.

'Interest alignment' is the foundation of any meaningful partnership. It requires agreement on a set of common purposes and goals for the partnership at the time it is established.

'People engagement' is the means through which the alignment is interpreted and through which the partnership retains its relevance, trust, openness and energy.

NobleOak continues to make significant investment in resources and processes to ensure that it is managing its Strategic Partner arrangements optimally and is supporting the Strategic Partners as they service NobleOak customers and grow their businesses.

3.9.3 The NobleOak compliance function

The NobleOak compliance function has responsibility for updating and maintaining company policies, procedures, risk registers and breach registers.

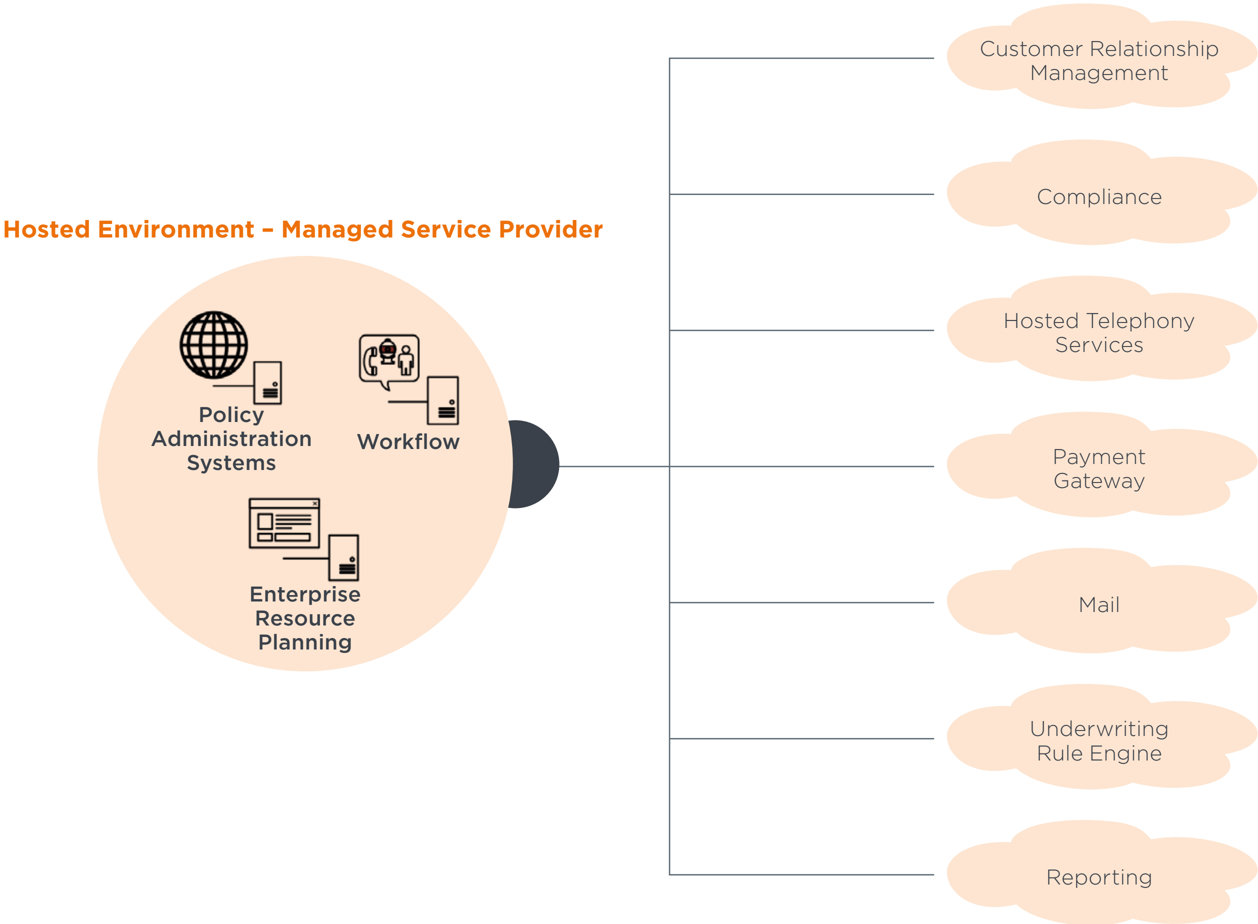
NobleOak subscribes to the Life Insurance Code of Practice and aims to exceed the Code's aims. NobleOak has a strong record of compliance with regulatory risk requirements and obligations.

3.10 TECHNOLOGY

"Flexible cloud-based technology platform for future growth."

NobleOak adopts an outsourced model for IT infrastructure hosting, application support and software. This strategy focuses on partnering with market-leading, secure software as a service (**SaaS**) vendors to build a flexible technology ecosystem. SaaS allows users to connect to and use cloud-based applications over the internet. Where it makes business sense, SaaS applications are preferred over owning and developing technology in-house which can be more costly and less efficient. NobleOak's strategy enables it to be unencumbered by legacy systems and to be able to integrate new technologies efficiently without the need to dedicate significant internal resources. Advantages of a SaaS-based strategy also include access to more sophisticated applications, the ability to pay only for what NobleOak uses, workforce mobility benefits, data accessibility benefits and easier application integration. All non-SaaS applications which are hosted by NobleOak's managed service provider (**MSP**) involve contracts with third party vendors which cover customisation, development and support services for the relevant applications.

Figure 26: NobleOak's technology environment



NobleOak's current technology environment can be seen in Figure 26. All items in the cloud icons are SaaS offerings, meaning that NobleOak pays for consumption of the end-to-end service for a fee with required service level agreements for support. This mitigates the business' exposure to risks associated with issues such as server patching, back-up and recovery including business continuity. All systems represented in the box labelled 'Hosted Environment' are platform as a service (**PaaS**). For PaaS, an MSP is appointed to host the platform either within data centres or cloud providers. The PaaS provider takes responsibility for the system infrastructure, networking, and server operating systems. Third party vendors have been engaged to install, configure, customise, and support the various PaaS systems used.

NobleOak prioritises compatibility between its technology vendors, such that systems work seamlessly together. This extends to Alliance Partners and Strategic Partners where relevant, with NobleOak providing integration points for these partners to exchange relevant data with NobleOak. NobleOak is in the process of expanding the functionality of these integration points to give Strategic Partners even greater access to NobleOak's technology stack.

NobleOak also maintains a core focus on security in its technology program, especially in a time when businesses are experiencing higher rates of cyber attacks. Technologies such as security information and event management, virus detection software and data leakage prevention tools are used to assist in identifying and preventing cyber threats. NobleOak also conducts cyber audits annually to evaluate the risk profile of the business. All data, including customer data, is held in offsite data centres located in Australia. NobleOak ensures Australian data sovereignty, meaning that the customer data is always retained in Australia. NobleOak requires each third-party data storage provider to be ISO 27001 certified for information security and governance controls.

NobleOak's back-end technology stack also helps to power a compelling customer-facing technology experience. NobleOak customers are able to interact with NobleOak across a range of platforms through a modern interface. See Section 3.6.3 for further information on NobleOak's omnichannel customer experience.

3.11 STAFF

As at 30 April 2021, NobleOak employs approximately 189 FTEs (including contractors). With the exception of some Genus employees who work remotely, NobleOak employees are located at the head office in Sydney. A large component of NobleOak's FTEs have been hired on a project basis for remediation services in the Genus business line (see Section 3.4.3 for more information). Excluding these employees, the Company employs approximately 114 FTEs, as seen below in Figure 27.[53]

Figure 27: FTEs by function[54]

	NobleOak	Genus	Total
Sales and marketing	39	0	39
Client services	11	14	25
Insurance	16	4	21
Operations	22	8	30
Total	**88**	**26**	**114**

Employees are supported by an experienced management team with longevity of service – the average employee tenure in the SLT is approximately four years.

53. Includes contractors.
54. Excludes Genus remediation staff and includes contractors.

3.12 COVID-19 IMPACT AND RESPONSE

The COVID-19 pandemic has had an unprecedented impact on financial markets, the economy and general society in Australia and globally.

NobleOak has responded, and continues to respond, to the challenges presented by the pandemic in a manner which reflects their strong culture and values. In early 2020, staff transitioned to flexible working and work-from-home arrangements, with NobleOak's agile technology platform allowing for a near seamless shift to new work practices. Staff engagement scores remained high throughout this period, demonstrating the robust cultural foundations driven by the SLT. See Section 3.3 for further details on staff satisfaction.

Hardship arrangements (involving premium waivers) have also been offered to customers who have sought support. Only a limited number of NobleOak customers have sought this support to date.

NobleOak has also ensured the prudent management of resources and risk throughout the pandemic period. Stress testing is also undertaken, and NobleOak closely monitors its capital position and business performance in what is a volatile macroeconomic environment. A successful $15.2 million pre-IPO equity raise by the Company in November 2020 demonstrated investors' recognition of this prudence and growth prospects and further strengthened an already robust balance sheet.

Since the onset of the pandemic, NobleOak has experienced strong sales growth and reduced lapse rates. Management believes this has in part been driven by a greater proportion of Australians valuing life insurance cover during a period of abnormal health and economic uncertainty.

3.13 KEY COMMERCIAL DRIVERS

There are a number of key financial metrics (or commercial drivers) that illustrate the profitability and sustainability of NobleOak. These include in-force premiums, unit economics (such as product margins) and embedded value. These metrics are outlined below.

"Strong financial outcomes during a period of poor industry performance."

3.13.1 In-force premium growth

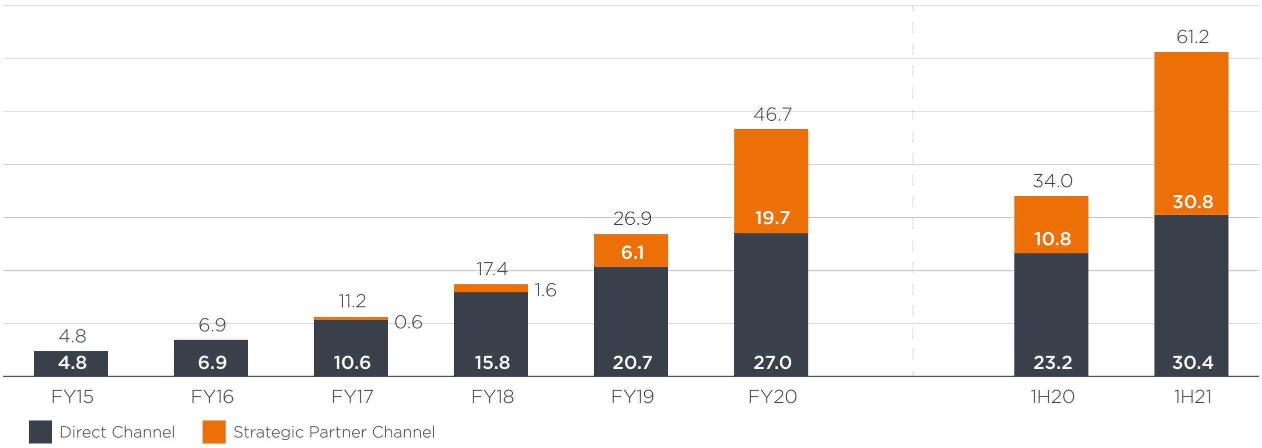
In 2020, NobleOak's in-force premiums accounted for approximately 1.4% of the total Australian individual life risk market's in-force premiums.[55] NobleOak's new business as a proportion of the total life risk insurance market's new business and premium increases is materially above this market share of in-force premiums with 2020 NobleOak new business accounting for over 4% of the Australian individual life risk market's new business and premium increases over the same period.[56] Combined with low lapse rates in both the Direct Channel and the Strategic Partner Channel (FY20 lapse rates of around 8.0% and under 4.0%, respectively, compared to a 13.3% lapse rate in the individual risk life insurance market[57]), NobleOak has been able to sustain high levels of in-force premium and new business growth.

55. Plan For Life, Life Statistics, December 2020.
56. Plan For Life, Life Statistics, December 2020.
57. Plan For Life, Life Statistics, December 2020.

Table 7: Direct Channel and Strategic Partner Channel key financials[58]

	FY15	FY16	FY17	FY18	FY19	FY20	1H20	1H21
Direct Channel								
No. of in-force policies	4,786	6,940	10,592	15,831	20,721	26,981	23,159	30,376
In-force premiums ($ millions)	8.8	12.6	18.6	27.1	35.5	45.7	39.9	51.4
Annual growth	*52.8%*	*43.9%*	*47.9%*	*45.3%*	*31.2%*	*28.4%*	*26.4%*	*29.0%*
New business ($ millions)	3.1	4.1	6.0	8.9	9.0	10.0	4.4	5.3
Annual growth	*111.0%*	*34.5%*	*47.0%*	*46.6%*	*1.3%*	*11.7%*	*(5.3%)*	*20.1%*
Lapses ($ millions)	0.9	0.9	1.2	2.0	3.0	3.2	1.7	1.6
Lapses as a % of in-force premiums[59]	12.9%	8.6%	7.7%	8.8%	9.7%	8.0%	9.2%	6.6%
Strategic Partner Channel								
No. of in-force policies	0	0	580	1,595	6,138	19,710	10,826	30,843
In-force premiums ($ millions)	0.0	0.0	3.7	9.7	24.4	63.9	38.3	90.9
Annual growth	*n.a.*	*n.a.*	*n.a.*	*162.2%*	*151.5%*	*161.9%*	*152.6%*	*137.5%*
New business ($ millions)	0.0	0.0	3.6	6.0	14.7	38.6	13.5	26.3
Annual growth	*n.a.*	*n.a.*	*n.a.*	*65.8%*	*144.2%*	*162.0%*	*148.2%*	*94.4%*
Lapses ($ millions)	0.0	0.0	0.0	0.2	0.7	1.6	0.5	1.3
Lapses as a % of in-force premiums[60]	0.0%	0.0%	0.1%	2.8%	4.3%	3.7%	3.4%	3.4%

Figure 28: No. of in-force policies (thousands of policies)[61]



58. 1H20 and 1H21 growth rates are on pcp.
59. Annualised.
60. Annualised.
61. Excludes Genus.

Figure 29: Rolling 12-month Direct Channel new business and lapses ($ millions)[62]

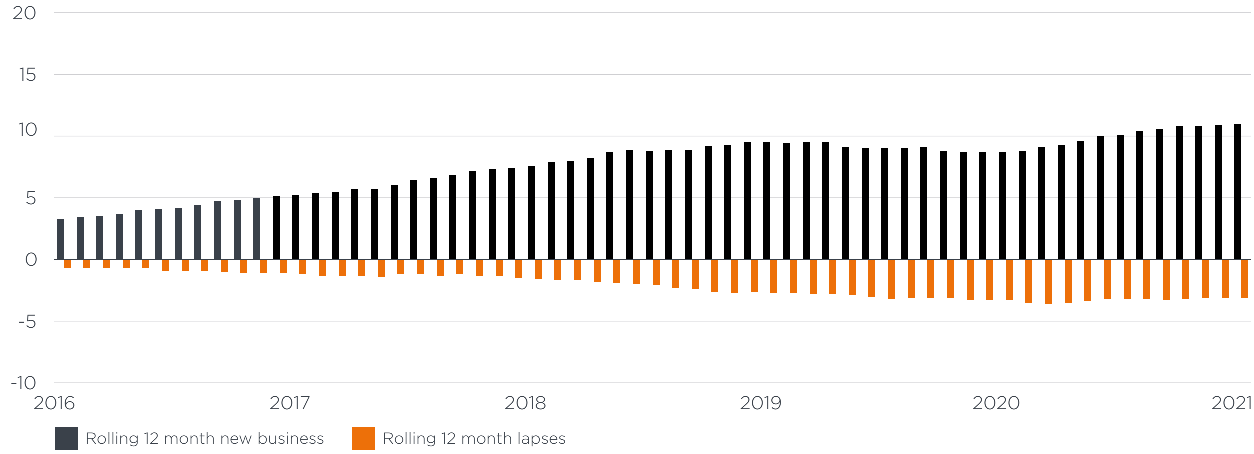
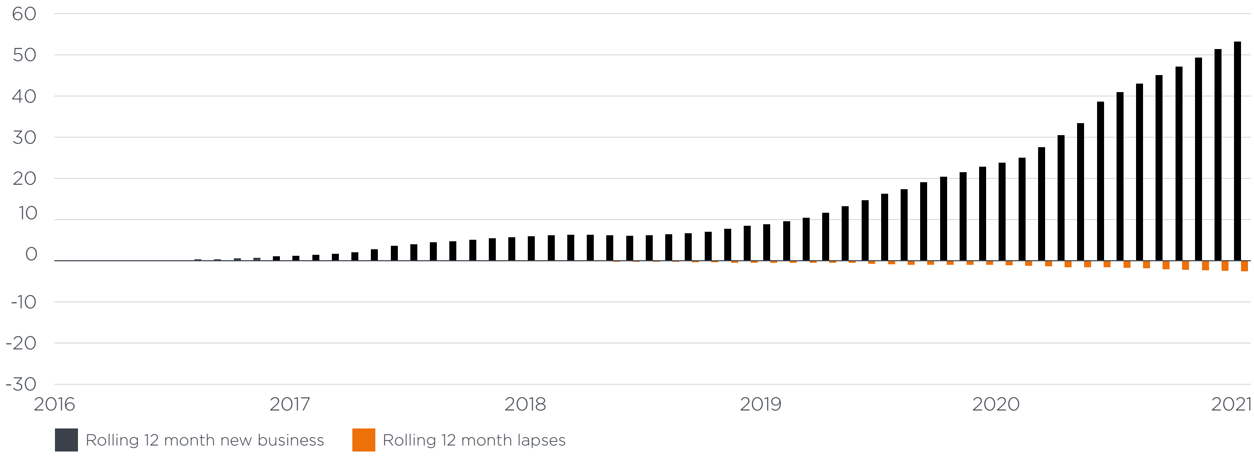


Figure 30: Rolling 12-month Strategic Partner Channel new business and lapses ($ millions)[63]



Since the establishment of Genus in 2019, NobleOak has earned a consistent margin for administration services on outstanding life insurance policies without retaining any insurance risk. Genus policy count and annual premiums have declined in line with expectations as no new business is issued.

Table 8: Genus key financials

	2H19	1H20	2H20	1H21
Count of policies	75,461	53,355	46,726	43,218
Annual premiums ($ millions)	55.8	38.3	34.7	33.3

62. Calendar years.
63. Calendar years.

3.13.2 Unit economics

The key drivers of NobleOak's unit economics include the following components:

- Insurance margin;
- Operating and administration costs; and
- Investment income margin.

Table 9 illustrates the various components of the unit economics to NobleOak and the general differences between the Direct Channel and the Strategic Partner Channel.

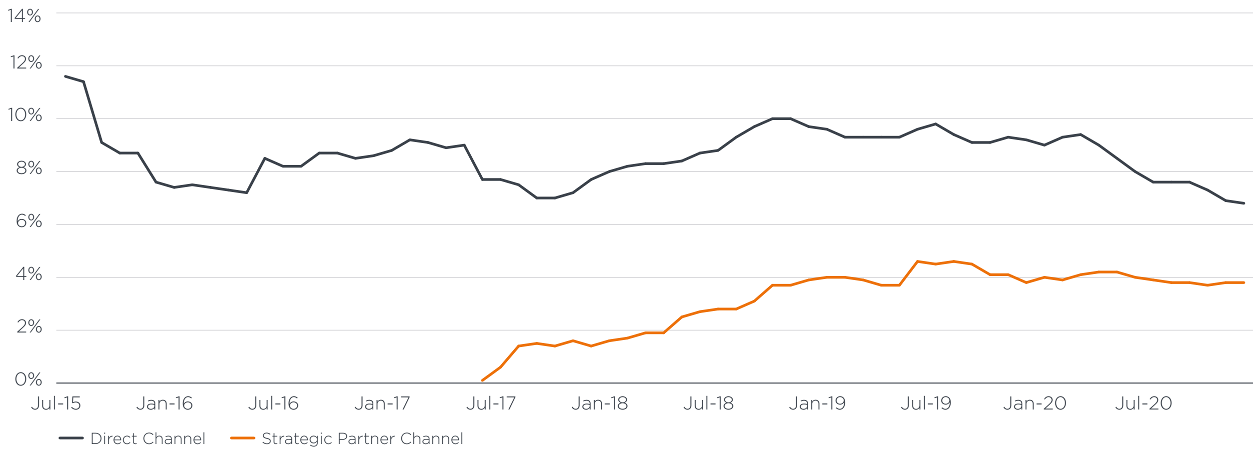
Table 9: NobleOak unit economics

	Overview	Comparison between Direct Channel vs Strategic Partner Channel	Nature of margin over time
Gross insurance margin	NobleOak seeks to make a margin on premiums after fee income, reinsurance, acquisition costs and non-reinsured claims	NobleOak has a higher insurance margin in the Direct Channel than in the Strategic Partner Channel largely due to higher risk retention	Tends to be stable over time, assuming lapse and claims assumptions hold true, providing NobleOak with a high degree of income visibility
Administration expense ratio	NobleOak's operating and administration expenses largely relate to staff, technology, premises, depreciation and professional service fees	NobleOak has a higher operating and administration expense ratio in the Direct Channel than in the Strategic Partner Channel due to greater outsourcing in the Strategic Partner Channel	NobleOak can derive operating leverage benefits over time (economies of scale), particularly in the Direct Channel, due to optimisation of technology
Investment income margin	NobleOak is able to earn a yield on investment assets	Investment income margin is broadly similar across the Direct and Strategic Partner Channels	NobleOak continues to earn investment income as long as the policy remains in-force and assets are held to support related policy liabilities

The importance of policyholder lapse behaviour being consistent with expectations is a key driver to the insurance margin. NobleOak works hard to ensure customers remain with NobleOak by placing the customer first and operating consistently with its four core values. NobleOak's recent lapse rates have been well below the long-term industry average. However, in the medium to long term Management expects that lapse rates are likely to trend towards industry levels as the book ages and materially scales.

Figure 31 illustrates the historical trend of the lapse rate for NobleOak between the Direct and Strategic Partner Channels.

Figure 31: Lapse rates by channel



3.13.3 Embedded Value

Embedded Value is a commonly used actuarial estimate that represents a detailed assessment of the present value of free cash flows expected to emerge from policies already sold. The Embedded Value is defined as the adjusted net assets plus the present value of future after tax profits and capital releases expected to emerge from the in-force book of policies, plus the related imputation credits. The SLT's estimated Embedded Value as at 31 December 2020 was $84.6 million excluding the value of imputation credits, or $104.2 million including the value of imputation credits.[64]

Importantly, Embedded Value is based on the in-force policies at the valuation date, with no allowance for any business written after that date. Management believes that in the context of NobleOak's high growth and relatively early stage of its business, the Embedded Value does not adequately capture the significant achievable future growth potential of the business.

For further information, refer to Section 9 containing the Expert Actuary's Report.

3.14 GROWTH OPPORTUNITIES

"Opportunities for future return on capital."

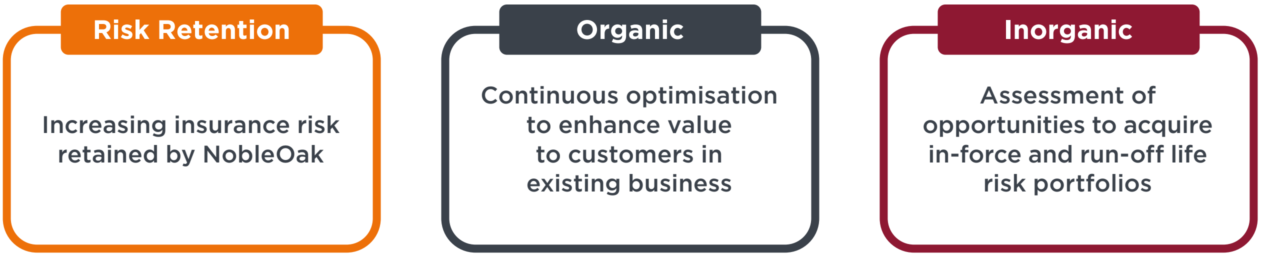
Currently, NobleOak is a small player within a very large addressable market.

Management believes that there are significant growth opportunities for the Company in the short, medium and long term, which can be broadly placed in the following three categories:

- Insurance risk retention;
- Organic growth opportunities; and
- Inorganic growth opportunities.

64. Imputation credits valued by ascribing 70% to the value of projected future shareholder tax payments, in line with common industry practice.

Figure 32: NobleOak growth opportunities



3.14.1 Insurance risk retention

To date, NobleOak has reinsured the majority of its life risk insurance portfolio to manage earnings volatility and reduce regulatory capital requirements during its growth phase. In the future, NobleOak over time and in an orderly and measured way, seeks to increase the amount of insurance risk it retains (i.e. by reducing its reinsurance ceding ratio) to increase the potential for profits in the longer term. The nature of NobleOak's products being fully underwritten means that management has a strong line of sight into the risk profile of all new and existing policies and insurance risk retention decisions are well informed and understood.

3.14.2 Organic growth opportunities

NobleOak's SLT is focused on value creation and the continuous optimisation of its existing business, including through the addition of new products to address unmet demand or unfulfilled target customer segments. An example of this is recently released FlexiCover product. FlexiCover is a life insurance policy offered by NobleOak which has the unique feature of reducing premiums as a customer's loan balance (typically a mortgage) reduces over the course of their lifetime. It is the first product of its kind in the Australian market.

NobleOak may also pursue organic growth through measures such as negotiating distribution arrangements with new partners or increasing marketing investment.

3.14.3 Inorganic growth opportunities

NobleOak has successfully integrated the Genus administration portfolio. Opportunities to acquire various in-force and run-off life risk insurance portfolios are continually assessed by management. As a listed entity, The Company expects to be better positioned to execute potential inorganic growth opportunities.

NobleOak is currently in negotiation to potentially purchase the rights to administer a portfolio of life insurance policies in run-off from an external party (**Vendor**). The acquisition, if successful, is expected to generate a modest increase in NPAT during FY22. The consideration for this purchase is expected to be approximately $3.2 million and, if an agreement is reached, the Company is expecting to enter into a binding agreement no later than August 2021 with completion to occur shortly thereafter.

Should the transaction complete, the consideration will be paid in the form of Shares, which will be priced at the Offer Price (unless otherwise agreed). These Shares will be subjected to escrow for the period until the Company's 2022 Annual General Meeting, which is anticipated to be held within 3 months following the release of the Company's FY22 results.

Neither the acquisition, its funding nor the increase in NPAT is included in the Pro Forma Financial Information or the Forecast Financial Information. The acquisition is an incomplete proposal, non-binding and remains subject to negotiation and a number of factors including approval of the Board. There is no guarantee that the acquisition will eventuate.

In addition to the acquisition, the Company is also negotiating a separate distribution agreement with the Vendor, under which the Vendor would market NobleOak's products.

4.
FINANCIAL INFORMATION

4. FINANCIAL INFORMATION

4.1 INTRODUCTION

The financial information for NobleOak contained in this Section 4 comprises:

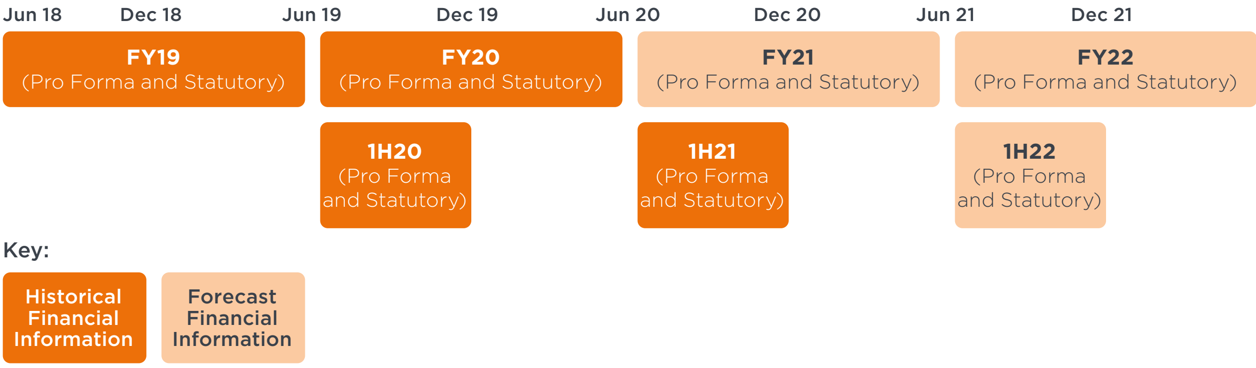
- historical consolidated financial information for FY19, FY20, 1H20 and 1H21; and
- forecast consolidated financial information for FY21F, 1H22F and FY22F.

Table 10: Overview of NobleOak's Financial Information

	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	Statutory Historical Financial Information comprises the: • statutory historical consolidated statements of profit or loss for FY19, FY20, 1H20 and 1H21 (**Statutory Historical Results**); • statutory historical consolidated cash flow statements for FY19, FY20, 1H20 and 1H21 (**Statutory Historical Cash Flows**); and • statutory historical consolidated statement of financial position as at 31 December 2020 (**Statutory Historical Balance Sheet**).	Pro Forma Historical Financial Information comprises the: • pro forma historical consolidated statements of profit or loss for FY19, FY20, 1H20 and 1H21 (**Pro Forma Historical Results**); • pro forma historical consolidated cash flow statements for FY19, FY20, 1H20 and 1H21 (**Pro Forma Historical Cash Flows**); and • pro forma historical consolidated statement of financial position as at 31 December 2020 (**Pro Forma Historical Balance Sheet**).
Forecast Financial Information	Statutory Forecast Financial Information comprises the: • statutory forecast consolidated statements of profit or loss for FY21F, 1H22F and FY22F (**Statutory Forecast Results**); and • statutory forecast consolidated cash flow statements for FY21F, 1H22F and FY22F (**Statutory Forecast Cash Flows**).	Pro Forma Forecast Financial Information comprises the: • pro forma forecast consolidated statements of profit or loss for FY21F, 1H22F and FY22F (**Pro Forma Forecast Results**); and • pro forma forecast consolidated cash flow statements for FY21F, 1H22F and FY22F (**Pro Forma Forecast Cash Flows**).

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

Figure 33: Overview of Financial Information contained in this Section 4



The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information by Deloitte Corporate Finance Pty Limited whose Investigating Accountant's Report is contained in Section 8. Investors should note the scope and limitations of that report.

Also included in this Section 4 are:

- a summary of the basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- consolidated income statements, including segment information and other items (refer to Section 4.3);
- the consolidated statement of financial position including a description of capital adequacy, equity and indebtedness, debt facilities and liquidity (refer to Section 4.4);
- policy liabilities (refer to Section 4.5);
- consolidated cash flow statements (refer to Section 4.6);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.7);
- Forecast Financial Information including general assumptions and Directors' best estimate specific assumptions (refer to Section 4.8);
- a sensitivity analysis of the Pro Forma Forecast Financial Information to changes in certain key assumptions (refer to Section 4.9); and
- a description of the dividend policy of the Company (refer to Section 4.10).

The information in Section 4 should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Accounting policies have been consistently applied by NobleOak throughout the periods, other than AASB 16 *Leases* (**AASB 16**) which was adopted on 1 July 2019. Adoption of that standard has not materially impacted the measurement of NPAT and, as such, no pro forma adjustment in respect of the adoption of AASB 16 to FY19 has been made. NobleOak's significant accounting policies relevant to the Financial Information are set out in Appendix A.

A discussion of the operating segments that NobleOak will report on in accordance with AASB 8 *Operating Segments* (**AASB 8**) is set out in Section 4.3.2.

In addition to the Statutory Financial Information, this Section 4 describes certain non-IFRS financial measures that NobleOak uses to manage and report on its business that are not defined under or recognised by IFRS.

4.2.2 Preparation of the Historical Financial Information

The Statutory Historical Financial Information has been extracted from the general purpose consolidated financial reports of NobleOak for FY19, FY20, 1H20 and 1H21 (**Statutory Historical Financial Statements**). The general purpose consolidated financial reports of NobleOak for FY19 and FY20 were audited by Deloitte Touche Tohmatsu who issued unmodified opinions in respect of these periods. The consolidated half-year financial report for 1H21 (which included comparative information for 1H20) was reviewed by Deloitte Touche Tohmatsu who issued an unmodified review conclusion.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information.

Pro forma adjustments have been made to the Statutory Historical Results (refer Section 4.3.3) to:

- reflect the impact of the Offer, including share capital raised and the use of the proceeds of the Offer as disclosed in this Prospectus (including the payment of the Offer costs);
- include estimated listed company costs;
- reflect the changes to salary packages and incentives effected for certain senior employees; and
- apply a tax expense rate of 30%, which is the Australian corporate tax rate.

The Pro Forma Historical Balance Sheet is derived from the Statutory Historical Balance Sheet and is adjusted to reflect the impact of the Offer including costs directly attributable to the Offer offset against issued capital.

The Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not representative as being necessarily indicative of NobleOak's future financial position.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus, based on an assessment of current economic and operating conditions, including the impact of the COVID-19 pandemic. The Directors have prepared the Forecast Financial Information with due care and attention, and consider all best estimate specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including general assumptions and the Directors' best estimate specific assumptions set out in Section 4.8. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on NobleOak's actual financial performance.

Investors are advised to read the general assumptions and the Directors' best estimate specific assumptions set out in Section 4.8, in conjunction with the significant accounting policies included in Appendix A, the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5, the Investigating Accountant's Report set out in Section 8, the Independent Expert Actuary's Report set out in Section 9 and other information set out in this Prospectus.

The Forecast Financial Information has been prepared and presented on both a pro forma and a statutory basis. The Forecast Financial Information for FY21F has been prepared taking into account actual results of NobleOak up to 30 April 2021 and forecast results for the remainder of FY21F.

The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Directors have made enquiries and nothing has come to their attention to suggest that NobleOak is not continuing to earn profit from continuing operations up to the date of this Prospectus.

Except where required by law, the Directors have no intention or obligation to update or revise the Forecast Financial Information or other forward-looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or other factors affect the information contained in this Prospectus.

4.2.4 Explanation of certain non-IFRS and other financial measures

NobleOak uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are referred to as non-IFRS financial measures. These non-IFRS financial measures do not have a prescribed definition under Australian Accounting Standards or IFRS and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with Australian Accounting Standards or IFRS. Although NobleOak believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

These include:

- underlying NPAT, which is net profit after tax excluding the impact of changes in the policy liability discount rates (**Underlying NPAT**). The policy liabilities are discounted using market discount rates that typically vary at each reporting date and create volatility in the recognition of policy liabilities and consequently in earnings. NobleOak reports this volatility separately. For further information, see Section 4.7.3; and
- underlying gross insurance margin is profit before tax excluding administration expense, investment income and changes in net policy liability from discount rate movements, altogether divided by insurance premium revenue (**Underlying Gross Insurance Margin**).

4.2.5 AASB 17 *Insurance Contracts*

AASB 17 *Insurance Contracts* (**AASB 17**), which is based on IFRS 17 *Insurance Contracts*, will apply to annual reporting periods beginning on or after 1 January 2023. This standard will introduce significant changes to accounting for life insurance contracts and the reporting and disclosures in relation to those contracts. AASB 17 does not change the underlying economics or cash flows of the life insurance business, however, there will be significant changes to the measurement of insurance contract liabilities, including the amount of deferred acquisition costs and the profit emergence profiles from life insurance contracts.

In addition to the financial reporting impacts, regulators are considering their response to the new standard which may lead to changes in the determination of capital requirements, income tax and prudential reporting. Due to the complexities of the requirements, evolving interpretations and the potential changes to the original standard, it is not yet practicable to quantify the financial impact on NobleOak's life insurance business. In some cases, the final impact of the requirements will not be determined until any amendments, interpretations and regulatory responses to the new standard are determined. NobleOak is in the initial phase of the AASB 17 project and is continuing to develop its implementation plans for the adoption of AASB 17.

NobleOak will also adopt AASB 9 *Financial Instruments* (**AASB 9**) for annual reporting periods beginning on or after 1 January 2023, in conjunction with AASB 17. AASB 9 replaces AASB 139 *Financial Recognition and Measurement* (**AASB 139**) and includes revised guidance on the classification and measurement of financial instruments. It also carries forward guidance on recognition and de-recognition of financial instruments from AASB 139. The application of AASB 9 is not expected to have a material impact on the results of NobleOak. The majority of NobleOak's assets are assets backing policyholder liabilities and are currently designated at fair value through the profit or loss. NobleOak's other financial instruments (receivables and payables) are held at amortised cost.

As AASB 17 and AASB 9 will be applied to annual reporting periods beginning on or after 1 January 2023, there is no associated impact on the Forecast Financial Information set out in this Prospectus.

4.3 CONSOLIDATED INCOME STATEMENTS

4.3.1 Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

Table 11 contains a summary of the Pro Forma Historical Results for FY19, FY20, Pro Forma Forecast Results for FY21F and FY22F and Statutory Forecast Results for FY21F and FY22F.

Table 11: Pro Forma and Statutory Results

		Pro forma historical		Pro forma forecast		Statutory forecast	
$'000	Note	FY19	FY20	FY21F	FY22F	FY21F	FY22F
Insurance premium revenue	1	71,675	105,568	161,154	216,897	161,154	216,897
Reinsurance expense	2	(44,438)	(68,930)	(115,028)	(160,361)	(115,028)	(160,361)
Net insurance premium revenue		**27,237**	**36,638**	**46,126**	**56,536**	**46,126**	**56,536**
Investment income		1,113	580	368	645	368	645
Net commissions	3	3,370	9,427	12,931	16,076	12,931	16,076
Fees and other income	4	1,777	8,681	3,607	2,845	3,607	2,845
Claims expense (net of reinsurance recoveries)	5	(2,360)	(3,855)	(6,080)	(8,542)	(6,080)	(8,542)
Policy acquisition cost	6	(28,827)	(29,479)	(36,791)	(42,397)	(36,791)	(42,397)
Change in net policy liabilities (before discount rate movement)	7	12,841	7,669	7,957	8,225	7,957	8,225
Change in net policy liabilities (discount rate movement)	8	2,691	2,571	(5,619)	–	(5,619)	–
Administration expense	9	(12,153)	(22,997)	(19,400)	(20,440)	(18,279)	(24,974)
Operating profit		**5,689**	**9,235**	**3,099**	**12,948**	**4,220**	**8,414**
Lease interest expense		–	(126)	(88)	(47)	(88)	(47)
Profit before tax		**5,689**	**9,109**	**3,011**	**12,901**	**4,132**	**8,367**
Income tax expense		(1,663)	(2,531)	(904)	(3,870)	(1,240)	(2,510)
NPAT		**4,026**	**6,578**	**2,107**	**9,031**	**2,892**	**5,857**

Table 12: Reconciliation: FY19-22F NPAT to Underlying NPAT

		Pro forma historical		Pro forma forecast		Statutory forecast	
$'000	Note	FY19	FY20	FY21F	FY22F	FY21F	FY22F
NPAT		**4,026**	**6,578**	**2,107**	**9,031**	**2,892**	**5,857**
Impact of policy liability discount rate changes (post tax)	8	(1,884)	(1,800)	3,934	–	3,934	–
Underlying NPAT		**2,142**	**4,778**	**6,041**	**9,031**	**6,826**	**5,857**

Table 13: Key metrics: FY19-22F

		Pro forma historical		Pro forma forecast	
$'000 / %	Note	FY19	FY20	FY21F	FY22F
In-force premiums (Ex Genus) at period end	10	59,941	109,547	172,117	233,437
New business	11	23,696	48,602	63,897	66,105
Lapse rate (Direct)	12	10%	8%	8%	9%
Net insurance premium revenue		27,237	36,638	46,126	56,536
Net insurance premium revenue growth			35%	26%	23%
Gross Insurance Margin	13	23%	30%	14%	15%
Underlying Gross Insurance Margin	13	20%	27%	17%	15%
Administration expense ratio	14	17%	22%	12%	9%
Investment return	15	1.6%	0.5%	0.2%	0.3%
NPAT		**4,026**	**6,578**	**2,107**	**9,031**
Underlying NPAT	**16**	**2,142**	**4,778**	**6,041**	**9,031**
NPAT growth			63%	(68%)	329%
Underlying NPAT growth			123%	26%	49%

Notes:

1. Insurance premium revenue is comprised of premiums received from customers (insurance policyholders) for life insurance products from the Direct Channel, Strategic Partner Channel and Genus segments (refer to Section 4.3.2 for further detail).
2. Reinsurance expense represents fees paid to reinsurers to cover administration expense and policy liabilities ceded to the reinsurer.
3. Net commissions comprise commissions earned from reinsurers net of commissions paid to distributors primarily in the Strategic Partner Channel segment.
4. Fees and other income primarily represent income earned on the administration of the run-off of life insurance products in the Genus segment.
5. Claims expense (net of reinsurance recoveries) represents the residual cost of claims to NobleOak.
6. Policy acquisition cost relates to costs incurred to acquire new business such as advertising, policy issuance and ongoing fees and commissions as policies renew.
7. Changes in net policy liabilities (before discount rate movement) represent the movement in NobleOak's gross life insurance contract liabilities net of recoveries for policy liabilities ceded to reinsurers between each reporting period excluding the impact of change in discount rates.
8. Changes in net policy liabilities (discount rate movement) represent the impact of the change in discount rate on the valuation of policy liabilities in the period.

9. Administration expense includes employee expenses, IT costs, professional fees, insurance, board and committee costs, depreciation and other expenses (not related to policy acquisition activity).
10. In-force premiums (ex Genus) represent the annualised value of premium for all policies on risk at the reporting date for the Direct and Strategic Partner portfolios (excluding the run-off portfolios in the Genus segment).
11. New business comprises the annualised value of premium on policies written for the first time in each year.
12. Lapse rate (Direct) represents the average percentage of in-force policy premium that discontinued (did not renew) in each year for the Direct Channel segment.
13. Gross Insurance Margin represents the profit before tax (excluding administration expense and investment income) as a percentage of insurance premium revenue. Underlying Gross Insurance Margin excludes the impact of the policy liability discount rate.
14. Administration expense ratio represents the administration expense as a percentage of insurance premium revenue.
15. Investment return represents investment income as a percentage of insurance premium revenue.
16. Underlying NPAT is net profit after tax excluding the impact of changes in policy liability discount rates.

Table 14 contains a summary of the Pro Forma Historical Results for 1H20, 1H21, Pro Forma Forecast Result for 1H22F and Statutory Forecast Results for 1H22F.

Table 14: Pro Forma and Statutory Half-year Results

		Pro forma historical		Pro forma forecast	Statutory forecast
$'000	**Note**	**1H20**	**1H21**	**1H22F**	**1H22F**
Insurance premium revenue		46,844	73,652	101,293	101,293
Reinsurance expense		(30,190)	(52,346)	(74,315)	(74,315)
Net insurance premium revenue		**16,654**	**21,306**	**26,978**	**26,978**
Investment income		209	140	310	310
Net commissions		3,943	6,358	7,388	7,388
Fees and other income		4,152	1,913	1,425	1,425
Claims expense (net of reinsurance recoveries)		(1,214)	(2,399)	(4,007)	(4,007)
Policy acquisition cost		(13,906)	(17,577)	(20,138)	(20,138)
Change in net policy liabilities (before discount rate movement)		4,914	3,505	3,953	3,953
Change in net policy liabilities (discount rate movement)		100	(619)	–	–
Administration expense		(11,414)	(9,306)	(9,974)	(14,507)
Operating profit		**3,438**	**3,321**	**5,935**	**1,402**
Lease interest expense		(68)	(49)	(29)	(29)
Profit before tax		**3,370**	**3,272**	**5,906**	**1,373**
Income tax expense		(829)	(982)	(1,772)	(412)
NPAT		**2,541**	**2,290**	**4,134**	**961**

Table 15: Reconciliation: 1H20-22F NPAT to Underlying NPAT

		Pro forma historical		Pro forma forecast	Statutory forecast
$'000	Note	1H20	1H21	1H22F	1H22F
NPAT		**2,541**	**2,290**	**4,134**	**961**
Impact of policy liability discount rate changes (post tax)		(70)	434	–	–
Underlying NPAT		**2,471**	**2,724**	**4,134**	**961**

Table 16: Key metrics: 1H20-22F[1]

		Pro forma historical		Pro forma forecast
$'000 / %	Note	1H20	1H21	1H22F
In-force premiums (Ex Genus) at period end		78,184	142,389	201,491
New business		17,978	31,645	32,414
Lapse rate (Direct)		9%	7%	9%
Net insurance premium revenue		16,654	21,306	26,978
Net insurance premium revenue growth			28%	27%
Gross Insurance Margin		31%	17%	15%
Underlying Gross Insurance Margin		31%	18%	15%
Administration expense ratio		24%	13%	10%
Investment return		0.4%	0.2%	0.3%
NPAT		**2,541**	**2,290**	**4,134**
Underlying NPAT		**2,471**	**2,724**	**4,134**
NPAT growth			(10%)	81%
Underlying NPAT growth			10%	52%

Note:

1. Reflects financial metrics for six-month periods ending 31 December 2019, 31 December 2020 and 31 December 2021.

4.3.2 Segment information

NobleOak operates in three key segments: Direct Channel, Strategic Partner Channel and Genus.

Direct Channel

The term 'Direct Channel' reflects the life insurance protection products that are sold directly to customers under the NobleOak brand or via Alliance Partners, without personal financial advice. This segment also includes the results of the management fund, the function of which is to recognise the expenses incurred and investment income of the group (net of allocation to the other segments), as well as a closed fund which is held for the Druids members (Funeral Benefit Fund).

Products sold under the direct branded Premium Life Direct, My Protection Plan or FlexiCover include term life, TPD, trauma, income protection and business expenses.

Strategic Partner Channel

The term 'Strategic Partner Channel' refers to the tailored life insurance protection products which are sold to customers primarily through the financial adviser channels, under our Strategic Partner brands. At the current date, NobleOak is the issuer of life insurance policies for PPS Mutual (established 2016), Avant Mutual (established 2017) and NEOS (established 2018).

Genus

The term 'Genus' refers to life insurance administration services performed by the NobleOak Group Company Genus Life Insurance Services Pty Ltd. Genus was contracted to provide administration services for the run-off of life and funeral insurance protection products written through Freedom Insurance Group following it ceasing operations in 2019. Genus receives revenue from the insurer/reinsurer of the portfolio with the business performance driven by the cost of providing quality services to the policyholders. The Genus segment also includes the run-off of the underwriting activity of the former Freedom portfolio insured by NobleOak (which is 100% reinsured).

Table 17: Segment pro forma insurance premium revenue

		Pro forma historical		Pro forma forecast		Pro forma historical		Pro forma forecast
$'000	**Note**	**FY19**	**FY20**	**FY21F**	**FY22F**	**1H20**	**1H21**	**1H22F**
Direct Channel		30,840	39,439	50,494	59,525	18,815	24,129	28,662
Strategic Partner Channel		18,266	46,892	93,312	144,121	18,113	40,500	65,495
Genus		22,569	19,237	17,348	13,251	9,916	9,023	7,136
Insurance premium revenue		**71,675**	**105,568**	**161,154**	**216,897**	**46,844**	**73,652**	**101,293**

Table 18: Segment pro forma net insurance premium revenue

		Pro forma historical		Pro forma forecast		Pro forma historical		Pro forma forecast
$'000	**Note**	**FY19**	**FY20**	**FY21F**	**FY22F**	**1H20**	**1H21**	**1H22F**
Direct Channel		15,765	20,597	27,593	33,638	9,783	12,891	16,139
Strategic Partner Channel		4,628	9,951	12,995	18,633	3,736	5,557	8,541
Genus		6,844	6,090	5,538	4,265	3,135	2,858	2,298
Net insurance premium revenue		**27,237**	**36,638**	**46,126**	**56,536**	**16,654**	**21,306**	**26,978**

Table 19: Segment pro forma NPAT

		Pro forma historical		Pro forma forecast		Pro forma historical		Pro forma forecast
$'000	Note	FY19	FY20	FY21F	FY22F	1H20	1H21	1H22F
Direct Channel		2,739	3,990	(1,147)	5,318	1,260	876	2,551
Strategic Partner Channel		1,139	1,610	2,010	2,897	564	730	1,113
Genus		148	978	1,244	816	717	684	470
NPAT		**4,026**	**6,578**	**2,107**	**9,031**	**2,541**	**2,290**	**4,134**

Table 20: Segment pro forma Underlying NPAT

		Pro forma historical		Pro forma forecast		Pro forma historical		Pro forma forecast
$'000	Note	FY19	FY20	FY21F	FY22F	1H20	1H21	1H22F
Direct Channel		855	2,190	2,787	5,318	1,190	1,310	2,551
Strategic Partner Channel		1,139	1,610	2,010	2,897	564	730	1,113
Genus		148	978	1,244	816	717	684	470
Underlying NPAT		**2,142**	**4,778**	**6,041**	**9,031**	**2,471**	**2,724**	**4,134**

Table 21: Key metrics: FY19-22F (Direct Channel segment)

		Pro forma historical		Pro forma forecast	
$'000 / %	Note	FY19	FY20	FY21F	FY22F
In-force premiums at period end		35,546	45,654	55,238	64,303
New business		8,972	10,020	11,012	12,500
Net insurance premium revenue		15,765	20,597	27,593	33,638
Net insurance premium revenue growth			31%	34%	22%
Underlying Gross Insurance Margin		32%	33%	31%	33%
Administration expense ratio		32%	27%	24%	21%
Investment return		3.4%	1.3%	0.5%	0.8%
Underlying NPAT		**855**	**2,190**	**2,787**	**5,318**
Underlying NPAT growth			156%	27%	91%

Table 22: Key metrics: FY19-22F (Strategic Partner Channel segment)

		Pro forma historical		Pro forma forecast	
$'000 / %	Note	FY19	FY20	FY21F	FY22F
Key metrics					
In-force premiums at period end		24,395	63,892	116,880	169,135
New business		14,724	38,582	52,885	53,605
Net insurance premium revenue		4,628	9,951	12,995	18,633
Net insurance premium revenue growth			115%	31%	43%
Underlying Gross Insurance Margin		9%	7%	5%	5%
Underlying NPAT		**1,139**	**1,610**	**2,010**	**2,897**
Underlying NPAT growth			41%	25%	44%

4.3.3 Statutory and pro forma NPAT reconciliation

Table 23 sets out the Statutory Historical Results extracted from the Statutory Historical Financial Statements for FY19, FY20, 1H20 and 1H21.

Table 23: Statutory Historical Results

		Statutory historical		Statutory historical	
$'000	Note	FY19	FY20	1H20	1H21
Insurance premium revenue		71,675	105,568	46,844	73,652
Reinsurance expense		(44,438)	(68,930)	(30,190)	(52,346)
Net insurance premium revenue		**27,237**	**36,638**	**16,654**	**21,306**
Investment income		1,113	580	209	140
Net commissions		3,370	9,427	3,943	6,358
Fees and other income		1,777	8,681	4,152	1,913
Claims expense (net of reinsurance recoveries)		(2,360)	(3,855)	(1,214)	(2,399)
Policy acquisition cost		(28,827)	(29,479)	(13,906)	(17,577)
Change in net policy liabilities (before discount rate movement)		12,841	7,669	4,914	3,505
Change in net policy liabilities (discount rate movement)		2,691	2,571	100	(619)
Administration expense		(10,428)	(21,485)	(10,611)	(8,759)
Operating profit		**7,414**	**10,747**	**4,241**	**3,868**
Lease interest expense		–	(126)	(68)	(49)
Profit before tax		**7,414**	**10,621**	**4,173**	**3,819**
Income tax expense		(2,181)	(2,985)	(1,070)	(1,146)
NPAT		**5,233**	**7,636**	**3,103**	**2,673**

Table 24: Reconciliation: FY19-20 and 1H20-21 NPAT to Underlying NPAT

		Statutory historical		Statutory historical	
$'000	Note	FY19	FY20	1H20	1H21
NPAT		**5,233**	**7,636**	**3,103**	**2,673**
Impact of policy liability discount rate changes (post tax)		(1,884)	(1,800)	(70)	434
Underlying NPAT		**3,349**	**5,836**	**3,033**	**3,107**

Table 25 should be read in conjunction with Table 23, which sets out the Statutory Historical Results extracted from the Statutory Historical Financial Statements for FY19, FY20, 1H20 and 1H21.

Table 25: Pro forma adjustments to the statutory historical and forecast NPAT

		Historical NPAT		Forecast NPAT		Historical NPAT		Forecast NPAT
$'000	Note	FY19	FY20	FY21F	FY22F	1H20	1H21	1H22F
Statutory NPAT		**5,233**	**7,636**	**2,892**	**5,857**	**3,103**	**2,673**	**961**
Changes in executive remuneration	1	(729)	(729)	(572)	–	(364)	(307)	–
Listed company expenses	2	(996)	(783)	(549)	–	(439)	(240)	–
Offer costs	3	–	–	–	4,533	–	–	4,533
Income tax effect	4	518	454	336	(1,359)	241	164	(1,360)
Pro forma NPAT		**4,026**	**6,578**	**2,107**	**9,031**	**2,541**	**2,290**	**4,134**

Notes:

1. An adjustment has been made to reflect the impact of changes in executive remuneration that will be in place from Completion of the Offer being applied to the historical periods. The Statutory Forecast Financial Information for FY22F also includes one-off Offer-related bonuses in the form of the Existing Options granted to certain employees.
2. An adjustment has been made to include NobleOak's estimate of the annual costs that it will incur as a listed company as if it had been a listed company from 1 July 2018. These costs include additional Directors' remuneration, listing fees, additional share registry fees, higher directors' and officers' insurance premiums, higher annual general meeting costs, higher annual report costs, media and investor relations costs and higher levels of audit fees.
3. An adjustment has been made to FY22F to remove one-off Offer-related costs associated with the listing and equity raising.
4. A pro forma tax expense rate of 30% has been applied, which is the Australian corporate tax rate.

4.4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.4.1 Pro forma historical consolidated balance sheet adjustments

The Pro Forma Historical Balance Sheet in Table 26 is based on the reviewed Statutory Historical Balance Sheet, adjusted for certain pro forma adjustments, including the impact of the Offer.

The Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of NobleOak's view on its future financial position.

Table 26: Pro forma adjustments to the Statutory Historical Balance Sheet and Pro Forma Historical Balance Sheet

$'000	Note	Statutory 31 December 2020	Pre-Offer Dividend[1]	Offer proceeds[2]	Offer costs[3]	Pro forma 31 December 2020
Assets						
Cash and cash equivalents	4	40,645	(8,159)	30,000	(7,022)	55,464
Receivables		5,343	–	–	–	5,343
Financial assets		13,049	–	–	–	13,049
Gross policy liabilities ceded to reinsurers	5	39,287	–	–	–	39,287
Other assets		864	–	–	–	864
Plant and equipment		647	–	–	–	647
Right-of-use assets		1,769	–	–	–	1,769
Deferred tax asset		1,795	–	–	2,107	3,902
Intangible assets		570	–	–	–	570
Total assets		**103,969**	**(8,159)**	**30,000**	**(4,915)**	**120,895**
Liabilities						
Payables	6	16,664	–	–	–	16,664
Lease liabilities		1,880	–	–	–	1,880
Provisions	7	4,533	–	–	–	4,533
Gross policy liabilities	5	(971)	–	–	–	(971)
Total liabilities		**22,106**	**–**	**–**	**–**	**22,106**
Net assets		**81,863**	**(8,159)**	**30,000**	**(4,915)**	**98,789**
Equity						
Issued capital		62,360	–	30,000	(1,857)	90,503
Accumulated profits		19,068	(8,159)	–	(3,058)	7,851
Other reserves		435	–	–	–	435
Total equity		**81,863**	**(8,159)**	**30,000**	**(4,915)**	**98,789**

Table 27: Capital adequacy: NobleOak Life Limited[8]

$'000	Note	Statutory 31 December 2020	Pre-Offer Dividend[1]	Offer proceeds[2]	Offer costs[3]	Pro forma 31 December 2020
Capital base (a)	9	27,142	(8,159)	30,000	(7,022)	41,961
Prescribed capital amount (b)		7,187				7,187
Capital adequacy multiple % (a)/(b)		378%				584%
Target capital	10	11,338				11,338
Assets in excess of target		**15,804**	**(8,159)**	**30,000**	**(7,022)**	**30,623**

Notes:

1. Pre-Offer Dividend represents the cash dividend to be paid out immediately prior to Completion to Shareholders on the share register on 9 June 2021.
2. Offer proceeds reflect proceeds of $30 million through the issue of 15.4 million Shares.
3. Offer costs reflect the costs incurred in respect of the Offer totalling $7.0 million. These costs are apportioned between income statement and equity in accordance with Australian accounting standards. To the extent the costs are incremental and directly attributable to raising new equity, these will be capitalised and offset against equity on the balance sheet. For the purposes of the pro forma consolidated balance sheet it is assumed direct costs associated with the issue of new share capital of $2.7 million ($1.9 million tax effected) are offset against equity. The remaining $4.3 million ($3.0 million tax effected) is expensed. The deferred tax asset of $2.1 million has been recognised in respect of Offer costs as they should be deductible for tax purposes over a five-year period.
4. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short term highly liquid investments.
5. The gross policy liabilities are calculated in accordance with LPS 340. The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns.
6. Payables includes trade creditors, payables to reinsurers and accruals.
7. Provisions includes income tax payable and employee entitlement provisions.
8. Regulatory capital adequacy is only calculated in respect of the Company (not consolidated).
9. APRA Prudential Capital Standards capital base is calculated by excluding various items included in net assets under accounting standards, for example intangible assets, goodwill, deferred acquisition costs and deferred tax assets (net of deferred tax liabilities).
10. Target capital for the Company included the prescribed capital amount, any APRA Pillar 2 capital requirement in relation to Individual Disability Income Insurance (**IDII**) business and a risk-based capital reserve held to reduce the probability of the Company falling below the APRA prudential prescribed capital requirement.

4.4.2 Equity and indebtedness

Table 28 sets out the indebtedness of NobleOak as at 31 December 2020, on a statutory basis (before Completion of the Offer) and on a pro forma basis (after Completion of the Offer). At time of lodgement of this Prospectus, indebtedness has not changed materially since 31 December 2020, noting:

- there are no borrowings or other indebtedness relating to the Group;
- there are no guarantees (aside from a property lease guarantee), cross guarantees, indemnities or letters of comfort given by the Group other than those disclosed in Section 5;
- the Group does not have any continued exposure pursuant to any swaps, futures, options, exchange or other derivative or hedging transaction;
- there are no debts owing to any shareholder of the Group;
- the only debts owing within the Group relate to short term intercompany loans in the ordinary course; and
- there are no outstanding loans owing to the Group.

Table 28: Pro forma consolidated indebtedness of NobleOak as at 31 December 2020

$'000	Note	Statutory (before Completion of the Offer)	Pro forma (after Completion of the Offer)
Current loans and borrowings		Nil	Nil
Non-current loans and borrowings		Nil	Nil
Total loans and borrowings			
Cash and cash equivalents		40,645	55,464
Net cash		**40,645**	**55,464**

4.4.3 Description of debt facilities

At balance date NobleOak has no debt facilities, outside of credit cards issued to select members of the Senior Leadership Team used in the ordinary course of business.

4.4.4 Liquidity

Following Completion of the Offer, NobleOak's principal source of funds will be cash flow from operations and cash held at Completion of the Offer. NobleOak expects that it will have sufficient cash flow to meet its business needs during the forecast period and will have sufficient working capital to carry out its stated objectives.

NobleOak's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

4.5 POLICY LIABILITIES

4.5.1 Life insurance and contract liabilities

The estimation of policy liabilities provisions is a material matter of judgement. NobleOak's Life insurance policy liabilities provisions are calculated in accordance with LPS 340. The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns, however approximate methods may be used where the result will not be materially different from a full valuation process.

The historical and forecast movement in NobleOak's policy liabilities is set out below.

Table 29: Movement in pro forma policy liabilities

	Pro forma historical		Pro forma forecast		Pro forma historical		Pro forma forecast
$'000	FY19	FY20	FY21F	FY22F	1H20	1H21	1H22F
Pro forma opening balance	**(12,565)**	**(27,835)**	**(37,282)**	**(39,877)**	**(27,835)**	**(37,282)**	**(39,877)**
Increase in outstanding claims	572	1,349	547	1,292	262	195	594
Decrease in net policy liabilities reflected in the income statement (pre tax)	(15,532)	(10,240)	(2,338)	(8,225)	(5,014)	(2,886)	(3,953)
Decrease in net policy liabilities reflected in the income statement (tax in relation to Profit Share)	(310)	(556)	(805)	(1,218)	(228)	(286)	(578)
Pro forma closing balance	**(27,835)**	**(37,282)**	**(39,878)**	**(48,028)**	**(32,815)**	**(40,259)**	**(43,814)**

4.5.2 Valuation approach and key factors that affect the estimated value of the liability

NobleOak's policy liabilities are calculated using the:

- **Projection method:** which is the best estimate of the present value of the liabilities under the in-force policies. This is the mechanism by which planned margins are recognised over the period which the services are provided to the policyholder. If future losses are expected to arise then these are recognised immediately through the profit and loss; and
- **Accumulation method:** which is an approximation to the projection method. The policy liabilities include outstanding claims liabilities, unearned premium reserves and deferred acquisition costs.

As at 30 June 2020, policy liabilities for all benefit funds, with the exception of the Funeral Fund, were calculated using the accumulation method. With effect from 1 July 2020, the Appointed Actuary is progressively transitioning the policy liability calculation to the projection method. As at 31 December 2020 the transition was complete for Risk Fund No 1 (Direct Channel segment).

Computations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written. Deferred policy acquisition costs and present value of in-force business (PVIF) are connected with the measurement basis of life insurance contract liabilities and are equally sensitive to the factors that are considered in the liability measurement.

NobleOak's net policy liability provision is an asset, as the deferred policy acquisition costs within the Direct Channel segment exceed the best estimate claims liability provisions, which are net of liabilities ceded to reinsurers.

The key factors that affect the estimation of these liabilities and related assets are:

- the estimated cost of providing benefits and administering these insurance contracts;
- expected mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits;
- discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the expected life of the contracts; and
- the amounts credited to policyholders' accounts compared to the returns on invested assets through asset-liability management and strategic and tactical asset allocation.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities.

4.6 CONSOLIDATED CASH FLOW INFORMATION

Set out below is a summary of the Pro Forma Historical Cash Flows for FY19 and FY20, Pro Forma Forecast Cash Flows for FY21F and FY22F and Statutory Forecast Cash Flows for FY21F and FY22F.

Table 30: Summary of Pro Forma Historical Cash Flows (FY19-20), Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows (FY21-22F)

		Pro forma historical		Pro forma forecast		Statutory forecast	
$'000	Note	FY19	FY20	FY21F	FY22F	FY21F	FY22F
Premiums received	1	71,940	104,249	159,876	216,897	159,876	216,897
Reinsurance premium payments	2	(42,334)	(63,832)	(113,914)	(160,361)	(113,914)	(160,361)
Reinsurance recoveries received	3	14,888	14,005	46,425	77,253	46,425	77,253
Claims paid	4	(16,177)	(21,723)	(47,112)	(84,503)	(47,112)	(84,503)
Interest received		477	320	320	645	320	645
Fees and other income received	5	14,971	71,770	126,633	174,619	126,633	174,619
Marketing and policy acquisition costs	6	(34,617)	(64,575)	(145,882)	(188,552)	(145,882)	(188,552)
Payments to other suppliers and employees		(15,259)	(34,680)	(30,986)	(33,936)	(30,202)	(38,304)
Operating cash flow		**(6,111)**	**5,534**	**(4,640)**	**2,062**	**(3,856)**	**(2,306)**
Purchase of plant and equipment		(1,046)	(101)	(902)	(1,150)	(902)	(1,150)
Realisation of investments		8,450	1,399	(1,136)	–	(1,136)	–
Cash flow from/(used in) investment activities		**7,404**	**1,298**	**(2,038)**	**(1,150)**	**(2,038)**	**(1,150)**
Repayment of leasing liabilities		–	(761)	(825)	(899)	(825)	(899)
Lease interest paid		–	(126)	(88)	(47)	(88)	(47)
Pre-Offer Dividend	7	–	–	–	–	–	(8,159)
Proceeds from the issue of Shares	8	821	10,154	15,286	–	15,286	30,000
Cost of issue of Shares	9	–	(155)	(47)	–	(47)	(2,654)
Cash flow from/(used in) financing activities		**821**	**9,112**	**14,326**	**(946)**	**14,326**	**18,241**
Net increase/(decrease) in cash		**2,114**	**15,944**	**7,648**	**(34)**	**8,432**	**14,785**

Notes:

1. Represents premiums received from customers for life insurance products from the Direct Channel, Strategic Partner Channel and Genus segments.
2. Reinsurance premium payments represents fees paid to reinsurers to cover claims exposure ceded to reinsurers, administrative and other underwriting costs.
3. Reinsurance recoveries received represents funds received from reinsurers for claims covered by reinsurance arrangements.
4. Claims paid are payments made to policyholders for claims made.
5. Fees and other income includes revenue received from insurers for run-off services provided by the Genus segment and includes commission received from reinsurers to support acquisition costs within each of the Direct Channel and Strategic Partner Channel segments.
6. Marketing and policy acquisition costs relate to costs incurred to acquire new business such as advertising, policy issuance and ongoing fees and commissions as policies renew.

7. Pre-Offer Dividend represents the cash dividend to be paid out immediately prior to Completion to Shareholders on the share register on 9 June 2021.
8. Proceeds from the issue of Shares represents funds raised from the issue of equity under the Offer and reflects the expected Offer proceeds to the Company of $30 million in the Statutory Forecast for FY22F (but not the proceeds of the Offer to SaleCo).
9. Cost of issue of Shares in FY22F reflect the costs incurred in respect of Shares issued under the Offer that are offset against equity. Offer costs of $2.7 million in respect of the Offer are offset against equity.

Set out below is a summary of the Pro Forma Historical Cash Flows for 1H20 and 1H21, Pro Forma Forecast Cash Flows for 1H22F and Statutory Forecast Cash Flows for 1H22F.

Table 31: Summary of Pro Forma Historical Cash Flows (1H20-21), Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows (1H22F)

		Pro forma historical		Pro forma forecast	Statutory forecast
$'000	Note	1H20	1H21	1H22F	1H22F
Premiums received		48,987	72,374	101,293	101,293
Reinsurance premium payments		(26,974)	(51,232)	(74,315)	(74,315)
Reinsurance recoveries received		8,023	16,948	35,929	35,929
Claims paid		(10,113)	(14,306)	(39,342)	(39,342)
Interest received		166	92	310	310
Fees and other income received		22,279	46,782	85,484	85,484
Marketing and policy acquisition costs		(28,600)	(59,928)	(92,047)	(92,047)
Payments to other suppliers and employees		(13,120)	(12,194)	(16,530)	(20,898)
Operating cash flow		**648**	**(1,464)**	**782**	**(3,586)**
Purchase of plant and equipment		(50)	(444)	(575)	(575)
Realisation of investments		(802)	(1,136)	–	–
Cash flow from/(used in) investment activities		**(852)**	**(1,580)**	**(575)**	**(575)**
Repayment of leasing liabilities		(371)	(401)	(437)	(437)
Lease interest paid		(68)	(49)	(29)	(29)
Pre-Offer Dividend		–	–	–	(8,159)
Proceeds from the issue of Shares		6,010	15,286	–	30,000
Cost of issue of Shares		(64)	(47)	–	(2,654)
Cash flow from/(used in) financing activities		**5,507**	**14,789**	**(466)**	**18,721**
Net increase/(decrease) in cash		**5,303**	**11,745**	**(259)**	**14,560**

4.6.1 Statutory cash flows and pro forma cash flows reconciliation

In presenting the Pro Forma Historical Cash Flows, adjustments to the Statutory Historical Cash Flows have been made for certain pro forma transactions and other adjustments as summarised below.

Table 32: Statutory Historical Cash Flows

		Statutory historical		Statutory historical	
$'000	Note	FY19	FY20	1H20	1H21
Premiums received		71,940	104,249	48,987	72,374
Reinsurance premium payments		(42,334)	(63,832)	(26,974)	(51,232)
Reinsurance recoveries received		14,888	14,005	8,023	16,948
Claims paid		(16,177)	(21,723)	(10,113)	(14,306)
Interest received		477	320	166	92
Fees and other income received		14,971	71,770	22,279	46,782
Marketing and policy acquisition costs		(34,617)	(64,575)	(28,600)	(59,928)
Payments to other suppliers and employees		(14,051)	(33,621)	(12,558)	(11,811)
Operating cash flow		**(4,903)**	**6,593**	**1,210**	**(1,081)**
Purchase of plant and equipment		(1,046)	(101)	(50)	(444)
Realisation of investments		8,450	1,399	(802)	(1,136)
Cash flow from/(used in) investment activities		**7,404**	**1,298**	**(852)**	**(1,580)**
Repayment of leasing liabilities		–	(761)	(371)	(401)
Lease interest paid		–	(126)	(68)	(49)
Pre-Offer Dividend		–	–	–	–
Proceeds from the issue of Shares		821	10,154	6,010	15,286
Cost of issue of Shares		–	(155)	(64)	(47)
Cash flow from/(used in) financing activities		**821**	**9,112**	**5,507**	**14,789**
Net increase/(decrease) in cash		**3,322**	**17,003**	**5,865**	**12,128**

Table 33: Pro forma adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows

		Historical cash flow		Forecast cash flow		Historical cash flow		Forecast cash flow
$'000	Note	FY19	FY20	FY21F	FY22F	1H20	1H21	1H22F
Statutory net increase/ (decrease) in cash		**3,322**	**17,003**	**8,432**	**14,785**	**5,865**	**12,128**	**14,560**
Changes in executive remuneration	1	(729)	(729)	(572)	–	(364)	(307)	–
Listed company expenses	2	(997)	(784)	(548)	–	(439)	(240)	–
Listing and equity raising costs	3	–	–	–	7,022	–	–	7,022
Income tax effect	4	518	454	336	–	241	164	–
Pre-Offer Dividend	5	–	–	–	8,159	–	–	8,159
Offer proceeds	6	–	–	–	(30,000)	–	–	(30,000)
Pro forma net increase/ (decrease) in cash		**2,114**	**15,944**	**7,648**	**(34)**	**5,303**	**11,745**	**(259)**

Notes:

1. An adjustment has been made to reflect the impact of changes in executive remuneration that will be in place from Completion of the Offer being applied to the historical periods. The statutory forecast for FY22F also includes the one-off Offer-related bonuses in the form of the Existing Options granted to certain employees.
2. Listed company expenses represents the inclusion of NobleOak's estimate of the incremental annual costs that the Company will incur as a listed entity.
3. Listing and equity raising costs represents the removal of the portion of the estimated total costs of the Offer that will be expensed in the Statutory Forecast Results for FY22F.
4. Income tax effect assumes income tax paid would occur in the same period as the pro forma adjustment. The Offer costs give rise to a deferred tax asset as they should be deductible for tax purposes over a five-year period and accordingly, income tax paid will be impacted in future periods.
5. Pre-Offer Dividend represents the cash dividend to be paid out immediately prior to Completion to Shareholders on the share register on 9 June 2021.
6. Represents Offer proceeds to the Company raised of $30 million through the issue of 15.4 million Shares.

4.7 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

4.7.1 Main factors affecting historical financial performance

This Section 4.7 provides a summary of the composition of NobleOak's operating and financial performance during the period of the Historical Financial Information and which NobleOak expects may affect its operating and financial performance over the period of the Forecast Financial Information.

The general matters discussed below are a summary only and do not represent all events and factors that affected NobleOak's historical operating and financial performance, nor everything that may affect its operating and financial performance in future periods. The information in this Section 4.7 should also be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

Table 34: Main factors affecting historical financial performance

	Income statement category	Description of category and key drivers
Revenue: **Net insurance premium revenue**	**Insurance premium revenue**	Insurance premium revenue is revenue derived from new policies issued and policies renewed by policyholders from year-to-year. ***Key drivers:*** ***average in-force premiums, new business sales, lapse rates and average price increases***
	Reinsurance expense	Reinsurance expense is fees paid to NobleOak's reinsurers to cover administrative and underwriting costs. ***Key drivers:*** ***percentage of risk ceded to reinsurers***
Insurance margin	**Net commissions**	Reinsurance commission fees are paid to NobleOak by reinsurers. Net commissions is the difference between commissions received from reinsurers and commissions paid to distributors. ***Key drivers:*** ***Adviser and partner commission rates, reinsurer support commission rates***
	Fees and other income	Fees income and other income represent fees pertaining to the provision of administration services and Genus. ***Key drivers:*** ***management fee levels as a percentage of premium***
	Claims expense (net of reinsurance recoveries)	Gross claims expense are costs pertaining to claims made by policyholders before recoveries. Reinsurance claims recoveries are amounts recovered from reinsurers in relation to claims made. ***Key drivers:*** ***number of claims, average costs, loss ratios and risk retention rates***
	Policy acquisition costs	Policy acquisition costs include promotion and marketing, salaries for sales, underwriting and other costs associated with the acquisition process of new direct NobleOak policies. ***Key drivers:*** ***customer cost of acquisition (COA) and average premium***
	Change in policy liabilities	Net movement in life insurance contract liabilities, driven by movements in claims reserve, unearned premium revenue and deferred acquisition costs (DAC). ***Key drivers:*** ***projected claims experience, lapse rate and premium increase and discount rates***

	Income statement category	Description of category and key drivers
Operating and administration costs	**Administration expenses**	Administration expenses includes: • employment expenses, constituting salaries, wages, on-costs and incentive plans; • technology-related expense; • professional services, such as fees to the Appointed Actuary, accounting, tax and legal services; • office rent and outgoings; • product development, portfolio management and governance costs; • operation projects and remediation costs for the run-off and ongoing portfolios; • other items such as bank charges and general office expenses; and • depreciation and amortisation, relating predominantly to office equipment. ***Key drivers:* headcount, portfolio size and policy numbers, claims numbers, expense management**
Investment income	**Investment income**	Income derived from investments, which are mostly in the form of interest income (as investments are predominantly held in term deposits). ***Key drivers:* funds under management, investment asset allocations, interest rates**

4.7.2 COVID-19 pandemic

Like all Australian companies, NobleOak was impacted by the COVID-19 pandemic. NobleOak's focus has been on ensuring the well-being of its staff and customers during this challenging time while thoughtfully managing additional risks.

NobleOak swiftly mobilised to enable all staff to work from home and in light of the business' performance (with strong levels of recurring income), the JobKeeper subsidy was not required. As a result, the impact on its customers was minimal and staff have continued to employ flexible working arrangements and importantly, have maintained high levels of customer service through this challenging period. Over this period, high levels of staff engagement and satisfaction levels (score 86%) were also measured, which has continued into 2021.

While the effects of the pandemic in Australia have been modest in the context of global experience, ultimate claims experience remains uncertain. The results for FY20 included additional reserves for potential COVID-19 related claims. The additional reserves reflected the best estimate of the implications that the pandemic could have on the mental health of the community. Mental well-being is receiving an increased focus as the impacts of COVID-19 continue to be experienced. No material claims development has been observed as a result of the pandemic, and as at 31 December 2020, NobleOak has maintained the modest reserves that were established to cover this potential exposure. NobleOak reinsurance arrangements mitigate some exposure if claims experience is poorer than expected.

NobleOak's commitment to its customers during the period is further reflective through the fact that there is no pandemic exclusion clause in NobleOak's insurance policies held by existing customers. Additionally, NobleOak is working with its customers and reinsurers to support those that have been financially impacted by the pandemic, for example through short term waivers of premiums.

4.7.3 Impact of movement in discount rates on Policy Liability provision

NobleOak's life insurance policy liabilities provisions are calculated in accordance with LPS 340. The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns.

Calculation methods are designed to calculate the value of life insurance policy liabilities with future cash flows determined using best estimate assumptions and discounted to the reporting date.

One of the key assumptions in valuing the life insurance policy liabilities is the discount rate. The discount rate for NobleOak's portfolio is the yield curve based upon Australian Government bonds. As movements in the discount rate are driven by external economic market conditions and can generate volatility in statutory profits, disclosing an underlying measure of profits, which excludes the impact of changes in discount rates, 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*).

On this basis, NobleOak includes disclosure in the Historical Financial Information that separately identifies the:

- impact of policy liability discount rates; and
- Underlying NPAT.

4.7.4 Pro forma historical consolidated financial statement: FY20 compared to FY19

Table 35 and Table 38 set out the selected Pro Forma Historical Results and selected Pro Forma Historical Cash Flows for FY19 and FY20.

Table 35: Pro Forma Historical Results: FY20 compared to FY19

	Pro forma historical			
$'000	FY19	FY20	Variance	Variance
Insurance premium revenue	71,675	105,568	*33,893*	*47%*
Reinsurance expense	(44,438)	(68,930)	*(24,492)*	*55%*
Net insurance premium revenue	**27,237**	**36,638**	***9,401***	***35%***
Investment income	1,113	580	*(533)*	*(48%)*
Net commissions	3,370	9,427	*6,057*	*180%*
Fees and other income	1,777	8,681	*6,904*	*389%*
Claims expense (net of reinsurance recoveries)	(2,360)	(3,855)	*(1,495)*	*63%*
Policy acquisition cost	(28,827)	(29,479)	*(652)*	*2%*
Change in net policy liabilities (before discount rate movement)	12,841	7,669	*(5,172)*	*(40%)*
Change in net policy liabilities (discount rate movement)	2,691	2,571	*(120)*	*(4%)*
Administration expense	(12,153)	(22,997)	*(10,844)*	*89%*
Operating profit	**5,689**	**9,235**	***3,546***	***62%***
Lease interest expense	–	(126)	*(126)*	*NA*
Profit before tax	**5,689**	**9,109**	***3,420***	***60%***
Income tax expense	(1,663)	(2,531)	*(868)*	*52%*
NPAT	**4,026**	**6,578**	***2,552***	***63%***

Table 36: Reconciliation: FY19-20 NPAT to Underlying NPAT

	Pro forma historical			
$'000	FY19	FY20	Variance	Variance
NPAT	**4,026**	**6,578**	***2,552***	***63%***
Impact of policy liability discount rate changes (post tax)	(1,884)	(1,800)	*84*	*(4%)*
Underlying NPAT	**2,142**	**4,778**	***2,636***	***123%***

Table 37: Key metrics: FY19-20

	Pro forma historical			
$'000 / %	FY19	FY20	Variance	Variance
In-force premiums (Ex Genus) at period end	59,941	109,547	*49,606*	*83%*
New business	23,696	48,602	*24,905*	*105%*
Lapse rate (Direct)	10%	8%	*(2%)*	*(20%)*
Net insurance premium revenue	27,237	36,638	*9,401*	*35%*
Net insurance premium revenue growth		35%	*NA*	*NA*
Gross Insurance Margin	23%	30%	*7%*	*28%*
Underlying Gross Insurance Margin	20%	28%	*8%*	*41%*
Administration expense ratio	17%	22%	*5%*	*28%*
Investment return	1.6%	0.5%	*(1%)*	*(65%)*
NPAT	**4,026**	**6,578**	***2,552***	***63%***
Underlying NPAT	**2,142**	**4,778**	***2,636***	***123%***
NPAT growth		63%	*NA*	*NA*
Underlying NPAT growth		123%	*NA*	*NA*

Table 38: Pro Forma Historical Cash Flows: FY20 compared to FY19

		Pro forma historical			
$'000	Note	FY19	FY20	Variance	Variance
Premiums received		71,940	104,249	*32,309*	*45%*
Reinsurance premium payments		(42,334)	(63,832)	*(21,498)*	*51%*
Reinsurance recoveries received		14,888	14,005	*(883)*	*(6%)*
Claims paid		(16,177)	(21,723)	*(5,546)*	*34%*
Interest received		477	320	*(157)*	*(33%)*
Fees and other income received		14,971	71,770	*56,799*	*379%*
Marketing and policy acquisition costs		(34,617)	(64,575)	*(29,958)*	*87%*
Payments to other suppliers and employees		(15,259)	(34,680)	*(19,421)*	*127%*
Operating cash flow		**(6,111)**	**5,534**	***11,645***	***(191%)***
Cash flow from/(used in) investment activities		**7,404**	**1,298**	***(6,106)***	***(82%)***
Cash flow from/(used in) financing activities		**821**	**9,112**	***8,291***	***1010%***
Net increase/(decrease) in cash		**2,114**	**15,944**	***13,830***	***654%***

4.7.4.1 FY20 compared to FY19 discussion

NobleOak's **pro forma NPAT** increased by $2.6 million (or 63%), from $4.0 million in FY19 to $6.6 million in FY20.

After removing the impact of changing interest rates on the valuation of policy liabilities, NobleOak's **Underlying NPAT** increased by $2.6 million (or 123%), from $2.1 million in FY19 to $4.8 million in FY20.

Net insurance premium revenue

Total net insurance premium revenue increased by $9.4 million (or 35%), from $27.2 million in FY19 to $36.6 million in FY20.

Growth in net premium revenue is primarily driven by the growth in annual in-force premium. The risk retention rate (net insurance premium/insurance premium revenue) declined to 35% in FY20 compared to 38% in FY19, as the Strategic Partner Channel Segment increased as a proportion of total revenue. The portfolios within the Strategic Partner Channel segment are managed at a lower level of retention.

In-force premium (ex Genus) increased by $49.6 million (or 83%), from $59.9 million in FY19 to $109.5 million in FY20. This growth resulted from strong new business sales during the year of $48.6 million (FY19: $23.7 million) and low lapse rates (compared to industry averages) of 8% in the Direct Channel segment (FY19 10%).

This strong growth came from both the Direct Channel and Strategic Partner Channel segments:

- Direct Channel segment growth

  In-force premium increased by $10.1 million (or 28%), from $35.5 million in FY19 to $45.7 million in FY20. This growth was derived from new business sales during the year of $10.0 million (FY19: $9.0 million) and low lapse rates (compared to industry averages) of 8% (FY19 10%). The reduction in lapse rate in FY20 coincided with the onset of COVID-19.

  New business growth was achieved at a COA of 171% of first year's premium. Management believes that sales growth and lapse experience had been positively impacted following the onset of COVID-19, which may have encouraged some Australians to buy or retain cover.

- Strategic Partner Channel segment growth

  In-force increased by $39.5 million (or 162%), from $24.4 million in FY19 to $63.9 million in FY20. This growth was derived from strong new business sales during the year of $38.6 million (FY19: $14.7 million) and low lapse rates (compared to industry averages).

  The Strategic Partner Channel segment generated a higher rate of in-force premium growth, representing strong performance from a lower base. Management believes that sales growth and lapse experience were likely to have been positively impacted following the onset of COVID-19, which may have encouraged more Australians to buy or retain cover.

Insurance margin (before admin expenses)

Total Underlying Gross Insurance Margin increased by 8% from 20% in FY19 to 28% in FY20.

The increase in the Underlying Gross Insurance Margin was primarily driven by Genus which was established in June 2019. FY20 insurance margin included fee income for the first full year of operation of Genus. The Genus revenue model in FY20 was a cost-plus arrangement and FY20 included significant project and employee costs. The administration expense ratio in this period also increased for the same reason.

The Underlying Gross Insurance Margin for the Direct and Strategic Partner Channel segments combined (i.e. Total ex Genus) reduced from 24% in FY19 to 19% in FY20. The margins reduced primarily due to the Strategic Partner Channel segment becoming a larger proportion of the total portfolio. Direct Channel segment margins remained relatively stable; Strategic Partner Channel segment margins have slightly reduced, driven by a shift in Strategic Partner mix.

NobleOak's Underlying Gross Insurance Margin has been driven by relatively favourable claims experience and policy discontinuance (lapse rate) as compared to industry experience.

Claims expense (net of reinsurance recoveries) increased by $1.5 million (63%) above the growth in net insurance premium but in line with the maturing of the relatively young portfolio. Gross claims ratios remain below industry averages. The results for FY20 included additional reserves for potential COVID-19 related claims. The additional reserves reflected the best estimate of the implications that the pandemic could have on the mental health of the community.

Policy acquisition costs increased by $0.7 million (or 2%) to $29.5 million in FY20. The low growth was impacted by the reduction in commissions in the Genus segment payable to the portfolio distributor/reinsurer. Removing the impact of Genus, acquisition costs increased broadly in line with new sales levels. Acquisition costs in the Direct Channel segment remained stable at $20.2 million as the business improved efficiency and achieved higher sales. Acquisition costs in the Strategic Partner Channel segment increase by $5.3 million (or 216%) in line with the increase in sales volumes.

Note that only stamp duty and medical underwriting costs are recorded in acquisition costs in the Strategic Partner Channel segment. All other commissions paid to advisors and distributors within the Strategic Partner Channel segment are recorded within the 'Net Commissions' line.

Total administration expense ratio

Total administration expense ratio increased by 5% from 17% in FY19 to 22% in FY20. Administration expense in FY20 also included depreciation and amortisation expense of $1.3 million ($0.7 million in FY19).

The increase in the total administration expense ratio was primarily driven by Genus, which was established in June 2019. FY20 expenses for the first full year of operation, which included significant project and employee costs. The Genus revenue model in FY20 was a cost-plus arrangement and the service fee income improved the insurance margin in this same period.

The administration expense ratio for the Direct Channel and Strategic Partner Channel segments combined (i.e., Total ex Genus) reduced by 6% from 20% in FY19 to 14% in FY20 as the business benefited from increased scale with the business curtailing expense growth following the onset of COVID-19.

Underlying NPAT

Underlying NPAT growth for the:

- Direct Channel segment increased by $1.3 million (or 156%), from $0.9 million in FY19 to $2.2 million in FY20;
- Strategic Partner Channel segment increased by $0.5 million (or 41%), from $1.1 million in FY19 to $1.6 million in FY20; and
- Genus segment increased by $0.8 million, from $0.2 million in FY19 to $1.0 million in FY20.

Net increase/(decrease) in cash

Pro forma operating free cash flow increased by $11.6 million from ($6.1) million outflows in FY19 to $5.5 million inflows in FY20. One key driver of this movement in cash flows is that $3.9 million of tax payment relating to the FY20 tax return was paid in FY21F, whilst noting the tax payable on FY19 profit was reduced by $1.5m due to carried forward tax losses being fully utilised in the period. Other drivers of the cash flows changes for each segment were that the:

- Direct Channel segment net cash flow increased as in-force premium grew, improving business scale in a period that expenses where tightly managed during COVID-19;
- Strategic Partner Channel segment increased in line with strong growth in net insurance premium; and
- Genus segment provided positive cash flow to the business in FY20 in its first full year of operation. Positive cash flow was approximately $2 million above its accounting profit in the period due to the receipt of $1 million in service fees which were recognised in FY19 and a further $1 million due to remediation cost provision raised in FY20 that was not paid until FY21F.

4.7.5 Pro forma historical consolidated financial statements: 1H21 compared to 1H20

Table 39 and Table 42 set out the selected Pro Forma Historical Results and selected Pro Forma Historical Cash Flows for 1H20 and 1H21.

Table 39: Pro Forma Historical Results: 1H21 compared to 1H20

	Pro forma historical			
$'000	1H20	1H21	Variance	Variance
Insurance premium revenue	46,844	73,652	*26,808*	*57%*
Reinsurance expense	(30,190)	(52,346)	*(22,156)*	*73%*
Net insurance premium revenue	**16,654**	**21,306**	***4,652***	***28%***
Investment income	209	140	*(69)*	*(33%)*
Net commissions	3,943	6,358	*2,415*	*61%*
Fees and other income	4,152	1,913	*(2,239)*	*(54%)*
Claims expense (net of reinsurance recoveries)	(1,214)	(2,399)	*(1,185)*	*98%*
Policy acquisition cost	(13,906)	(17,577)	*(3,671)*	*26%*
Change in net policy liabilities (before discount rate movement)	4,914	3,505	*(1,409)*	*(29%)*
Change in net policy liabilities (discount rate movement)	100	(619)	*(719)*	*(719%)*
Administration expense	(11,414)	(9,306)	*2,108*	*(18%)*
Operating profit	**3,438**	**3,321**	***(117)***	***(3%)***
Lease interest expense	(68)	(49)	19	*(28%)*
Profit before tax	**3,370**	**3,272**	***(98)***	***(3%)***
Income tax expense	(829)	(982)	*(153)*	*18%*
NPAT	**2,541**	**2,290**	***(251)***	***(10%)***

Table 40: Reconciliation: 1H20-21 NPAT to Underlying NPAT

	Pro forma historical			
$'000	1H20	1H21	Variance	Variance
NPAT	**2,541**	**2,290**	***(251)***	***(10%)***
Impact of policy liability discount rate changes (post tax)	(70)	434	*504*	*(720%)*
Underlying NPAT	**2,471**	**2,724**	***253***	***10%***

Table 41: Key metrics: 1H20-21[1]

	Pro forma historical			
$'000 / %	**1H20**	**1H21**	**Variance**	**Variance**
In-force premiums (Ex Genus) at period end	78,184	142,389	*64,205*	*82%*
New business	17,978	31,645	*13,667*	*76%*
Lapse rate (Direct)	9%	7%	*(2%)*	*(22%)*
Net insurance premium revenue	16,654	21,306	*4,652*	*28%*
Net insurance premium revenue growth		28%	*NA*	*NA*
Gross Insurance Margin	31%	17%	*(14%)*	*(46%)*
Underlying Gross Insurance Margin	31%	18%	*(13%)*	*(43%)*
Administration expense ratio	24%	13%	*(12%)*	*(48%)*
Investment return	0.4%	0.2%	*(0%)*	*(57%)*
NPAT	**2,541**	**2,290**	***(251)***	***(10%)***
Underlying NPAT	**2,471**	**2,724**	***253***	***10%***
NPAT growth		(10%)	*(10%)*	*NA*
Underlying NPAT growth		10%	*NA*	*NA*

Note:

1. Reflects financial metrics for six-month periods ending 31 December 2019 and 31 December 2020.

Table 42: Pro Forma Historical Cash Flows: 1H21 compared to 1H20

	Pro forma historical			
$'000	**1H20**	**1H21**	**Variance**	**Variance**
Premiums received	48,987	72,374	*23,387*	*48%*
Reinsurance premium payments	(26,974)	(51,232)	*(24,258)*	*90%*
Reinsurance recoveries received	8,023	16,948	*8,925*	*111%*
Claims paid	(10,113)	(14,306)	*(4,193)*	*41%*
Interest received	166	92	*(74)*	*(45%)*
Fees and other income received	22,279	46,782	*24,503*	*110%*
Marketing and policy acquisition costs	(28,600)	(59,928)	*(31,328)*	*110%*
Payments to other suppliers and employees	(13,120)	(12,194)	*926*	*(7%)*
Operating cash flow	**648**	**(1,464)**	***(2,112)***	***(326%)***
Cash flow from/(used in) investment activities	**(852)**	**(1,580)**	***(728)***	***85%***
Cash flow from/(used in) financing activities	**5,507**	**14,789**	***9,282***	***169%***
Net increase/(decrease) in cash	**5,303**	**11,745**	***6,442***	***121%***

4.7.5.1 1H21 compared to 1H20 discussion

NobleOak's **pro forma NPAT** decreased by ($0.2) million (or (10%)), from $2.5 million in 1H20 to $2.3 million in 1H21.

After removing the impact of changing interest rates on the valuation of policy liabilities, NobleOak's **Underlying NPAT** increased by $0.2 million (or 10%), from $2.5 million in 1H20 to $2.7 million in 1H21.

Net insurance premium revenue

Total net insurance premium revenue increased by $4.7 million (or 28%), from $16.7 million for six months to 31 December 2019 to $21.3 million for the six months to 31 December 2020.

Growth in net premium revenue is primarily driven by the growth in annual in-force premium. The risk retention rate (net insurance premium/insurance premium revenue) reduced to 29% for the six months to 31 December 2020 compared to 36% for six months to 31 December 2019, as the Strategic Partner Channel segment increased as a proportion of total revenue. The portfolios within the Strategic Partner Channel segment have continued to be managed at lower levels of retention as compared to NobleOak's Direct Channel segment, noting that retention on the PPS portfolio in-force and new business increased by c.5% from c.1% to c.6% from 1 July 2020.

Lapse rates reduced by 2% to an average of 7% as at 31 December 2020 compared to 9% as at 31 December 2019. The reduction in lapse rate in FY20 continued into the six months to 31 December 2020.

In-force premium (ex Genus) increased by $64.2 million (or 82%), from $78.2 million at 31 December 2019 to $142.4 million at 31 December in 2020. Sales for the six months to 31 December 2020 increased by 76% to $31.6 million compared to the six months to December 2019 of $18.0 million.

This strong growth came from both the Direct Channel segment and Strategic Partner Channel segment:

- Direct Channel segment growth

  In-force premium increased by $11.6 million (or 29%), from $39.9 million at 31 December 2019 to $51.4 million at 31 December in 2020.

  Sales for the six months to 31 December 2020 increased by 20% to $5.3 million compared to the six months to December 2019 of $4.4 million. Lapse rates remained at relatively low levels at 7% compared to industry averages. New business growth was achieved at a COA of 177% of first year's premium; and

- Strategic Partner Channel segment growth

  In-force premium increased by $52.7 million (or 138%), from $38.3 million at 31 December 2019 to $90.9 million at 31 December in 2020.

  Sales for the six months to 31 December 2020 increased by 94% to $26.3 million compared to the six months to December 2019 of $13.5 million. Lapse rates also remained at low levels.

  The Strategic Partner Channel segment's significant growth in-force premium reflects the successful penetration into the financial adviser market by NEOS with PPS also maintaining steady growth.

Insurance margin (before admin expense)

Total Underlying Gross Insurance Margin decreased by 13%, from 31% for the six months to 31 December 2019 to 18% for the six months to 31 December 2020.

The reduction in Underlying Gross Insurance Margin was primarily driven by Genus. The revenue for the six months to 31 December 2019 was based on a cost plus arrangement which included significant project and employee costs. The administration expense ratio in this period also reduced for the same reason. In the six months to 31 December 2020, the revenue model had converted to a percentage of premium received and costs had been tightened as the business moved into business as usual run-off mode.

The Underlying Gross Insurance Margin for the Direct Channel and Strategic Partner Channel segments combined (i.e. Total ex Genus) reduced to 14% in the six months to 31 December 2020 compared to 19% in FY20. The margins reduced primarily due to the Strategic Partner Channel segment becoming a larger proportion of the total portfolio.

NobleOak's Underlying Gross Insurance Margin continued to be driven by favourable claims experience and policy discontinuance (lapse rate) compared to industry experience.

Claims expense (net of reinsurance recoveries) increased by $1.2 million (or 98%) which was above the growth in net insurance premium, but in line with the maturing of the relatively young portfolio. Gross claims ratios remain below industry averages. The policy liability provision as at 31 December 2020 maintained the additional reserves for potential COVID-19 related claims established in FY20. No material developments were observed as a result of the pandemic, but ongoing monitoring continues, particularly regarding the potential for claims associated with mental health impacts on the community.

Policy acquisition costs increased by $3.7 million (or 26%) to $17.6 million for the six months to 31 December 2020. This increase was lower than the growth in sales as it was impacted by the reduction in commissions paid to the reinsurer in the Genus segment. Removing the impact of Genus, the acquisition costs increased broadly in line with new sales levels. Note that only stamp duty and medical underwriting costs are recorded in acquisition costs in the Strategic Partner Channel segment. All other commissions paid to advisors and distributors within the Strategic Partner Channel segment are recorded within the 'Net Commissions' line.

Total administration expense ratio

Total administration expense ratio reduced by approximately 11% from 24% for six months to 31 December 2019 to 13% for the six months to 31 December 2020. Administration expense in 1H21 also included depreciation and amortisation expense of $0.6 million ($0.6 million in 1H20).

The reduction in the total administration expense ratio was primarily driven by Genus. The expenses for the six months to 31 December 2019 included the first full year of operation of Genus and included significant project and employee costs. The revenue model for the six months to 31 December 2019 was a cost-plus arrangement and the service fee income improved the insurance margin in this same period. In the six months to 31 December 2020, the revenue model had converted to a percentage of premium received and costs had been tightened as the segment moves into business and as usual run-off mode.

The administration expense ratio for the Direct Channel and Strategic Partner Channel segment combined (i.e. Total ex Genus) reduced to 10% compared to 14% in full year FY20. The NobleOak (ex Genus) administration expense ratio reduced as the business benefited from increased scale whilst investment in capability resumed following a temporary COVID-19 related pause.

Underlying NPAT

Underlying NPAT for the:

- Direct Channel segment increased by $0.1 million (or 10%), from $1.2 million for the six months to 31 December 2019 to $1.3 million for six months to 31 December 2020;
- Strategic Partner Channel segment increased by $0.1 million (or 29%), from $0.6 million for the six months to 31 December 2019 to $0.7 million for six months to 31 December 2020; and
- Genus segment remained stable at $0.7 million for six months to 31 December 2020 compared to $0.7 million for the six months to 31 December 2019.

Net increase/(decrease) in cash

Pro forma operating free cash flow reduced by $2.1 million from $0.6 million inflows for the six-month period to 31 December 2019 to ($1.5) million outflows for the six months to 31 December 2020.

Drivers of the cash flows changed for each segment were:

- continued investment in growth initiatives (including marketing and others) in the Direct Channel segment, which resulted in negative cash flows. Investment in capability resumed following a temporary COVID-19 related pause;
- for the Strategic Partner Channel segment, increased positive cash flows in line with strong growth in net insurance premium; and
- for the Genus segment, continued positive cash flows to the business albeit at lower levels than the prior period. This was anticipated given the run-off of the portfolio and the payment of 50% of the remediation cost provided for in FY20.

4.8 FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section 4.8. In preparing the Forecast Financial Information, we have undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance.

We believe that we have prepared the Forecast Financial Information with due care and attention and consider all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus. The Forecast Financial Information has been prepared based on the significant accounting policies we adopted, which are in accordance with the Australian Accounting Standards.

4.8.1 General assumptions

The following general assumptions are incorporated in the Forecast Financial Information:

- there is no material change in the competitive, operating or regulatory environment in which NobleOak operates;
- there is no change in applicable Australian Accounting Standards and International Financial Reporting Standards that would have a material impact on NobleOak's accounting policies, financial reporting or disclosure requirements;
- there is no significant deviation from current market expectations regarding factors that affect demand for life insurance policies sold in Australia including demographic, population, economic and regulatory developments as well as changes to the competitive landscape and consumer behaviour, other than as disclosed in this Prospectus;
- there are no significant deviations from the assumptions underlying the valuation of the policy liabilities, including the Australian Government bond yield curve;
- there is no material change in legislation (including taxation) and regulatory environment other than as disclosed in this Prospectus in which NobleOak and its insurance carriers operate;
- there are no material losses of insurance carrier contracts;
- there is no material amendment to any material agreement relating to NobleOak's business other than as disclosed in this Prospectus;
- there are no significant disruptions to the continuity of operations of NobleOak and there are no other material changes in NobleOak's business;
- there are no abnormal or force majeure events that materially impact NobleOak's claims rates or business as a whole;
- there are no material acquisitions, divestments, restructuring or investments that are completed, other than set out in this Prospectus;
- there are no material changes to NobleOak's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there is no loss of key management personnel and NobleOak will maintain the ongoing ability to recruit and retain required personnel other than as set out in, or contemplated by, this Prospectus;
- there is no material adverse action by the regulators (e.g., Pillar 2 supervisory adjustments);
- there is no material litigation that will arise or be settled to the benefit or detriment of NobleOak;
- the Offer proceeds in accordance with the timetable set out in the Key Offer information section; and
- none of the risks set out in Section 5 occurs.

4.8.2 Directors' best estimate specific assumptions

The Forecast Financial Information has had regard to the current trading performance of NobleOak up until 30 April 2021. Forecasts for the last two months of FY21F, and for FY22F, have been prepared by management having regard to marketing and product strategies considered appropriate for the current and expected market conditions.

The Forecast Financial Information is based on best estimate assumptions, of which the key material assumptions are set out below. The assumptions below are a summary only and do not represent all the factors that could affect NobleOak's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in Section 4.2, the general assumptions set out in Section 4.8.1 and the risk factors set out in Section 5.

The material Directors' best estimate assumptions incorporated in the Forecast Financial Information include the following key areas.

Table 43: Main factors affecting forecast financial performance

	Income statement category	Description of category and key drivers
Revenue: **Net insurance premium revenue**	**Insurance premium revenue**	NobleOak is continuing to forecast strong growth in both in-force premium and market share. This Forecast Financial Information recognises that industry market growth is expected to be subdued, albeit expected to start to grow as the Australian life insurance industry emerges from the recent disruption, with sustainable industry growth expected to return over time (as outlined in Section 2.5.3.2). NobleOak's net insurance premium is forecast to grow 26% in FY21F and 23% in FY22F. NobleOak is forecasting growth across both Direct Channel and Strategic Partner Channel segments: *Direct Channel segment:* gross premium is forecast to grow by 18% in FY22F supported by continued investment in sales growth and lapse rates of approximately 9%. NobleOak also forecasts to continue to invest in the 'NobleMan' brand and marketing campaign and leverage improved brand awareness, through both digital channels and attracting new alliance partners. *Strategic Partner Channel segment:* insurance premium revenue is forecast to grow by 54% in FY22F, supported by stable sales levels in FY22F compared to FY21F which will continue to drive market share growth. Swiss Re has advised that it will cease to be the reinsurer for Avant new business from October 2021. No new business sales for Avant have been included in FY22F. NobleOak is currently working with Avant and the reinsurance market to achieve acceptable reinsurance terms for new business in respect of Avant's insurance product. COVID-19: whilst uncertainty remains, Australia appears to be successfully suppressing infection rates relative to the rest of the world. The Forecast Financial Information does not include any abnormal uplifts to sales, and lapse rates in the Direct Channel are expected to revert to pre-COVID-19 over the Forecast Period with the lapse rates in the Strategic Partner Channel segment expected to increase above pre-COVID-19 levels (moving toward industry levels) over the Forecast Period. The Company is continuing to monitor mental health claims attributable to COVID-19. No material deterioration has been assumed in the Forecast Period outside of the claims reserve provision outlined in Section 4.7.2.
	Reinsurance expense	Risk retention in the Direct Channel segment is forecast to remain at current levels over the Forecast Period. The Strategic Partner Channel segment will continue to be managed at a lower level of retention than the Direct Channel segment. The retention on NEOS new business sales is forecast to increase, subject to satisfactory portfolio and underwriting review.

	Income statement category	Description of category and key drivers
Insurance margin		Insurance margin is forecast to reduce slightly from 17% in FY21F to 15% in FY22F, primarily driven by a shift in product mix as the Strategic Partner Channel segment increases in proportion to the total portfolio. NobleOak, along with the broader life insurance industry, will be launching a series of new income protection products in October 2021 in accordance with regulatory changes designed to improve industry sustainability. These changes are occurring across the industry and NobleOak forecasts do not project any material change in product mix within each segment. While NobleOak anticipates some price increases for the existing (in-force) income protection portfolio, this may be partially offset by customers switching to the more affordable and sustainable income protection products.
	Net commissions	Partner and adviser commission along with commissions support received from reinsurers are forecast to remain at a level consistent with historical experience.
	Fees and other income	Fees and other income are forecast to reduce by 21% from FY21F to FY22F in line with the run-off of the portfolios being administered by the Genus segment.
	Claims expense (net of reinsurance recoveries)	Claims experience net of reinsurance recoveries are forecast to increase at rates above net premium revenue in line with the maturing of the portfolio, albeit claims loss ratios are forecast to remain at or below industry average.
	Policy acquisition costs	Policy acquisition costs or COA are projected to remain at historical levels compared to new business sales within each segment. The disciplined investment in COA within the Direct Channel segment is forecast to remain below 200% of first year's premium of sales.
	Change in policy liabilities	Policy Liabilities will continue to be calculated as set out in Section 4.5. Discount rates have been set using the Australian Government Bond yield curve as at 31 March 2021. No further movement in discount rates is assumed in the Forecast Financial Information.

	Income statement category	Description of category and key drivers
Operating and administration costs	**Administration expense**	Administration expense ratio is forecast to reduce over the Forecast Period as the Genus business reduces in line with the run-off of the portfolio and the Direct Channel and Strategic Partner Channel segment realise economies of scale. Technology and capital expenditure costs are forecast to increase as NobleOak continues to invest to maintain and continually enhance its systems, governance and data access and security. High quality Digital and technology infrastructure remains a key strategic pillar for the NobleOak business. Additional listed company costs have been included in the forecast (and Pro Forma Historical Results) and take into account items such as Directors' fees, share registry expenses, ASX fees, general meetings, publications, financial reporting requirements and additional directors' and officers' liability insurance, in addition to incremental remuneration adjustments, which are based on underlying contracts, publicly available information or advice from applicable experts.
Investment income	**Investment income**	Investment returns have been forecast at approximately 1.0% per annum, given the current low interest rate environment and the current conservative NobleOak Investment Asset Allocation. Investment assets are currently held in short term deposits.
Other key assumptions		Depreciation and amortisation expense is forecast to grow as NobleOak continues to invest in technology and infrastructure and the business scales up. Tax: the Forecast Financial Information assumes an effective corporate tax rate of 30% with the exception of the Funeral Fund which has an effective tax rate of 0%.

4.8.3 Pro forma consolidated financial statements: FY21F compared to FY20

Table 44 and Table 47 set out the selected pro forma results and selected pro forma cash flows for FY21F and FY20.

Table 44: Pro Forma Forecast Results for FY21F compared to Pro Forma Historical Results for FY20

$'000	Pro forma historical FY20	Pro forma forecast FY21F	Variance	Variance
Insurance premium revenue	105,568	161,154	*55,586*	*53%*
Reinsurance expense	(68,930)	(115,028)	*(46,098)*	*67%*
Net insurance premium revenue	**36,638**	**46,126**	***9,488***	***26%***
Investment income	580	368	*(212)*	*(37%)*
Net commissions	9,427	12,931	*3,504*	*37%*
Fees and other income	8,681	3,607	*(5,074)*	*(58%)*
Claims expense (net of reinsurance recoveries)	(3,855)	(6,080)	*(2,225)*	*58%*
Policy acquisition cost	(29,479)	(36,791)	*(7,312)*	*25%*
Change in net policy liabilities (before discount rate movement)	7,669	7,957	*288*	*4%*
Change in net policy liabilities (discount rate movement)	2,571	(5,619)	*(8,190)*	*(319%)*
Administration expense	(22,997)	(19,400)	*3,597*	*(16%)*
Operating profit	**9,235**	**3,099**	***(6,136)***	***(66%)***
Lease interest expense	(126)	(88)	*38*	*(30%)*
Profit before tax	**9,109**	**3,011**	***(6,098)***	***(67%)***
Income tax expense	(2,531)	(904)	*1,627*	*(64%)*
NPAT	**6,578**	**2,107**	***(4,471)***	***(68%)***

Table 45: Reconciliation: FY20-21F NPAT to Underlying NPAT

$'000	Pro forma historical FY20	Pro forma forecast FY21F	Variance	Variance
NPAT	**6,578**	**2,107**	***(4,471)***	***(68%)***
Impact of policy liability discount rate changes (post tax)	(1,800)	3,934	*5,734*	*(319%)*
Underlying NPAT	**4,778**	**6,041**	***1,263***	***26%***

Table 46: Key metrics: FY20-21

$'000 / %	Pro forma historical FY20	Pro forma forecast FY21F	Variance	Variance
In-force premiums (Ex Genus) at period end	109,547	172,117	*62,571*	*57%*
New business	48,602	63,897	*15,295*	*31%*
Lapse rate (Direct)	8%	8%	–	–
Net insurance premium revenue	36,638	46,126	*9,488*	*26%*
Net insurance premium revenue growth	35%	26%	*(9%)*	*(25%)*
Gross Insurance Margin	30%	14%	*(16%)*	*(54%)*
Underlying Gross Insurance Margin	28%	17%	*(10%)*	*(37%)*
Administration expense ratio	22%	12%	*(10%)*	*(45%)*
Investment return	0.5%	0.2%	*(0%)*	*(58%)*
NPAT	**6,578**	**2,107**	**(4,471)**	**(68%)**
Underlying NPAT	**4,778**	**6,041**	**1,263**	**26%**
NPAT growth	63%	(68%)	*(131%)*	*(207%)*
Underlying NPAT growth	123%	26%	*(97%)*	*(79%)*

Table 47: Pro Forma Forecast Cash Flows for FY21F compared to Pro Forma Historical Cash Flows for FY20

$'000	Pro forma historical FY20	Pro forma forecast FY21F	Variance	Variance
Premiums received	104,249	159,876	*55,627*	*53%*
Reinsurance premium payments	(63,832)	(113,914)	*(50,082)*	*78%*
Reinsurance recoveries received	14,005	46,425	*32,420*	*231%*
Claims paid	(21,723)	(47,112)	*(25,389)*	*117%*
Interest received	320	320	–	–
Fees and other income received	71,770	126,633	*54,863*	*76%*
Marketing and policy acquisition costs	(64,575)	(145,882)	*(81,307)*	*126%*
Payments to other suppliers and employees	(34,680)	(30,986)	*3,694*	*(11%)*
Operating cash flow	**5,534**	**(4,640)**	***(10,174)***	***(184%)***
Cash flow from/(used in) investment activities	**1,298**	**(2,038)**	***(3,336)***	***(257%)***
Cash flow from/(used in) financing activities	**9,112**	**14,326**	***5,214***	***57%***
Net increase/(decrease) in cash	**15,944**	**7,648**	***(8,296)***	***(52%)***

4.8.3.1 FY21F compared to FY20 discussion

NobleOak's **pro forma NPAT** is forecast to decrease by $4.5 million (or 68%), from $6.6 million in FY20 to $2.1 million in FY21F.

After removing the impact of changing interest rates on the valuation of policy liabilities, NobleOak's **Underlying NPAT** is forecast to increase by $1.2 million (or 26%), from $4.8 million in FY20 to $6.0 million in FY21F.

Net insurance premium revenue

Total net insurance premium revenue is forecast to increase by $9.5 million (or 26%), from $36.6 million in FY20 to $46.1 million in FY21F.

Growth in net premium revenue is expected to be primarily driven by growth in in-force premium. The risk retention rate (net insurance premium/insurance premium revenue) is forecast to reduce to 29% in FY21F compared to 35% in FY20, in line with the Strategic Partner Channel segment growing as a proportion of total revenue. The portfolios within the Strategic Partner Channel segment are managed at a lower level of retention as NobleOak manages its exposure to these portfolios as they grow, noting that retention on the PPS portfolio in-force and new business increased by c.5% from c.1% to c.6% from 1 July 2020.

In-force premium (ex Genus) is forecast to increase by $62.6 million (or 57%), from $109.5 million in FY20 to $172.1 million in FY21F.

This growth is forecast to come from both the Direct Channel and Strategic Partner Channel segments as follows:

- Direct Channel segment

  In-force premium is forecast to increase by $9.5 million (or 21%), from $45.7 million in FY20 to $55.2 million in FY21F. This is forecast to be primarily driven by new business sales during the year of $11.0 million and lapse rates on average of 8%.

- Strategic Partner Channel segment

  In-force premium is forecast to increase by $53.0 million (or 83%), from $63.9 million in FY20 to $116.9 million in FY21F. This is forecast to be primarily driven by new business sales during the year of $52.9 million.

Insurance margin (before admin expense)

Total Underlying Gross Insurance Margin is forecast to reduce by approximately 10% from 28% in FY20 to 17% in FY21F.

The reduction in Underlying Gross Insurance Margin is forecast to be primarily driven by Genus which was established in early 2019 and completed its first full year of operation in FY20. The revenue in FY20 was based on a cost-plus arrangement which included significant project and employee costs. The administration expense ratio over this period is also forecast to reduce for the same reason. In FY21F, the revenue model has converted to a percentage of premium received and costs are being tightened as the segment moves into business as usual run-off mode.

The Underlying Gross Insurance Margin for the Direct Channel and Strategic Partner Channel segments combined (i.e. Total ex Genus) is forecast to reduce to 14% in FY21F compared to 19% in FY20. The margins are forecast to reduce primarily due to the Strategic Partner Channel segment becoming a larger proportion of the total portfolio.

NobleOak's Underlying Gross Insurance Margin is expected to continue to be driven by claims experience and policy discontinuance (lapse rate). Lapse rates are forecast to continue to remain at favourable levels compared to industry experience.

Claims expense (net of reinsurance recoveries) is forecast to increase by $2.2 million (58%) which is above the growth in net insurance premium but in line with the maturing of the relatively young portfolio. Gross claims ratios remain below industry averages.

Policy acquisition costs are forecast to increase by $7.3 million (25%) to $36.8 million. This increase is in line with the growth in new business sales noting a portion of acquisition costs are recorded over the first 12 months of the policy.

The forecast underlying results for the Direct Channel segment and the Strategic Partner Channel segment are set out in Section 4.3.2.

Total administration expense ratio

Total administration expense ratio is forecast to reduce by 10% from 22% in FY20 to 12% in FY21F. Administration expense in FY21 also included depreciation and amortisation expense of $1.1 million ($1.3 million in FY20).

The forecast reduction in the total administration expense ratio is expected to be primarily driven by Genus. The expenses in FY20 included the first full year of operation of Genus and included significant project and employee costs. The revenue model in FY20 was a cost-plus arrangement and the service fee income improved the insurance margin in this same period. In FY21F, the revenue model has converted to a percentage of premium received and costs are being tightened as the segment moves into business as usual run-off mode.

The administration expense ratio for the Direct and Strategic Partner Channel segment combined (i.e. Total ex Genus) is forecast to reduce to 10% compared to 14% in FY20. The NobleOak (ex Genus) administration expense ratio is forecast to reduce as the business benefits from increased scale whilst investment in capability has resumed following a temporary COVID-19 related pause in FY20.

Underlying NPAT

Underlying NPAT for the:

- Direct Channel segment is forecast to increase by $0.6 million (or 27%), from $2.2 million in FY20 to $2.8 million in FY21F;
- Strategic Partner Channel segment is forecast to increase by $0.4 million (or 25%), from $1.6 million in FY20 to $2.0 million in FY21F; and
- Genus segment is forecast to increase by $0.2 million (or 27%), from $1.0 million in FY20 to $1.2 million in FY21F.

Net increase/(decrease) in cash

Pro forma operating free cash flow is forecast to reduce by $10.2 million from $5.5 million inflows in FY20 to ($4.6) million outflows in FY21F. One key driver of this movement in cash flows is that $3.9 million of tax payment relating to the FY20 tax return was paid in FY21F. FY21F also includes pay as you go (PAYG) instalments for tax payable based on projected FY21F results.

Other drivers of the forecast cash flows changes for each segment are:

- continued investment in growth initiatives (including marketing and others) in the Direct Channel segment, which is expected to result in negative cash flows. Investment in capability is expected to continue to resume following a temporary COVID-19 related pause;
- for the Strategic Partner Channel segment, an expected increase in positive cash flows in line with strong growth in net insurance premium; and
- for the Genus segment, positive cash flows to the business are expected albeit at lower levels than the prior period. This is anticipated given the run-off of the portfolio and the payment of the remediation cost provided for in the FY20.

4.8.4 Pro forma historical consolidated financial statements: 1H22F compared to 1H21

Table 48 and Table 51 set out the selected Pro Forma Historical Results and selected Pro Forma Historical Cash Flows for 1H21 and 1H22F.

Table 48: Pro Forma Forecast Results: 1H22F compared to 1H21

	Pro forma forecast			
$'000	1H21	1H22F	Variance	Variance
Insurance premium revenue	73,652	101,293	*27,641*	*38%*
Reinsurance expense	(52,346)	(74,315)	*(21,969)*	*42%*
Net insurance premium revenue	**21,306**	**26,978**	***5,672***	***27%***
Investment income	140	310	*170*	*121%*
Net commissions	6,358	7,388	*1,030*	*16%*
Fees and other income	1,913	1,425	*(488)*	*(26%)*
Claims expense (net of reinsurance recoveries)	(2,399)	(4,007)	*(1,608)*	*67%*
Policy acquisition cost	(17,577)	(20,138)	*(2,561)*	*15%*
Change in net policy liabilities (before discount rate movement)	3,505	3,953	*448*	*13%*
Change in net policy liabilities (discount rate movement)	(619)	–	*619*	*(100%)*
Administration expense	(9,306)	(9,974)	*(668)*	*7%*
Operating profit	**3,321**	**5,935**	***2,614***	***79%***
Lease interest expense	(49)	(29)	*20*	*(41%)*
Profit before tax	**3,272**	**5,906**	***2,634***	***81%***
Income tax expense	(982)	(1,772)	*(790)*	*80%*
NPAT	**2,290**	**4,134**	***1,844***	***81%***

Table 49: Reconciliation: 1H21-22F NPAT to Underlying NPAT

	Pro forma forecast			
$'000	1H21	1H22F	Variance	Variance
NPAT	**2,290**	**4,134**	***1,844***	***81%***
Impact of policy liability discount rate changes (post tax)	434	–	*(434)*	*(100%)*
Underlying NPAT	**2,724**	**4,134**	***1,410***	***52%***

Table 50: Key metrics: 1H21-22F[1]

		Pro forma forecast		
$'000 / %	1H21	1H22F	Variance	Variance
In-force premiums (Ex Genus) at period end	142,389	201,491	*59,102*	*42%*
New business	31,645	32,414	*769*	*2%*
Lapse rate (Direct)	7%	9%	*2%*	*29%*
Net insurance premium revenue	21,306	26,978	*5,672*	*27%*
Net insurance premium revenue growth	28%	27%	*(1%)*	*(5%)*
Gross Insurance Margin	17%	15%	*(2%)*	*(9%)*
Underlying Gross Insurance Margin	18%	15%	*(2%)*	*(13%)*
Administration expense ratio	13%	10%	*(3%)*	*(22%)*
Investment return	0.2%	0.3%	*0%*	*61%*
NPAT	**2,290**	**4,134**	***1,844***	***81%***
Underlying NPAT	**2,724**	**4,134**	***1,410***	***52%***
NPAT growth	(10%)	81%	*90%*	*NA*
Underlying NPAT growth	10%	52%	*42%*	*NA*

Note:

1. Reflects financial metrics for six-month periods ending 31 December 2020 and 31 December 2021.

Table 51: Pro Forma Forecast Cash Flows: 1H22F compared to 1H21

		Pro forma forecast		
$'000	1H21	1H22F	Variance	Variance
Premiums received	72,374	101,293	*28,919*	*40%*
Reinsurance premium payments	(51,232)	(74,315)	*(23,083)*	*45%*
Reinsurance recoveries received	16,948	35,929	*18,981*	*112%*
Claims paid	(14,306)	(39,342)	*(25,036)*	*175%*
Interest received	92	310	*218*	*237%*
Fees and other income received	46,782	85,484	*38,702*	*83%*
Marketing and policy acquisition costs	(59,928)	(92,047)	*(32,119)*	*54%*
Payments to other suppliers and employees	(12,194)	(16,530)	*(4,336)*	*36%*
Operating cash flow	**(1,464)**	**782**	***2,246***	***(153%)***
Cash flow from/(used in) investment activities	**(1,580)**	**(575)**	***1,005***	***(64%)***
Cash flow from/(used in) financing activities	**14,789**	**(466)**	***(15,255)***	***(103%)***
Net increase/(decrease) in cash	**11,745**	**(259)**	***(12,004)***	***(102%)***

4.8.4.1 1H22F compared to 1H21 discussion

NobleOak's **pro forma NPAT** is forecast to increase by $1.8 million (or 81%), from $2.3 million in the six months to 31 December 2020 to $4.1 million in the six months to 31 December 2021.

After removing the impact of changing interest rates on the valuation of policy liabilities, NobleOak's **Underlying NPAT** is forecast to increase by $1.4 million (or 52%), from $2.7 million in the six months to 31 December 2020 to $4.1 million in the six months to 31 December 2021.

Net insurance premium revenue

Total net insurance premium revenue is forecast to increase by $5.7 million (or 27%), from $21.3 million for the six months to 31 December 2020 to $27.0 million for the six months to 31 December 2021.

Growth in net premium revenue is primarily driven by growth in annual in-force premium. The risk retention rates (net insurance premium/insurance premium revenue) is forecast to reduce to 27% for the six months to 31 December 2021 compared to 29% for the six months to 31 December 2020, in line with the Strategic Partner Channel segment growing as a proportion of total revenue. The portfolios within the Strategic Partner Channel segment are managed at a lower level of retention as NobleOak manages its exposure to these portfolios as they grow, noting that retention on the NEOS new business sales from 1 August 2021 is forecast to increase from c.1% to c.16%, with this change subject to satisfactory portfolio and underwriting review.

In-force premium (ex-Genus) is forecast to increase by $59.1 million (or 42%), from $142.4 million as at 31 December 2020 to $201.5 million as at 31 December 2021.

This growth is forecast to come from both the Direct Channel and Strategic Partner Channel segments as follows:

- Direct Channel segment

  In-force premium forecast to increase by $7.9 million (or 15%), from $51.4 million as at 31 December 2020 to $59.3 million as at 31 December 2021.

  New business sales for the six months to 31 December 2021 are forecast at $5.9 million with average lapse rates of 9%. New business growth will be targeted at a COA of less than 200% of first year's premium.

- Strategic Partner Channel segment

  In-force premium forecast to increase by $51.2 million (or 56%), from $90.9 million as at 31 December 2020 to $142.1 million as at 31 December 2021.

Insurance margin (before admin expense)

Total Underlying Gross Insurance Margin is forecast to reduce by 3% from 18% for the six months to 31 December 2020 to 15% for the six months to 31 December 2021.

The total Underlying Gross Insurance Margin for the Direct Channel and Strategic Partner Channel segments combined (i.e. Total ex Genus) is forecast to reduce by 1% to 13% for the six months to 31 December 2021 compared to 14% for the six months to 31 December 2020.

NobleOak's Underlying Gross Insurance Margin is expected to continue to be driven by claims experience and policy discontinuance (lapse rate). Lapse rates are forecast to continue to remain at favourable levels compared to industry experience.

The forecast underlying results for the Direct Channel and the Strategic Partner Channel segments are set out in Section 4.3.2.

Total administration expense ratio

Total administration expense is forecast to increase by $0.7 million (7%) from $9.3 million to $10.0 million. The administration expense ratio is forecast to reduce by 3% from 13% for the six months to 31 December 2020 to 10% for the six months to 31 December 2021. Administration expense in 1H22F also includes depreciation and amortisation expense of $0.6 million ($0.6 million in 1H21).

The forecast reduction in the total administration expense ratio is expected to be partially driven by Genus which will represent a smaller proportion of total expenses as the portfolio runs off.

The administration expenses for the Direct Channel and Strategic Partner Channel segments combined (i.e. Total ex Genus) is forecast to increase by $1.3 million (20%) with the administration expense ratio forecast to reduce to 8% for the six months to 31 December 2021 compared to 10% for the six months to 31 December 2020. The NobleOak (ex Genus) administration expense ratio is forecast to reduce as the business benefits from increased scale whilst investment in capability will continue to support the business into the future.

Underlying NPAT

Underlying NPAT for the:

- Direct Channel segment is forecast to increase by $1.3 million (or 96%), from $1.3 million for the six months to 31 December 2020 to $2.6 million for the six months to 31 December 2021;
- Strategic Partner Channel segment is forecast to increase by $0.4 million (or 56%), from $0.7 million for the six months to 31 December 2020 to $1.1 million for the six months to 31 December 2021; and
- Genus segment is forecast to reduce by ($0.2) million, from $0.7 million for the six months to 31 December 2020 to $0.5 million for the six months to 31 December 2021.

Net increase/(decrease) in cash

Pro forma operating free cash flow is forecast to increase by $2.3 million inflows from ($1.5) million outflows for the six months to 31 December 2020 to $0.8 million inflows for the six months to 31 December 2021.

Drivers of the forecast cash flows changes for each segment are:

- continued investment in growth of the Direct Channel segment which is expected to result in negative cash flows. Additional investment in capability will continue to support the business into the future;
- for the Strategic Partner Channel segment, an expected increase in positive cash flows in line with strong growth in net insurance premium; and
- for the Genus segment, positive cash flows to the business are expected albeit at lower levels than the prior period in line with the run-off of the portfolio.

4.8.5 Pro forma forecast consolidated financial statements: FY22F compared to FY21F

Table 52 and Table 55 set out the selected Pro Forma Forecast Results and selected Pro Forma Forecast Cash Flows for FY22F and FY21F.

Table 52: Pro Forma Forecast Results: FY22F compared to FY21F

	Pro forma forecast			
$'000	FY21F	FY22F	Variance	Variance
Insurance premium revenue	161,154	216,897	*55,743*	*35%*
Reinsurance expense	(115,028)	(160,361)	*(45,333)*	*39%*
Net insurance premium revenue	**46,126**	**56,536**	***10,410***	***23%***
Investment income	368	645	*277*	*75%*
Net commissions	12,931	16,076	*3,145*	*24%*
Fees and other income	3,607	2,845	*(762)*	*(21%)*
Claims expense (net of reinsurance recoveries)	(6,080)	(8,542)	*(2,462)*	*40%*
Policy acquisition cost	(36,791)	(42,397)	*(5,606)*	*15%*
Change in net policy liabilities (before discount rate movement)	7,957	8,225	*268*	*3%*
Change in net policy liabilities (discount rate movement)	(5,619)	–	*5,619*	*(100%)*
Administration expense	(19,400)	(20,440)	*(1,040)*	*5%*
Operating profit	**3,099**	**12,948**	***9,849***	***318%***
Lease interest expense	(88)	(47)	*41*	*(47%)*
Profit before tax	**3,011**	**12,901**	***9,890***	***328%***
Income tax expense	(904)	(3,870)	*(2,966)*	*328%*
NPAT	**2,107**	**9,031**	***6,924***	***329%***

Table 53: Reconciliation: FY21-22F NPAT to Underlying NPAT

	Pro forma forecast			
$'000	FY21F	FY22F	Variance	Variance
NPAT	**2,107**	**9,031**	***6,924***	***329%***
Impact of policy liability discount rate changes (post tax)	3,934	–	*(3,934)*	*(100%)*
Underlying NPAT	**6,041**	**9,031**	***2,990***	***49%***

Table 54: Key metrics: FY21-22F

	Pro forma forecast			
$'000 / %	FY21F	FY22F	Variance	Variance
In-force premiums (Ex Genus) at period end	172,117	233,437	*61,320*	*36%*
New business	63,897	66,105	*2,208*	*3%*
Lapse rate (Direct)	8%	9%	*1%*	*13%*
Net insurance premium revenue	46,126	56,536	*10,410*	*23%*
Net insurance premium revenue growth	26%	23%	*(3%)*	*(13%)*
Gross Insurance Margin	14%	15%	*1%*	*10%*
Underlying Gross Insurance Margin	17%	15%	*(2%)*	*(12%)*
Administration expense ratio	12%	9%	*(3%)*	*(22%)*
Investment return	0.2%	0.3%	*0%*	*30%*
NPAT	**2,107**	**9,031**	***6,924***	***329%***
Underlying NPAT	**6,041**	**9,031**	***2,990***	***49%***
NPAT growth	(68%)	329%	*397%*	*NA*
Underlying NPAT growth	26%	49%	*23%*	*NA*

Table 55: Pro Forma Forecast Cash Flows: FY22F compared to FY21F

	Pro forma forecast			
$'000	FY21F	FY22F	Variance	Variance
Premiums received	159,876	216,897	*57,021*	*36%*
Reinsurance premium payments	(113,914)	(160,361)	*(46,447)*	*41%*
Reinsurance recoveries received	46,425	77,253	*30,828*	*66%*
Claims paid	(47,112)	(84,503)	*(37,391)*	*79%*
Interest received	320	645	*325*	*102%*
Fees and other income received	126,633	174,619	*47,986*	*38%*
Marketing and policy acquisition costs	(145,882)	(188,552)	*(42,670)*	*29%*
Payments to other suppliers and employees	(30,986)	(33,936)	*(2,950)*	*10%*
Operating cash flow	**(4,640)**	**2,062**	***6,702***	***(144%)***
Cash flow from/(used in) investment activities	**(2,038)**	**(1,150)**	***888***	***(44%)***
Cash flow from/(used in) financing activities	**14,326**	**(946)**	***(15,272)***	***(107%)***
Net increase/(decrease) in cash	**7,648**	**(34)**	***(7,682)***	***(100%)***

4.8.5.1 FY22F compared to FY21F discussion

NobleOak's **pro forma NPAT** is forecast to increase by $6.9 million (or 329%), from $2.1 million in FY21F to $9.0 million in FY22F.

After removing the impact of changing interest rates on the valuation of policy liabilities, NobleOak's **Underlying NPAT** is forecast to increase by $3.0 million (or 49%), from $6.0 million in FY21F to $9.0 million in FY22F.

Net insurance premium revenue

Total net insurance premium revenue is forecast to increase by $10.4 million (or 23%), from $46.1 million in FY21F to $56.5 million in FY22F.

Growth in net premium revenue is expected to be primarily driven by growth in in-force premium. The risk retention rates (net insurance premium/insurance premium revenue) is forecast to reduce to 26% in FY22F compared to 29% in FY21F, in line with the Strategic Partner Channel segment growing as a proportion of total revenue. The portfolios within the Strategic Partner Channel segment are managed at a lower level of retention as NobleOak manages its exposure to these portfolios as they grow, noting that retention on the NEOS new business sales from 1 August 2021 is forecast to increase from c.1% to c.16%, with this change subject to satisfactory portfolio and underwriting review.

In-force premium (ex Genus) is forecast to increase by $61.3 million (or 36%), from $172.1 million in FY21F to $233.4 million in FY22F.

This growth is forecast to come from both the Direct Channel and Strategic Partner Channel segments as follows:

- Direct Channel segment

  In-force premium is forecast to increase by $9.1 million (or 16%), from $55.2 million in FY21F to $64.3 million in FY22F. This is forecast to be primarily driven by new business sales during the year of $12.5 million and lapse rates on average of 9%.

  New business growth will be targeted at a COA of less than 200% of first year's premium.

- Strategic Partner segment

  In-force premium is forecast to increase by $52.3 million (or 45%), from $116.9 million in FY21F to $169.1 million in FY22F. This is forecast to be primarily driven by new business sales during the year of $53.6 million.

Insurance margin (before admin expense)

Total Underlying Gross Insurance Margin is forecast to reduce by 2% from 17% in FY21F to 15% in FY22F.

The total Underlying Gross Insurance Margin for the Direct Channel and Strategic Partner Channel segments combined (i.e. Total ex Genus) is forecast to reduce by 1% to 13% in FY22F compared to 14% in FY21F. Direct Channel segment margins are forecast to remain relatively stable; Strategic Partner Channel segment margins are forecast to slightly reduce, driven by a shift in Strategic Partner mix.

NobleOak's Underlying Gross Insurance Margin is expected to continue to be driven by claims experience and policy discontinuance (lapse rate). Lapse rates are forecast to continue to remain at favourable levels compared to industry experience.

Claims expense (net of reinsurance recoveries) is forecast to increase by $2.5 million (40%) which is above the growth in net insurance premium but in line with the maturing of the relatively young portfolio. Gross claims ratios remain below industry averages.

Policy acquisition costs are forecast to increase by $5.6 million (15%) to $42.4 million. This increase is in line with the growth in new business sales over FY21F and FY22F noting a portion of acquisition costs are recorded over the first 12 months of the policy.

The forecast underlying results for the Direct Channel segment and the Strategic Partner Channel segment are set out in Section 4.3.2.

Total administration expense ratio

Total administration expense is forecast to increase by $1.0 million from $19.4 million to $20.4 million. The administration expense ratio is forecast to reduce by 3% from 12% in FY21F to 9% in FY22F. Administration expense in FY22F also includes depreciation and amortisation expense of $1.1 million ($1.1 million in FY21F).

The forecast reduction in the total administration expense ratio is expected to be partially driven by Genus which will represent a smaller proportion of total expenses as the portfolio runs off.

The administration expenses for the Direct Channel and Strategic Partner Channel segments combined (i.e. Total ex Genus) are forecast to increase by $2.1 million (16%) with the administration expense ratio forecast to reduce to 8% compared to 10% in FY21F. The NobleOak (ex Genus) administration expense ratio is forecast to reduce as the business benefits from increased scale whilst investment in capability will continue to support the business into the future.

Underlying NPAT

Underlying NPAT for the:

- Direct Channel segment is forecast to increase by $2.5 million (or 89%), from $2.8 million in FY21F to $5.3 million in FY22F;
- Strategic Partner Channel segment is forecast to increase by $0.9 million (or 44%), from $2.0 million in FY21F to $2.9 million in FY22F; and
- Genus segment is forecast to reduce by ($0.4) million (or (34%)), from $1.2 million in FY21F to $0.8 million in FY22F.

Net increase/(decrease) in cash

Pro forma operating free cash flow is forecast to increase by $6.6 million from ($4.6) million outflows in FY21F to $2.0 million inflows in FY22F. One key driver of this movement in cash flows is that $3.9 million of tax payment relating to the FY20 tax return was paid in FY21F. FY21F and FY22F include forecast PAYG instalments for tax payable based on projected FY21F results.

Other drivers of the forecast cash flows changes for each segment are:

- continued investment in growth of the Direct Channel segment which is expected to result in negative cash flows. Additional investment in capability will continue to support the business into the future;
- for the Strategic Partner Channel segment, an expected increase in its positive cash flows in line with strong growth in net insurance premium; and
- for the Genus segment, positive cash flows to the business are expected albeit at lower levels than the prior period in line with the expected run-off of the portfolio.

4.9 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of NobleOak, its Directors and the SLT, and depends upon assumptions with respect to future business development, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the forecasts in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables is set out below.

The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown. There is additional forecast risk related to FY21F, for which sensitivities are not shown, as the risk profile of NobleOak is best considered on an annual basis due to monthly variations.

Table 56: Sensitivity analysis on pro forma forecast FY22F NPAT and FY22F net cash flow

Assumption	Note	Variance	FY22F NPAT impact ($'000)	FY22F net cash flow impact ($'000)
Change in new business premium	1	+/-10%	505 / (490)	1,199 / (1,185)
Change in lapse rate	2	+/-10%	(563) / 567	(19) / 18
Change in cost per acquisition	3	+/-10%	(121) / 121	(1,341) / 1,341
Change in claims experience	4	+/-10%	(659) / 659	(659) / 659
Change in discount rate	5	+/-50 bps	(2,906) / 3,157	1,246 / (1,353)

Notes:

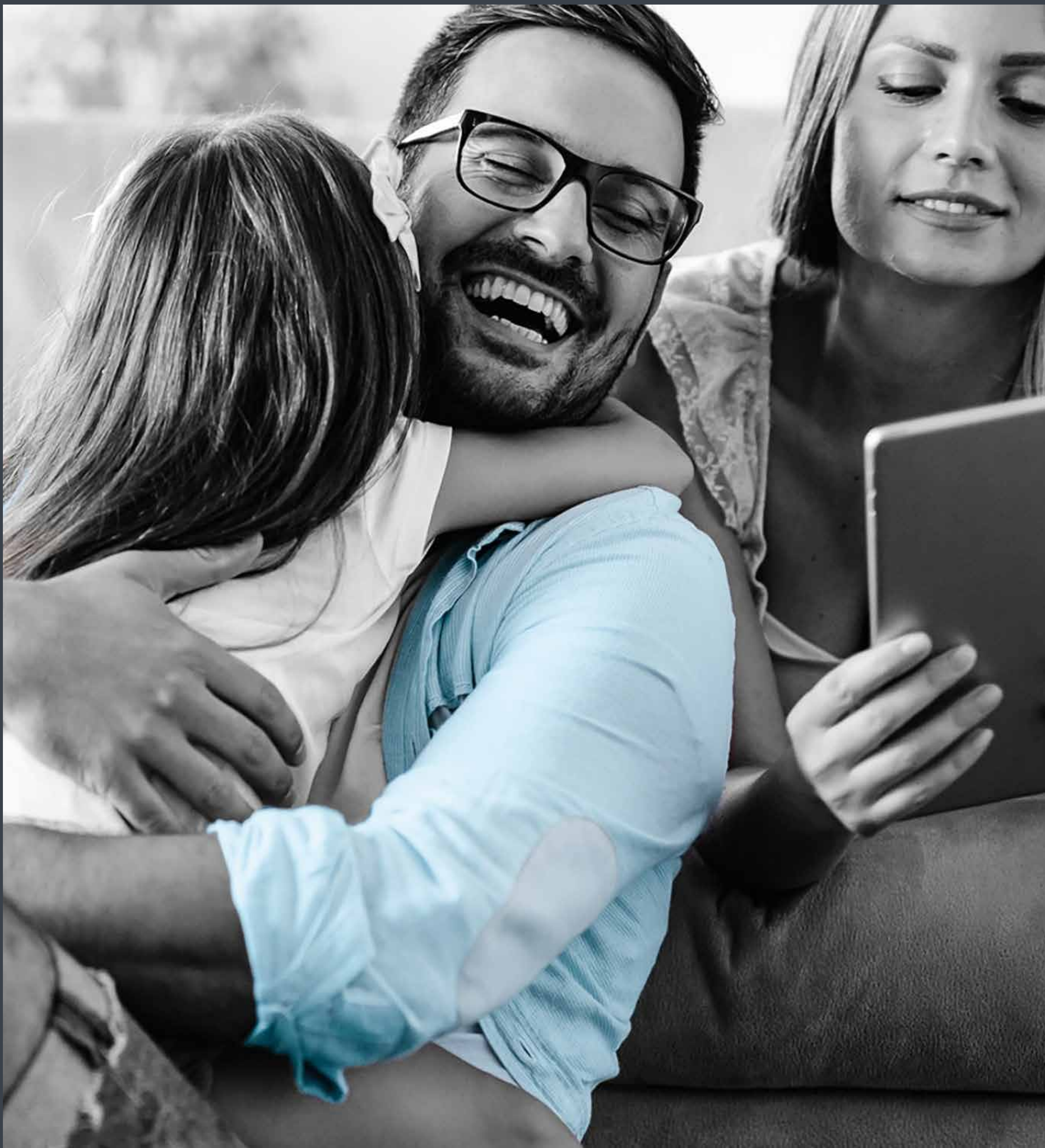
1. Sensitivity based on +/-10% of new business premium without changing the associated acquisition costs (assuming a consistent product mix).
2. Sensitivity based on +/-10% on lapse rate (assuming a consistent product mix). Variation in lapse rates impact the ability for NobleOak to recover its acquisition costs via future profits.
3. Sensitivity based on +/-10% in the average acquisition cost for Risk Fund 1. The volume of policy sales is fixed, whereas the marketing expense is increased/decreased. Variation in the cost of acquisition has limited impact on one year NPAT as the costs are expensed over the remaining years of the contract's term.
4. Sensitivity based on +/-10% on loss rates for all funds. Variation in the loss ratio (claims costs) impacts NPAT, the impact is mitigated due to the level of reinsurance cover.
5. Sensitivity based on +/-50 basis points in the discount rates used to determine the forecast policy liabilities as at 30 June 2022. The sensitivity is based on the discount rates applicable as at 31 December 2020. Variation in the discount rate impacts NPAT on the basis that the policy liability provision reflects the present value of long-term cash flows. The cash flow impact reflects the tax on the movement in provision.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that the SLT would respond to any adverse change in one variable by seeking to minimise the net effect on NobleOak's NPAT and net cash flow.

4.10 DIVIDEND POLICY

The Company's current dividend policy is to generally reinvest all cash flows into the business to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Company's listing on the ASX.

The payment of any future dividend by the Company is subject to the discretion of the Directors and will be a function of a number of factors including the general business environment, the operating results, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of Australian franking credits), any contractual, legal or regulatory restrictions on the payment of dividends by the Company (including the need for APRA approval of dividends where the aggregate amount of the dividend exceeds the Company's after-tax earnings (as reported to APRA in NobleOak's statutory accounts) in the financial year to which they relate) and any other factors the Directors may consider relevant.



5.
KEY RISKS

5.
KEY RISKS

This Section 5 describes some of the potential risks associated with an investment in the Company.

An investment in the Company is subject to risks specific to NobleOak and its business activities and is also subject to general risks. Each of these risks could, either individually or in combination with one or more other risks, have a material adverse impact on NobleOak's business, financial position, or operating and financial performance, or on the value of the Shares if they eventuate. Moreover, the occurrence of an event or circumstance that triggers one risk may pose other risks to NobleOak, including those described below, which collectively may exacerbate the impact of the risks on the Group. Also, many of the circumstances giving rise to these risks are uncertain and are beyond the control of the Company.

You should note that the risks described in this Section 5 are not the only risks faced by NobleOak. Additional risks (including risks of which the Company is currently unaware) also have the potential, individually or in combination, to have a material adverse effect on NobleOak's business, financial position or operating and financial performance, or on the value of the Shares. The selection of risks discussed in this Section 5 of the Prospectus have been based on an assessment of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the Company's knowledge as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that NobleOak will deliver on its business strategy, or that the Forecast Financial Information or any forward-looking statement contained in this Prospectus will be achieved or realised. Similarly, there can be no guarantee or assurance that any mitigation measures that the Company implements to manage these risks will succeed. You should note that past performance may not be a reliable indicator of future performance.

Before deciding whether to invest in the Company, you should read this Prospectus carefully and in its entirety, and satisfy yourself that you have a sufficient understanding of the actual and potential risks associated with an investment in the Company. You should consider whether an investment in the Company is suitable for you, having regard to factors such as your personal circumstances, investment objectives, financial circumstances, taxation position and particular needs. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before making an investment decision.

5.1 BUSINESS AND INDUSTRY RISKS

5.1.1 Failure to comply with, and adverse changes to, applicable laws and regulations

NobleOak's business and its operations are affected by a range of laws, regulations, and policies which govern the life insurance industry specifically as well as the financial services industry generally. NobleOak's operational and financial performance may be adversely affected if it does not comply with applicable laws, regulatory requirements and government policies. Failure to comply with these requirements may result in adverse consequences including penalties, restrictions on activities or fee models, operations being suspended, the forced sale of part of the business or other liabilities. In particular, any failure by NobleOak or one of its Strategic Partners or Alliance Partners to comply with the terms of applicable codes of practice, laws and regulations (such as the Life Insurance Act and Corporations Act) or those relating to their respective AFSLs could result in those entities becoming unable to provide insurance products, which would adversely impact NobleOak's cashflows. While NobleOak has a dedicated regulatory compliance team and uses its best efforts to comply with all its obligations under the various regulations and licences, there is always a risk that NobleOak or any of its partners will not be compliant and/or will incur costs associated with non-compliance.

The life insurance and financial services industries have, in recent years, been the subject of parliamentary and regulatory reviews and legislative and policy changes. The industry is currently experiencing elevated levels of regulatory oversight, media scrutiny and industry change which is in part driven from the ongoing fallout of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services. Risk arises from the regulatory changes themselves, changes to regulator approach and NobleOak failing to adequately identify, manage and respond to regulatory change.

NobleOak anticipates that a significant volume of regulatory change is currently being developed, and will be subsequently announced, released and implemented. Key items include:

- various industry and regulation changes flowing from the Royal Commission. The consequences of the Royal Commission impact many of the risks noted in this Section 5;
- new regulatory changes to be implemented by the Federal Government arising from the Royal Commission or otherwise. In particular, NobleOak notes the extensive timetable for the introduction of legislative reform addressing the Royal Commission recommendations released by the Treasurer in August 2019;
- ongoing international regulatory changes and Australia's obligation to implement international standards, including in areas such as financial reporting (including AASB 17 (based on IFRS 17), which could impact the timing of profit emergence), anti-money laundering, privacy and modern slavery, etc. These will, at a minimum, increase compliance risks;
- the yet-to-be implemented impacts of the design and distribution obligation regulations, the application of an unfair contract terms regime to certain contracts of insurance and ASIC's use of its new product intervention powers;
- the emerging outworking of the life insurance reforms implemented from 2018, which continue to change adviser commission rates which in turn may impact adviser behaviour, lapse rates and potential new business rates across the industry;
- further potential changes to commission rates as a result of ongoing regulator considerations and Royal Commission recommendations;
- changes in tax laws that could impact NobleOak's after tax profitability and/or change the attractiveness of some of its products (e.g. changes to tax rates in super, imputation credit changes, etc.); and
- other regulation in train but not yet implemented, such as the application of the FAR to NobleOak and super member outcomes regulation.

Each of the above changes may result in the increased cost for NobleOak of business management and potential for non-compliance by NobleOak.

The industry generally, including NobleOak, is also exposed to increased risks attributable to changes in regulator approach, such as the publicly stated statements by ASIC regarding its approach to enforcement action generally.

APRA industry directive

The financial services industry has faced unprecedented regulation, scrutiny and disruption over the past few years. Given the broader life insurance industry performance (in particular losses on income protection products) and extremely difficult market conditions, in response, APRA has recently intervened to start forcing structural change. More specifically, a key development in 2020 was APRA's sustainability directive to the life insurance industry.

This directive was issued by APRA in response to the ongoing decline in profitability and viability of certain individual disability income products and it is possible that APRA could broaden its intervention to other products in the future. The Board and Management team support this directive and believe it will help result in a stronger life risk insurance industry in the future. While NobleOak has built a sustainable business model, there are inherent risks in amending NobleOak's business model to meet this directive, especially with respect to the specific directive from APRA to redesign disability income insurance products. NobleOak believes that it is well advanced in updating its business model to meet these directives prior to APRA's deadline of 1 October 2021.

Changes to the statutory and regulatory environment in which the Company operates, or the failure to adequately anticipate and respond to future regulatory changes, may adversely impact the Company's revenue, profitability or growth by increasing the cost of compliance, reducing the range of products the Group can offer or further regulating the fee structures the Group can utilise.

Future changes may also adversely impact the demand for NobleOak's products or the financial returns associated with them. If NobleOak fails to adapt to changes in the regulatory environment by not adopting an appropriate operational and strategic approach, there is a risk that the Group's revenue and profitability may suffer. NobleOak seeks to manage these risks through its risk management framework which requires regular risk and compliance reviews and seeks to ensure that NobleOak closely monitors regulatory change affecting its business.

5.1.2 Industry and regulatory compliance investigations

NobleOak is subject to oversight and review by regulators. NobleOak's principal regulators are APRA, ASIC and AUSTRAC, although other government agencies may have jurisdiction depending on the circumstances. The reviews and investigations conducted by regulators may be industry-wide or specific to NobleOak and the outcomes of those reviews and investigations can vary and may lead, for example, to enforcement actions and the imposition of charges, penalties, variations or restrictions to licences, the compensation of customers, enforceable undertakings or recommendations and directions.

In line with ASIC's increased scrutiny of the financial service industry, on 3 March 2021, NobleOak received a notice from ASIC under section 33 of the ASIC Act to provide information on NobleOak's 'average savings' advertising campaigns relating to the Premium Life Direct product. Information has been provided to ASIC for the period 2015 to March 2021. The notice states that the notice itself ought not to be construed as an indication that a contravention of the laws regarding misleading or deceptive advertising has actually occurred, and Management believes that no contravention has occurred. NobleOak's advertising has been the subject of ASIC engagement in 2015, and again in 2019. NobleOak consulted with ASIC in 2015 to obtain its views on the Company's advertising. NobleOak has not received any further information from ASIC since providing the requested information in April 2021. Any finding by ASIC that NobleOak's advertising campaign was misleading or deceptive could have a material adverse effect on NobleOak's business due to sanctions that ASIC may impose (such as penalties, corrective disclosures or internal or customer remediation, among other things).

NobleOak entered into a five year distribution agreement with Freedom Insurance in August 2013 to issue funeral expenses life insurance products through the Freedom and Reward benefit funds. This agreement was terminated effective 31 January 2017 with the reinsurer. The Freedom and Reward benefit funds have been closed to new members since 31 January 2017, with no new policies being issued. The NobleOak-issued in force policies and in force policies issued directly by a reinsurer from 1 February 2017, are now administered by NobleOak's subsidiary, Genus. This followed the placing of Freedom Insurance into external administration in February 2020 and the transfer of all Freedom Insurance records to Genus in June 2019. The Freedom Insurance policies were issued across different life insurers during Freedom's existence. As one of those insurers, NobleOak has, and continues to, participate in an industry remediation program that has been coordinated by the reinsurer. This remediation program is designed to address any mis selling of insurance by Freedom Insurance and involves payment of compensation to former Freedom Insurance customers. NobleOak's contribution to the remediation program is capped at $1 million under an agreement with the reinsurer responsible for managing the program. This contribution to the cost of the remediation has been paid to the reinsurer during FY21.

Any action taken against NobleOak by a regulator or relevant policyholders in connection with the mis selling by Freedom Insurance could have a material adverse effect on NobleOak's financial position or performance. In addition, if the Company breaches the Freedom administration arrangements (other than those relating to remediation) and the insurer or reinsurer suffers loss, NobleOak may be required to pay (out of its capital) under an indemnity it has given in favour of the insurer or reinsurer (up to a limit of $1.0 million for all indemnified breaches during the three years from 1 June 2019 and in each subsequent three-year period (if any) of the administration agreement). Any of these events could, in turn, affect NobleOak's business and prospects for growth.

Genus provides the ongoing administration services for the industry remediation program utilising the systems and processes designed by the remediation experts engaged by the reinsurer. There are two key cohorts to the remediation; customers who have been determined by the expert to be 'auto remediated' and those who may 'opt in' to the remediation program by making a claim for a refund of premium. The auto remediation program has been underway since December 2020. The opt in pilot commenced in April 2021 and completed in May 2021. The full opt in remediation program is expected to be under way from August 2021. The remediation program is planned to be completed within FY22.

Genus is paid on a cost recovery basis by the reinsurer for the services it provides to the remediation program. Unlike its other administration arrangements, Genus does not earn a margin for the administration services under the commercial arrangements reached with the reinsurer for the remediation program.

For business as usual (non-remediation activities), Genus bears all costs and earns a margin on the in-force premium paid by the reinsurer of the product being administered. As set out in Section 4.8, the Company has made assumptions for its FY22 forecast to take into account likely accelerated lapse rates associated with clients who choose to lapse their Freedom policy under the remediation program. Worse than expected lapse rates will result in fewer policies to administer in the future, reducing Genus revenue and profit (unless relevant personnel could be profitably redeployed and corresponding cost reductions made). The Company would earn a lower profit margin on the Genus business where the in-force premium is lower than budgeted, whilst maintaining fixed costs such as operating computer systems and office lease payments, over a smaller administration portfolio.

5.1.3 Additional regulatory capital requirements

In terms of regulatory requirements:

- NobleOak is subject to minimum regulatory capital requirements in accordance with APRA's life insurance prudential standards, in respect of the principal risk exposures retained by NobleOak; and
- the Company and NOS are also required to maintain minimum regulatory capital as required by ASIC.

There is a risk that changes to these standards could adversely impact NobleOak's regulatory position, and the level of capital required to support NobleOak's business units. In certain circumstances (including changes to NobleOak's growth rate (including increases in it), business model or asset (including reinsurance) concentration level), APRA or other regulators may require NobleOak and other entities within the Group to hold a greater level of capital to support its business and/or require those entities not to pay dividends on their shares or restrict the amount of dividends that can be paid by them. In addition, occurrences in NobleOak's business which reduce its level of capital could cause it to breach the capital requirements.

Regulatory capital requirements for life insurers are issued by APRA with powers under its Prudential Standards to issue additional capital requirements known as 'Pillar 2' supervisory capital adjustments to reflect increased risk to the relevant institution. During 2020, APRA exercised its powers across the life risk insurance industry and issued Pillar 2 capital adjustments to all life insurers exposed to individual disability income insurance risks (including NobleOak).

APRA has advised the life risk insurance industry that it will review the supervisory capital adjustments after assessing the progress each life insurer is making on the reform of new disability income insurance products and the management of insurance risk more broadly, in line with APRA's expectations. In mid-2020, NobleOak established a Board approved program of change to uplift insurance management capability across the company and manage the elevated regulatory change. NobleOak has progressed its change program and provided its first major update to APRA in February 2021. The Board monitors the progress of the program through regular updates and additional oversight through a Board Committee. NobleOak is proactive in its engagement with APRA and prudent in its capital management, incorporating buffers in its capital projects and utilising stress testing and scenario analysis techniques.

NobleOak's Internal Capital Adequacy Assessment Process (**ICAAP**) sets out how NobleOak manages its capital. The ICAAP determines the level of capital to be maintained within each benefit fund including regulatory prescribed capital amounts, Pillar 2 capital requirements and a target level of surplus to reduce the likelihood of falling below regulatory capital requirements. NobleOak monitors capital requirements for each benefit fund and transfers capital from the management fund to the benefit fund where required to support growth activities and increasing capital requirement as the business grows. Profits accumulated in the benefit funds in excess of projected capital requirements are transferred (centralised) to the management fund with Board approval and supporting advice from the Appointed Actuary. If the ICAAP proves ineffective or inadequate, or is otherwise not appropriately implemented, this could have a material adverse impact on NobleOak as it may fail to meet the minimum regulatory capital requirements as required by APRA or ASIC.

5.1.4 Uncertainty regarding the impact of reforms on individual disability income products

As outlined in 5.1.1, in 2019, APRA launched an intervention into the life insurance market in response to ongoing heavy losses in respect of individual disability income insurance (income protection). This intervention aims to strengthen the industry, ensuring it is sustainable in the long term. It incorporates a number of measures, including the requirement of all life insurers to redesign their income protection products by October 2021. There is a risk that the new products issued by NobleOak may not be commercially attractive or priced in a competitive way. There is also a risk that the concerns around these experiences are not satisfactorily addressed in a reasonable time frame or that regulators impose additional requirements in connection with these concerns.

5.1.5 Governance and risk management practices may not be effective

NobleOak has implemented governance procedures, risk management strategies and internal controls which are intended to identify, monitor and mitigate risks. These risks include, but are not limited to, strategic, liquidity, market, credit, counterparty, compliance, market conduct, insurance and operational risks which are all important to NobleOak's reputation. NobleOak seeks to maintain a strong risk and compliance culture and will often challenge the way in which it manages its risks and regulatory compliance to seek to strengthen its management of these risks with strong oversight by Management. However, there are inherent limitations with any governance and risk management framework as there may exist, or emerge in the future, risks that the Company has not anticipated or identified. If any of the Company's governance and risk management processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, this could have a material adverse impact on the overall financial position and performance of NobleOak.

5.1.6 Insurance risk

Life insurance, and in particular income protection, is a long tail insurance category. As a result, NobleOak's financial success is in part dependent on the accuracy of predicting future mortality and disability experience. The table below provides an overview of the key insurance contract types and exposure variables.

Type of contract	When are benefits paid?	Nature of compensation for claims	Key variables that affect the timing and give rise to uncertainty
Non-participating[1] life insurance contracts with fixed terms (term life, TPD, trauma and income protection)	Benefits paid on death, accident or ill health that are fixed and not at the discretion of NobleOak	Benefits defined by the insurance contract are determined by the contract obligations of NobleOak and are not directly affected by the performance of the underlying assets or the performance of the contracts as a whole	Mortality Morbidity Discontinuance rates Expenses Policy terms Premium rates

Note:

1. The PPS Professional Choice product is an exception as it includes a profit-share feature.

The potential financial impact of insurance risk variables on NobleOak, in terms of both life insurance liabilities variation and profit/loss outcomes, can be significant.

Some of the key mitigations of the underlying inherent risks above include:

- underwriting (i.e. policy acceptance) procedures;
- claims management policies and procedures, including management of exposure to inappropriate and fraudulent claims;
- controls and mitigations with respect to pricing risk and terms and conditions of insurance contracts, including review of product pricing, terms and reinsurance bases by the appointed actuary of NobleOak, annual analysis of experience and product line profitability, formal internal policy document and product disclosure statement due diligence review and sign-off processes and the ability to re-price products (change premium rates and fees) on most products in the event of adverse claims and/or other product experience; and
- extensive use of reinsurance.

Insurance claims experience is a significant risk to NobleOak. As part of its business model, NobleOak makes assumptions with respect to the frequency and quantum of anticipated claims in order to appropriately price its insurance products. Actual claims levels may be higher than assumed when setting pricing, and as such the premiums received on policies may be insufficient to cover future claims and expenses. This may be the result of insufficiencies in the assumptions used by NobleOak's actuaries when undertaking the necessary modelling required to determine appropriate premiums, or may be the result of higher than usual natural occurrences. A higher than expected level of claims would ultimately have a negative impact on the Group's profitability. NobleOak currently reinsures the majority of its claims risk to large global reinsurers to manage volatility in earnings and its use of capital. If NobleOak was to increase its retention by reducing its use of reinsurance relative to current levels, its exposure to liability for claims would increase.

5.1.7 Reinsurance risk

NobleOak monitors and manages its insurance portfolio on a gross (before reinsurance) and net (after reinsurance) basis and has entered into reinsurance arrangements with global reinsurers which reduce the net effect of mortality and morbidity risks on the business. The reinsurance also includes a financing element to assist NobleOak in meeting the acquisition costs associated with the sale of new business.

While NobleOak utilises reinsurance to mitigate risk, its usage introduces some additional risks that investors should be aware of.

Failures in reinsurance management, insufficient reinsurance cover or misalignment of the reinsurance treaty to the exposure of NobleOak could each lead to current reinsurance arrangements becoming ineffective or inadequate, which may have a material adverse effect on the Group.

The availability, amount and cost of reinsurance depend on prevailing market conditions, in terms of price, terms and available capacity, and may vary significantly. NobleOak is exposed to the risk that NobleOak cannot secure ongoing reinsurance (or secure it on competitive terms) or the failure of the reinsurer to meet its treaty obligations, diminishing NobleOak's ability to compete as effectively or to be able to meet its obligations to policyholders. There are also risks associated with the cost of such reinsurance, the financial security of reinsurers and that reinsurers may dispute or default on their obligation to pay valid claims.

NobleOak manages reinsurance risk in accordance with its reinsurance management strategy set out in its Risk Management Framework, setting out the policy for selection, monitoring and management of NobleOak's reinsurance arrangements. NobleOak's reinsurance arrangements are generally on customary terms and typically include provisions which entitle the reinsurer to terminate the reinsurance on a change of control, for convenience on the provision of a specified amount of notice, for material breach, illegality and APRA directives, or insolvency. While reinsurance arrangements, by their nature, can rarely be cancelled by the reinsurer with respect to in-force business with any change normally applying to future new insurance policy terms only (and therefore not affecting embedded value), cancellations of reinsurance arrangements could have a material adverse impact on the overall financial position and performance of NobleOak, particularly if replacement reinsurance is not able to be obtained (or is not available on terms acceptable to NobleOak).

Swiss Re will cease to be the reinsurer for Avant new business from October 2021. NobleOak is currently working with Avant and the reinsurance market to achieve acceptable reinsurance terms for new business in respect of Avant's insurance product.

Reinsurers assess portfolios on a regular basis and ordinarily review items such as portfolio mix, product terms, adequacy of pricing, claims trends, future growth prospects and other items.

5.1.8 Distribution risks including risks relating to Strategic Partner relationships

NobleOak's business is highly dependent on its ability to distribute its products effectively through its chosen channels (such as the Direct Channel or the Strategic Partner Channel) relative to its competitors (whose business models rely materially on distribution via financial advisers). Accordingly, NobleOak is exposed to distribution risk, which is the risk that NobleOak loses access to, does not adequately maintain, or is otherwise exposed to risk though its distribution channels, including:

- poor performance of, or unprofitable business through, Strategic Partners, which may arise as a result of a lack of control which it has over the business which is written, insufficient pricing, or reputational damage through poor conduct of one or more of its Strategic Partners;
- reduced effectiveness in, or an increase to the costs of, marketing as well as a reduction in NobleOak's ability to generate leads and convert such leads to sales;
- reduced brand reputation and awareness of the NobleOak brand in the Direct Channel;
- loss of relationships with Strategic Partners such as NEOS, PPS and Avant, whether through termination or failure of the Strategic Partner to renew (or renew on terms less favourable to NobleOak) their arrangements with NobleOak. The contractual arrangements with the Strategic Partners provide that the Strategic Partners may terminate them on between 90 days' and 12 months' notice. In addition, the initial term of PPS's 5-year arrangement was passed in April 2021 with the parties continuing the arrangement as contemplated by the agreement between the parties, while that of NEOS (which is of increasing importance to NobleOak's growth) has approximately two years remaining;
- loss of relationships (including by the Strategic Partners) with the financial adviser community, Alliance Partners and online partners (such as Canstar). This can adversely impact future sales and customer discontinuance rates;
- reduction in overall financial adviser numbers in the industry in response to the various financial adviser focused reforms currently in progress; and
- failure to identify and expand into new distribution channels, or changes in customer preferences in relation to distribution channels.

5.1.9 Operational risk

The Group has exposure to a number of operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems. It includes:

- failure to maintain adequate underwriting or claims management processes and systems;
- internal fraud;
- errors/delays in processes;
- erroneous, negligent or grossly inaccurate financial models upon which the management of NobleOak depends (such as the pricing model, valuation models for financial reporting, capital management or tax);
- project failure (time, cost, delivery delays/mis-estimation), and related change management risk;
- failure to maintain adequate human resources and capital, including failure to attract and retain skilled and qualified staff and key personnel;
- outsourcing failures;

- business disruption events such as a natural disaster or pandemic; and
- failure of critical systems, including failed IT and data management systems, business continuity and disaster recovery systems. NobleOak's business is highly dependent upon the effective operation of its systems for a variety of functions including underwriting new insurance, processing applications and claims, providing information to customers and maintaining financial records. NobleOak's computer systems may be vulnerable to physical or digital intrusions, computer viruses, hacking or other attacks. The systems are also potentially vulnerable to programming errors or similar disruptive problems.

Losses can include direct financial loss, regulatory and compliance breaches, reputational damage and business interruption.

Given NobleOak's growth, changing operational processes, evolving IT systems and the long-term nature of some life insurance products, NobleOak inherently faces a significant amount of operational risk. Operational risks can impact an individual entity or the Group as a whole, and there is potential for contagion risk where an exposure in one part of the business impacts another. Risk exposures across the Group are overseen by the Risk Management Committee.

5.1.10 Discontinuance risk

Discontinuance risks, or the risk of increase in lapse rates, involves the extent to which the rate of loss of members or policyholders exceed management estimates and pricing targets, resulting in the loss of future profit margins, current period expense support, and loss of opportunity to recover historic acquisition costs incurred.

Causes of discontinuances higher than benchmark include:

- pricing (premium rates and product fee rates) becoming uncompetitive in the market leading (including due to price increases necessitated by increased claim costs) to loss of policyholders or members, and/or pricing related action by competitors;
- products terms not otherwise staying current with market expectations;
- economic environment (downturns or shifts in demographics) leading to customers discontinuing their policies;
- regulatory changes or the impact or pace of remediation efforts (including in relation to the portfolio administered by Genus);
- poor customer service; and
- reputational damage (to NobleOak itself or to its Strategic Partners or Alliance Partners), and/or loss of relationships with Strategic Partners.

Higher than assumed discontinuance rates will have a direct negative revenue impact for NobleOak which may (if the uptick in the discontinuance rate is material) ultimately result in a decrease in profitability or a loss (particularly in parts of the business where costs are fixed). There may also be a need to potentially reprice the product, which may include reducing NobleOak's fees and commissions on both new and existing business. In addition, efforts to address adverse discontinuance rates may result in increased expenditure and a reduction in market competitiveness.

5.1.11 Concentration of insurance risk

Concentration risk relates to policies written on lives with common exposures. Whilst NobleOak's new insurance business is now written on individual lives (not group business), the underlying claims experience across all lives may be impacted by Australian community outcomes, including but not limited to public health and the availability of work for those recovering from disability or illness.

NobleOak monitors the demographics of its business as part of its ongoing pricing to understand if there is increasing concentration across a specific age group, or, other than for Avant, an occupation group, for each benefit fund. However, a failure to adequately manage this risk may result in an increase in the concentration of in-force policies held by a specific demographic which is, or becomes, risker. This in turn could lead to higher claims and, therefore, could have a material adverse impact on the overall financial position and performance of NobleOak.

5.1.12 Asset concentration risk (including reinsurance assets)

NobleOak is exposed to counterparty risk, which is the risk of default by any individual counterparty.

This exposure most commonly arises with regards to:

- cash and investment assets; and
- reinsurance assets, receivable (primarily claims recoveries provisions),

but asset concentration risk is relevant to all asset classes.

APRA's capital management standards provide concentration of counterparty risk limits. The prudential standards set limits that are the maximum of $20 million or the 25% of the value of the regulatory assets of the fund. In the event the fund holds assets in excess of these concentration limits, a regulatory capital charge to the value if the assets held in excess of the limit are for any assets held is added to the fund's regulatory capital requirement.

Insurers are required to monitor asset concentration on their balance sheet and manage their portfolio to ensure assets are adequately diversified to avoid excessive exposure to any single counterparty. Any failure to do so could have a material adverse impact on the overall financial position and performance of NobleOak due to increased capital charges.

NobleOak is currently in the process of reviewing its reinsurance treaties with one reinsurer to seek to manage this risk, including over the period to which the Forecast Financial Information relates. The review is currently incomplete and there can be no guarantee that revised terms will be agreed. However, should the review be completed (which may occur as early as within the first quarter of FY22), the Company considers it likely that the revised treaty will provide that the funds from the reinsurer are provided to the Company on a 'claims reserved' basis for certain claims categories, rather than on a 'claims paid' basis (which is currently the case). The Company expects that this will result in relatively higher cash inflows to the Company from reinsurers compared to those included in the Forecast Financial Information (noting that the magnitude of the increase is subject to negotiation as part of the review).

5.1.13 Uncertainty regarding outstanding claims liability and policy liabilities

NobleOak's insurance policy liabilities provisions are calculated in accordance with Prudential Standard LPS 340 Valuation of Policy Liabilities (**LPS 340**). The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns, however approximate methods may be used where the result will not be materially different from a full valuation process.

NobleOak's policy liabilities are calculated using the:

- projection method which is the best estimate of the present value of the liabilities under the in-force policies. This is the mechanism by which planned margins are recognised over the period which the services are provided to the policyholder. If future losses are expected to arise then these are recognised immediately through the profit and loss; and
- accumulation method which is an approximation to the projection method. The policy liabilities include outstanding claims liabilities, unearned premium reserves and deferred acquisition costs.

As at 30 June 2020, policy liabilities for all benefit funds, with the exception of the Funeral Fund, were calculated using the accumulation method.

With effect from 1 July 2020, the Appointed Actuary is progressively transitioning the policy liability calculation to the projection method. As at 31 December 2020 the transition was complete for Risk Fund No 1 (Direct Portfolio). The transition to the projection method for the remaining funds is anticipated to be completed as part of the preparation of the policy liability provisions for the year ending 30 June 2021.

The assessment of claims and policy liability provision are inherently uncertain and have the potential to materially deviate from best estimate assumptions.

- Outstanding claims liability includes claims which have been reported but not yet paid, claims incurred but not yet reported, and the anticipated direct or indirect costs of settling these claims.
- Policy Liability provision includes the present value of future cashflow including best estimate liabilities and planned profit margins

Actuarial assessments of these liabilities are an inherently uncertain process and resultant liabilities may not have been adequately provisioned for by NobleOak. If NobleOak's claims reserves are inadequate, this could materially affect NobleOak's business and its financial performance. In addition, if one or more of the policy liability provision key assumptions is misstated (such as expected lapse rate) the value of policy liabilities including the planned profit margin may be materially misstated which could also have a material adverse effect on NobleOak's business and its financial performance.

5.1.14 Risk of higher than expected discount rates impacting outstanding claims liability and policy liabilities

NobleOak's life insurance policy liabilities provisions are calculated in accordance with Prudential Standard LPS 340 *Valuation of Policy Liabilities*. The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns. One of the key assumptions in valuing the life insurance policy liabilities is the discount rate. The discount rate used to discount expected future claims and customer acquisition costs is set under AASB 1038 *Life Insurance Contracts* (although, see below in relation to AASB 17, which is expected to replace this standard). There is a risk that the discount rate may increase in a rising interest rate environment. An increase in the assumed discount rate decreases the value of the outstanding claims liability and policy liabilities estimates (including the deferred acquisition cost balance). For the Prospectus Forecast Period, it is expected that an increase in the discount rate has a negative impact to annual statutory profits arising from the impact of the change in policy liabilities outstripping the offsetting impact of the associated decline in claims liabilities.

5.1.15 Impact of the COVID-19 pandemic

The ongoing COVID-19 pandemic has had a significant impact in Australia and globally on the economy and the ability of individuals, businesses, and governments to operate. Travel, trade, health systems, business, working arrangements, employment levels and consumption have been materially impacted by the pandemic. There continues to be uncertainty as to the duration of and further impact of the pandemic, including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions, in addition to economic conditions and extreme market volatility. The impact of some or all of these factors could cause significant disruption to the Group's businesses, employees, financial performance, liquidity, capital resources, financial condition and prospects.

The pandemic could impact the Group's ability to offer products and ensure their viability. As a result of the pandemic, NobleOak could experience increased claims activity or face increased costs associated with claims under its policies, or an increased number of customers experiencing difficulty paying premiums. A continuation or escalation of the COVID-19 pandemic could also materially affect risk profiles of customers and the ability of NobleOak to write new business.

The pandemic could increase the claims costs experienced by NobleOak either directly due to mortality or morbidity related to individuals who contracted COVID-19 or indirectly due to reasons such as mental illness arising from stress associated with COVID-19 restrictions.

The pandemic has significantly impacted regulatory supervision and the timing, pace and focus of the implementation of regulatory changes. The pandemic has given rise to numerous temporary legislative measures which could adversely impact NobleOak's operations and has heightened certain risks such as cyber risk. Further, NobleOak's operations may be affected by delays in its ability to implement regulatory changes or to take the steps required to address commitments made to regulators. The extent of any delays will be dependent on whether and how regulators choose to adjust the prioritisation, timing and deployment of their supervisory mandate or legislative changes as well as the impacts of the pandemic on the Group more broadly.

The extent of the impact of the COVID-19 pandemic on NobleOak is largely dependent on future developments, which are highly uncertain and not predictable. These include consumer (policyholder) behaviour, and in relation to governmental action, potential taxation and government scheme or regulatory changes, work stoppages, further lockdown measures, quarantines, travel restrictions and the impact on local and global economies, as well as on the health and wellbeing of NobleOak's insured lives.

The long-term impact of the COVID-19 pandemic is still not entirely understood. In the event that further outbreaks occur in Australia, it remains possible that associated impacts could negatively influence NobleOak's business.

5.1.16 Increased competition or market change

The insurance industry has, in recent years, seen consolidation of industry participants. Further consolidation in the industry could result in competitors improving their scale, allowing them to create synergies and efficiencies, which allow participants to provide more competitive pricing. This would place increased pressure on NobleOak's ability to maintain its insurance margins. In response, NobleOak could lose market share or be required to reduce its profit margins within its pricing in order to compete effectively, both of which could affect the Group's profitability. In addition, new market entrants could emerge in the industry, potentially either seeking to replicate NobleOak's business model or having superior business models to that of NobleOak and putting additional pressure on NobleOak's ability to achieve in-force book growth, albeit obtaining an APRA insurance licence requires significant investment of time and capital. Also, NobleOak's Strategic Partners may establish arrangements, similar to those in place with NobleOak, with competing life insurers meaning that NobleOak could face competition in this distribution channel. Indeed, the Company understands that at least one of their major Strategic Partners is pursuing opportunities to distribute another insurer's products targeting different segments of the retail market.

The APRA directive to all life insurers to redesign and launch new income protection products that address a number of previous product sustainability weaknesses, may result in a reduction in the competitiveness and positioning of NobleOak's current income protection product portfolio. NobleOak will monitor this portfolio and adjust the product design and pricing after the portfolio is launched in order to manage this risk.

5.1.17 Expense risk

Expense risks involve the extent to which the operational and maintenance expenses of the business are not maintained at a level commensurate with premium and fee flows of the business, including the level of business growth and new business and client acquisition.

Expense risks can arise due to volumes of business being below those needed to support the business; unanticipated increases in expenses, for example to respond to regulatory or system changes; and/or as a result of wages growth (or unexpected expenses associated with awards governing payments to employees), growth in the business, acquisitions of new business or other expense for example related to inflation.

5.1.18 Accounting standards risks

While accounting standards do not directly impact on NobleOak's underlying business economics, they can raise risks in terms of business perception, profit reporting and regulatory positions. Changes to accounting standards therefore involve risks.

In particular, AASB 17 (based on IFRS 17), the Australian standard on insurance accounting, is anticipated to apply to NobleOak from 2023 and may involve a significant change to the financial reporting of NobleOak's business (i.e. to liabilities and emerging profits). The impact of the new standard and its interpretation within the Australian market remains uncertain. There is a risk of impact on the market's perception of the financial position and performance of NobleOak that could arise from the change to AASB 17. Additionally, the implementation of AASB 17 will require additional investment in human resources and operating systems by the Company. Any increase in compliance costs faced by the Group over and above already budgeted levels could have a material adverse effect on the operating and financial performance of NobleOak. Further AASB 9 which replaces AASB 139 is now in effect, however the Company is taking the deferral approach to be assessed alongside AASB 17.

5.1.19 Loss of key personnel

NobleOak relies on the experience and performance of its SLT and other key employees and its ability to attract skilled employees in order to remain successful. There is no guarantee that NobleOak will be able to retain these key employees. Furthermore, in the event that any of these key employees cease being an employee of NobleOak, there is no assurance that NobleOak will be able to replace them in a timely manner with qualified individuals who have the necessary skills and expertise. This could have an adverse impact on NobleOak's profitability or financial position.

5.1.20 Liquidity risk

NobleOak may encounter difficulty in meeting its obligations due to an inability of NobleOak to realise some or all of its assets in order to fund cash flow needs of the Group, including to fund the payment of amounts to NobleOak's life insurance policyholders, members, clients and reinsurers. NobleOak's cash flow requirements are closely monitored and reviewed by the SLT, Board committees and the Board. Should NobleOak be unable to meet its cash flow requirements, this could have a material adverse impact on the overall financial position and performance of NobleOak and NobleOak's reputation in the Australian life risk insurance market. As at 31 December 2020, NobleOak held 100% of its cash and investments in term deposits, treasury bonds and bank bills.

5.1.21 Changes in tax law and inconsistencies between the tax laws and policies

NobleOak is subject to the tax laws and policies of Australia. There is a risk that there may be inconsistencies between the tax laws and policies NobleOak is required to comply with, which may make it difficult for NobleOak to structure its tax policies in the most tax efficient manner.

While NobleOak has established its tax policies (and its relevant tax provisions) using assumptions and estimates that it believes to be reasonable, the tax treatments adopted by the Group may be challenged by tax authorities in the jurisdiction in which the Group operates. Such tax authorities may review the positions taken by NobleOak, including in prior periods, and, as a result, additional taxes may be payable by the Group, its current tax provisions may prove insufficient, NobleOak may be required to adjust for changes in taxation treatment in subsequent periods, and penalties and interest may be imposed on the Group. Any adverse determinations by a tax authority in relation to NobleOak's tax obligations could have a material adverse effect on the Company's reported results, cash flows and financial condition.

In addition, tax laws in Australia may change in the future. Any changes to the current rates of taxes (including corporate tax, state tax, goods and services taxes and stamp duties) imposed on NobleOak are likely to affect returns to Shareholders. In particular, both the level and basis of taxation may change. An interpretation of tax laws by the ATO, or any other relevant authority or body, may increase the amount of tax to be paid by the Group, or may cause changes in the carrying value of tax assets or liabilities in the Company's financial statements.

5.1.22 Risk of a breach of data security and privacy

In the ordinary course of its business, NobleOak collects a wide range of personal and financial data from consumers, including those that may decide not to take out a policy with NobleOak. This includes information such as personal contact details, health information as well as payment information and credit card details.

There is a risk that the measures taken by NobleOak to prevent any potential data security breach will be insufficient to detect or prevent breaches. There is also a risk that a data security breach or NobleOak's failure to protect confidential information, could result in the loss of information integrity, a breach of privacy laws applicable to NobleOak, litigation and liability for damages under agreements which NobleOak has entered into with its customers, Alliance Partners, Strategic Partners and other third parties, each of which may potentially adversely impact NobleOak's reputation, revenue and profitability.

5.1.23 Failure to identify, execute and realise benefits from M&A or strategic partnerships

NobleOak may pursue M&A, or enter into strategic partnerships, in order to realise benefits including inorganic growth, increased customer base, or the provision of new offerings. There is a risk that NobleOak may not be successful in identifying attractive opportunities. Furthermore, the identification, evaluation and negotiation of these opportunities may require significant time and effort from key management and employees and may result in disruptions to the business. Additionally, there is a risk that NobleOak's competitors have a greater willingness and ability to pay for opportunities that NobleOak is interested in.

There is also a risk that NobleOak is unsuccessful in integrating new businesses or assets into its existing business in a timely manner, or that the new businesses or assets do not result in the benefits anticipated. This may include the potential challenges in integrating teams as a result of different practices and processes being employed. The Company cannot guarantee that every acquisition or partnership that it makes or enters into will result in favourable outcomes for the business. NobleOak may choose to integrate strategic acquisitions, which includes the process of transitioning customers of the acquired business onto NobleOak's platform. NobleOak may also implement aspects of the acquired business or products to enhance its existing business.

Future expansion by acquisition may be affected by factors beyond the Company's control (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time. There can be no assurance that suitable future acquisition opportunities will arise, or if they do arise, that they will be able to be made on acceptable terms.

There is a risk that customers of acquired businesses do not successfully transition onto NobleOak's platform. There is also a risk that the process of transitioning customers requires significantly more financial and management resources, or time to complete, than originally planned. This may occur due to a variety of factors, including poor market conditions, poor integration of staff, staff losses, customer losses, technology impacts or other integration barriers.

5.1.24 Listed company transition

There is a risk that the Company does not successfully or efficiently manage its transition to being a public company listed on ASX, that is subject to significant regulatory oversight and reporting obligations under applicable securities laws and the continuous scrutiny of securities analysts and investors. There is a risk that the Company may inadvertently fail to comply with these requirements and that its legal and financial compliance costs in seeking to do so are higher than expected. These new obligations and regulations will also require significant attention from NobleOak's SLT and could divert their attention away from the day-to-day management of the NobleOak business, which could adversely affect its business, financial condition and results of operations.

In addition, as a public company listed on ASX, the Company may be subject to shareholder activism, which can lead to substantial additional costs, distract management and impact the manner in which NobleOak operates its business in ways that it cannot currently anticipate. As a result of the disclosure of information in this Prospectus and in filings required of a public company listed on ASX, NobleOak's business and financial condition will become more visible, which may result in diminished competitive advantage or potentially, threatened or actual litigation, including by competitors.

5.1.25 Future funding requirements and ability to access capital markets on attractive terms

NobleOak has historically relied on equity funding to fund its business operations. The Company may also seek to raise additional debt finance or new equity in the future to maintain or grow the business. Any deterioration in the level of liquidity in the debt and equity markets may prevent the Company from being able to raise new debt on favourable terms (if at all), or raise new equity. This may adversely impact NobleOak's business, operating and financial performance.

Although the Company believes that, on Completion, it will have sufficient working capital to meet its operational requirements and business objectives during the Forecast Period, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that this financing can be obtained on favourable terms or at all. Furthermore, raising additional funds by issuing equity securities may result in dilution for some or all of the Shareholders.

5.1.26 Inadequate business insurance cover

NobleOak's business insurance policies may not comprehensively cover all of NobleOak's own risks and liabilities. Appropriate coverage may not be available (or may not adequately cover all losses) or, where permitted (noting that NobleOak is required by its insurance and Australian financial services licenses to maintain certain types of cover, such as professional indemnity cover), NobleOak may elect not to insure against certain risks. It may elect not to do so, for example, where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. If insurance which NobleOak is required to maintain is not available, this could materially adversely affect NobleOak's ability to conduct its business. If NobleOak elects not to insure against certain other risks, it may be held liable for material claims beyond its insurance coverage limits that could materially and adversely impact financial performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies. If insurance is not available to cover a claim or the quantum of a claim exceeds policy limits, the Company will be exposed to the financial impact of the event which could have an adverse impact on NobleOak's business, financial performance and operations.

5.1.27 Inability to meet forecasts and other forward-looking information

Certain statements in this Prospectus constitute forward-looking statements. Such forward-looking statements rely on various contingencies and assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Furthermore, the assumptions underlying these forward-looking statements, including the general and specific assumptions underlying the Forecast Financial Information contained in this Prospectus, may not eventuate or may prove incorrect or inaccurate. The risks associated with these forward-looking statements and forecasts may be exacerbated by COVID-19 and the resulting uncertainty in the current economic environment. Given these uncertainties, prospective investors should not place undue reliance on the Forecast Financial Information forward-looking statements contained herein. In addition, under no circumstances should forward-looking statements or forecasts be regarded as a representation or warranty by the Company or any other party referred to in this Prospectus, that a particular outcome or future event is certain or guaranteed.

5.1.28 Environmental risk

NobleOak, its policyholders or members and its external suppliers may be adversely affected by the risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact NobleOak and its policyholders or members through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures).

Initiatives to mitigate or respond to adverse impacts of climate change may in turn impact market and asset prices, economic activity and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect NobleOak's business, prospects, reputation, financial performance or financial condition.

5.2 GENERAL RISK OF AN INVESTMENT IN SHARES

5.2.1 Impact of general market developments

Once the Company becomes a publicly listed company on ASX, it will become subject to general market risk that is inherent in securities listed on a stock exchange. This may result in fluctuations in the Company's Share price that are not explained by NobleOak's fundamental operations and activities.

The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of Shares will increase following quotation on ASX, even if earnings increase. Some of the factors which may adversely impact the price of the Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including gross domestic product growth, interest rates, inflation rates, foreign currency fluctuations, commodity and oil prices, changes to fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, variations in sector performance (which may lead to investors exiting one sector in preference for another), initiatives by other sector participants (which may lead to investors switching from one stock to another), the nature of the markets in which NobleOak operates and general operational and business risks.

Deterioration of general economic conditions may also affect NobleOak's business operations, and the consequent returns from an investment in Shares.

5.2.2 Shareholder dilution

In the future, the Company may elect to issue shares (including pursuant to incentive arrangements) or engage in fundraising activities for a variety of reasons, including funding acquisitions or growth initiatives. The Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that the Company is able to issue within a 12-month period (other than where exceptions apply). Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.2.3 Economic and government risks

NobleOak's future viability is also dependent on a number of other factors which affect many businesses and not just those competing in the life insurance market, including, but not limited to:

- general economic conditions in industry in which NobleOak operates; changes in government policies, taxation and other laws in Australia;
- the strength of the equity and share markets in Australia and throughout the world, and in particular, investor sentiment towards the insurance and financial services sectors; and
- the movement in, or outlook on, interest rates and inflation rates in Australia.

Any or all of these factors could have an adverse impact on NobleOak's business, financial performance and operations.

5.2.4 No dividend guarantee

The Company's ability to pay dividends or make other distributions in the future is contingent on profits and certain other factors, including the capital and operational expenditure requirements of the business and the regulatory regime to which it is subject. Therefore, there is no assurance that dividends will be paid. Moreover, to the extent that the Company pays any dividends, the Company's ability to offer fully franked dividends is contingent on making Australian taxable profits. The Company's Australian taxable profits may be difficult to predict, making the payment of franked dividends also unpredictable.

The value of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.2.5 Force majeure events

Events may occur within or outside Australia that negatively impact global, Australian or other local economies relevant to NobleOak's financial performance, operations and/or the price of Shares. These events include, but are not limited to, an increase of the impact of COVID-19, new pandemics, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that may have a material adverse effect on NobleOak, including by increasing its customers' mortality and morbidity rates, causing interruptions to its systems and affecting its ability to conduct business.

5.2.6 Trading in shares may not be liquid

Following the Company's listing on ASX, there can be no guarantee that an active market will develop. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any time, which may increase the volatility of the market price of the Shares, prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer, or result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Following Completion, it is expected that the existing Shareholders will hold 73.2% of the Shares, which may also impact liquidity. For example, 8.5% of the Shares on issue will be subject to voluntary escrow arrangements as described in Section 6.5. The absence of any sale of Shares by these existing Shareholders during the escrow period (which is until 4:15pm on the date on which the Company holds its Annual General Meeting for 2022 (in respect of 50% of the Shares indicated in Table 67), and 4:15pm on the date on which the Company releases its financial results for H1FY23 to ASX in respect of the remaining 50%) may cause, or at least contribute to, limited liquidity in the market for Shares.

5.2.7 Specific circumstances that may adversely affect the Company's Share price

Approximately 64.7% of the Shares on issue on Completion will be held by existing Shareholders who will be free to sell their Shares following Completion if they wish. This could impact the prevailing market price at which Shareholders are able to sell their Shares. Further, following release from escrow (refer to Section 6.5), Shares held by the existing Shareholders that were previously subject to escrow (which on Completion is expected to represent 8.5% of Shares on issue) will be able to be freely traded on ASX. A significant sale of Shares by the existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

5.2.8 Tax implications arising from buying and selling Shares

There are tax implications arising from buying and selling Shares, the receipt of dividends (both franked and unfranked, if any) from the Company and participation in any on-market Share buyback. Investors should seek their own independent taxation advice before applying for Shares.

5.2.9 Possible changes in Accounting Standards

Changes to the Australian Accounting Standards (**AAS**) are determined by the Australian Accounting Standards Board (**AASB**). The AASB may, from time to time, introduce new or refined AAS. It is also possible for interpretations of existing AAS to evolve over time. This may affect the way NobleOak measures and recognises accounting items, which could have adverse impacts on the business, financial performance and position reported in the Company's financial statements. This may also affect the comparability of results from year to year.

There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or balance sheet items, may differ. Any changes to the AAS or to the interpretation of those standards may have a material adverse effect on the Company's reported financial performance and position.

6.
KEY PEOPLE, INTERESTS AND BENEFITS

6.
KEY PEOPLE, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Table 57 lists and describes the experience and background of each member of the Board. The composition of the Board committees and details of the Board's key corporate governance policies are set out in Section 6.6.

Table 57: NobleOak's Board of Directors

	Director, Experience and background
	**Stephen Harrison** *Non-Executive Chairman* Stephen Harrison was appointed as a director of the Company in January 2011 and as chairman of the Company in November 2018. Mr Harrison has over 35 years of experience in financial services, funds management, private equity and accounting. Mr Harrison is currently the Chairman of IncentiaPay Limited, an ASX-listed company. Mr Harrison is also the Chairman and Co-Founder of Conscious Capital Limited. Mr Harrison has previously served as a director of ASX-listed companies The Gruden Group Limited, Exoma Energy Limited and Blue Energy Limited and previously held director positions with Investec Funds Management and the Australian subsidiary of US-based fund manager Sanford C Bernstein. Mr Harrison was also previously Director Financial Services for BDO Nelson Parkhill, Chartered Accountants. Mr Harrison holds a Bachelor of Economics from Adelaide University, PS146 from KAPLAN Professional, and is a Certified Practising Accountant.
	**Anthony R Brown** *Executive Director and Chief Executive Officer* Anthony Brown was appointed Chief Executive Officer of the Company in July 2012, and a director of the Company in July 2013. Mr Brown has approximately 30 years of experience in general management, finance, strategy, operations, marketing and distribution. Mr Brown was previously Chief Operating Officer at AMP Capital, Head of Commercial Insurance Marketing at Promina/Suncorp, Publisher at CCH Australia and Manager at KPMG. Mr Brown has completed the General Management Program at Harvard Business School, Boston, has an MBA from the Australian Graduate School of Management, and is a Chartered Accountant. Mr Brown also holds a Bachelor of Economics degree from the University of Sydney and a Master of Commerce degree from the University of NSW. He is also a member of the Australian Institute of Company Directors.

	Director, Experience and background
	**Emery Feyzeny** *Non-Executive Director, Deputy Chairman* Emery Feyzeny was appointed as a director of the Company in February 2011 and as Deputy Chairman of the Company in November 2018. Mr Feyzeny has over 48 years of experience in the superannuation industry, including 15 years as a Partner at KPMG where he established and led KPMG Superannuation Services Pty Ltd for 18 years and advised the Superannuation Senate Select Committee on the taxation of superannuation funds in Australia. Other current roles held by Mr Feyzeny include being a director of REI Superannuation Fund Pty Ltd and the chair of that Fund's Investment Committee. Mr Feyzeny formerly held senior roles at Watson-Wyatt, Mercantile Mutual Life and MLC. Mr Feyzeny holds a Bachelor of Science (Applied Mathematics and Statistics) from The University of New South Wales, PS146 from Integratec Training Pty Limited and is a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance. He is also an Affiliate of the Institute and Faculty of Actuaries and a member of the Australian Institute of Company Directors.
	**Inese Kingsmill** *Non-Executive Director* Inese Kingsmill was appointed as a director of the Company in December 2019. Prior to joining the Company, Ms Kingsmill gained extensive senior experience across marketing, digital, e-commerce, sales and customer-facing functions at a range of companies. Previous positions include Chief Marketing Officer at Virgin Australia, Director of Consumer Marketing and Director of Corporate Marketing at Telstra, and Director Partner Strategy at Microsoft. Ms Kingsmill currently holds the position of non-executive director of ASX-listed companies Rhipe Limited, Spirit Technology Solutions, and hipages. She is also a Director of WorkVentures, and was formerly a Director and chair of the Australian Association of National Advertisers. Ms Kingsmill holds a Bachelor of Business (Marketing) from Western Sydney University and is a member of the Australian Institute of Company Directors.
	**Andrew Boldeman** *Non-Executive Director* Andrew Boldeman was appointed as a director of the Company in June 2020. Mr Boldeman has spent his career in the life insurance and broader financial services industries in Australia, Asia and the UK. From 2013 to 2020, Mr Boldeman was the Managing Director of Avant Mutual, Australia's largest doctor's organisation which includes Avant Insurance, Avant Law, Doctors Health Fund as well as several technology and financial services businesses. From 2007 to 2013, Mr Boldeman was CEO Group Life at TAL. Mr Boldeman has also previously spent time as an Appointed Actuary and as a management consultant. Mr Boldeman is a Fellow of the Institute of Actuaries of Australia and holds a Bachelor of Economics from Macquarie University.

	Director, Experience and background
	**Kevin Hamman** *Non-Executive Director* Kevin Hamman was appointed as a director of the Company in January 2011. Mr Hamman has over 35 years of experience in the financial services industry and has held various senior management and director roles in investment and private banking. Mr Hamman currently holds and previously held several executive directorships and senior management positions in private and public companies in the financial services, property development and investment industries including within the Private Client Division of Investec Bank Ltd, Cape of Good Hope Bank Ltd, First National Bank Ltd and Barclays Bank Ltd. Mr Hamman holds a Bachelor of Commerce from The University of South Africa, a Diploma in Financial Services and Finance from The Institute of Bankers in South Africa and an Associate Diploma from The Institute of Bankers. Mr Hamman is also a member and graduate of the Australian Institute of Company Directors.

6.2 SENIOR LEADERSHIP TEAM

The Company has an experienced and diverse SLT, led by CEO Anthony R Brown. Mr Brown is supported by a number of skilled and knowledgeable personnel, who together have extensive experience in the Company's business and the life insurance and financial services industries. Members of the Company's SLT have previously worked in these industries and have a strong understanding of it.

Table 58 lists and describes the experience and background of the Company's SLT.

Table 58: The Company's Senior Leadership Team

	Executive, Experience and background
	**Anthony R Brown** *Executive Director and Chief Executive Officer* Refer to Section 6.1.
	**Scott Pearson** *Chief Financial Officer* Scott Pearson has held the position of Chief Financial Officer of the Company since January 2019. Mr Pearson has over 30 years' experience in the financial services industry covering health insurance, general insurance, and reinsurance. Mr Pearson was previously Head of Finance at RGA Australia, Chief Financial Officer at Avant Mutual Group, Deputy Chief Financial Officer/Head of Group Finance & Reporting at MBF Australia Limited and has held other roles within Calliden Group Limited (formerly Reinsurance Australia Corporation) and CIC Insurance Limited. Mr Pearson is a Certified Practising Accountant and holds a Bachelor of Business (Accounting) from Charles Sturt University.

	Executive, Experience and background
	**Matthew Wilson** *Chief Risk Officer* Matthew Wilson is a consultant who has held the position of Chief Risk Officer of the Company since May 2012. Mr Wilson is an experienced corporate lawyer and risk governance practitioner with over 35 years' experience in the financial services industry in Australia and New Zealand. Previous roles held by Mr Wilson include Senior Legal Counsel and Risk Officer for financial services houses including ING Australia, Challenger and Promina. Earlier in his career, Mr Wilson also held senior operational roles in life insurance and superannuation businesses. Mr Wilson holds a Bachelor of Laws and Graduate Diploma of Legal Practice from University of Technology Sydney and is a member of the Law Society of NSW and the Risk Management Institute of Australia. Mr Wilson is a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance and has a Diploma of Financial Planning. Mr Wilson is also a member of the Australian Institute of Company Directors.
	**Hayden Jonas** *Chief Insurance Officer* Hayden Jonas joined the Company in May 2021 and is an experienced financial services executive, with deep knowledge of the life and health insurance industries. In a career spanning 20 years across Australia and New Zealand, Mr Jonas has held senior roles at multinational corporates and high growth start-ups. Previous roles include Founding chief operating officer at Partners Life, head of operations at OnePath NZ and head of operations at ING Life. Mr Jonas has completed the Executive Development Program at the Wharton School in Pennsylvania, and is Lean Six Sigma qualified. He also holds a Bachelor of Arts in Political Science and Philosophy, and an Honours Degree in Ethics from the University of Auckland.
	**Phil Hill** *Head of Underwriting* Phil Hill has worked in the life insurance industry in Australia for over 40 years, both in reinsurance and with a number of life insurers including CommInsure and Tower. He has worked in senior management positions in all areas of risk insurance including underwriting, claims, product development and risk management. Mr Hill joined NobleOak in 2014 and was appointed as NobleOak's Head of Underwriting in 2016. He is a Senior Associate with the Australian and New Zealand Insurance Institute and holds a Diploma in Business Management. He is also a Senior Associate of the Australian Life Underwriters and Claims Association.
	**Matthew Minney** *Head of Claims and Operations* Matthew Minney joined the Company as Senior Claims Manager in September 2016 and is an experienced superannuation and life insurance manager. Mr Minney has previously worked for AMP and ClearView (previously NRMA, MBF and BUPA). Mr Minney has expertise in administration, underwriting, claims, superannuation legislation, technology, customer service and call centres. Mr Minney holds a Diploma Financial Service (Life Insurance) from the Australian and New Zealand Institute of Insurance and Finance.

Executive, Experience and background

Tatyana Marfenko
Head of Alliances

Tatyana Marfenko joined NobleOak in October 2014 and has held the position of Head of Alliances of the Company since May 2020.

Ms Marfenko has over 15 years of professional experience working in Australia, the UAE and Russia. Previous jobs include marketing executive roles at REST Super Fund and Link Group.

Ms Marfenko holds a Bachelor of Commerce from The University of New South Wales.

Moana Kolesi
Head of Sales

Moana Kolesi has held the position of Head of Sales of the Company since May 2020 and has been with the Company since September 2017.

Ms Kolesi has over 15 years' experience in managing and leading sales teams within the financial services sector. Prior to joining the Company, Ms Kolesi gained extensive outsourced contact centre experience managing multi-product programs for Macquarie Bank, Westpac & St George Insurance and Zurich Insurance.

Ms Kolesi holds a Bachelor's degree in Business Management from Charles Sturt University.

Rick Rupping
Head of Marketing

Rick Rupping joined the Company in July 2019 and has over 15 years of marketing, brand and digital experience across various businesses.

Prior to his role at the Company, Mr Rupping served as General Manager and Head of Marketing for 1Life (South Africa). Mr Rupping has also managed brands and marketing throughout the broader Telesure Group (Budget Direct), including Virgin Money, AA Insurance, Budget Insurance, Auto & General and Hippo.co.za.

Mr Rupping holds a Bachelor of Commerce (Marketing and Management) from Monash University and a Bachelor of Arts (Honours) in brand management and leadership from Vega School.

Joey Yusnanda
Head of People & Culture

Joey Yusnanda joined the Company in April 2019.

Mr Yusnanda has over 12 years of experience in human resources, having worked for a range of companies such as Cater Care, Infosys, Converga, Pegasus Community Care and APM.

Mr Yusnanda holds a Bachelor of Business and Commerce from Western Sydney University.

	Executive, Experience and background
	**Charisse Nortje** *Company Secretary* Charisse Nortje was appointed as Company Secretary in June 2021. Ms Nortje is a Fellow of the Governance Institute Australia and the Chartered Governance Institute (FGIA/FCG) and has extensive company secretarial experience. Ms Nortje previously worked in similar roles at Charter Hall, Centuria Capital and 360 Capital. Ms Nortje has also worked in the United Kingdom for both listed and unlisted companies across the mail, logistics, manufacturing and engineering industries as General Counsel and Company Secretary.

The Company's appointed actuary is Briallen Cummings. Ms Cummings has been the NobleOak appointed actuary for over 10 years. Ms Cummings is an Actuarial Partner at KPMG Australia and has worked in the insurance industry in a range of roles both within corporates and as a consultant. She has predominantly worked in the life insurance and reinsurance markets. Ms Cummings has deep insurance liability valuation experience as well as experience across a broad range of areas including M&A, demutualisation, independent expert reports, pricing and product design, expense allocation, capital, risk margins and claims data analytics.

6.2.1 Directors' disclosures

Each Director has confirmed to the Company that they anticipate being available to perform their duties as a Director without constraint from other commitments. The Directors will continually evaluate their other commitments, including the number of boards on which they serve, to ensure that proper time and attention is given to their appointment, and role, as a Director.

Directors may have business interests other than those of NobleOak, and are expected to declare any conflict (or potential conflict) of interest or material personal interests at appointment, or as soon as apparent. The conflict (or potential conflict) of interest or material personal interest may require them to not be present at a Board or Board Committee meeting or vote on a matter which concerns the conflict or material personal interest.

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director, or which is relevant to an investor's decision as to whether to subscribe for Shares.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

Emery Feyzeny has expressed his desire to retire from the Board at the next annual general meeting of the Company and the Company will seek to appoint a replacement Director in line with its usual procedures. However, if necessary, Mr Feyzeny has agreed to extend his tenure until a suitable replacement has been identified and has joined the Board.

6.3 INTEREST IN SHARES OF EXISTING AND NEW INVESTORS

Details of interests in Shares, Existing Options exercisable for Shares (which were issued as a one-off Offer-related bonus), Existing Performance Rights and Performance Rights, each exercisable for Shares as at the Prospectus Date and as expected on Completion are set out in Table 59.

Table 59: Security holdings as at Prospectus Date and Completion

	Prospectus Date				Completion			
Shareholder	Shares	Existing Performance Rights	Existing Options	Fully diluted[1]	Shares	Performance Rights	Options	Fully diluted[1]
Avant Group Holdings Limited	16,487,986	Nil	Nil	16,487,986	Nil	Nil	Nil	Nil
Portfolio Nominees Pty Ltd	6,968,190	Nil	Nil	6,968,190	7,378,446	Nil	Nil	7,378,446
J P Morgan Nominees Australia Pty Ltd	6,250,000	Nil	Nil	6,250,000	11,378,205	Nil	Nil	11,378,205
ES Gordon Pty Ltd <Gordon Family Trust No2 A/c>, Evanic Investments Pty Ltd <ES Gordon Super Fund>, <E S Gordon Pty Ltd <Gordon Family Trust A/C> and <Queenscliff Development Pty Ltd>	5,363,718	Nil	Nil	5,363,718	5,363,718	Nil	Nil	5,363,718
Gant Super Pty Ltd <Quay Superannuation Fund>/Scott Francis Gant/Moneris Pty Ltd	3,915,667	Nil	Nil	3,915,667	4,615,667	Nil	Nil	4,615,667
Stephen Harrison[2]	972,700	Nil	Nil	972,700	972,700	Nil	Nil	972,700
Anthony Brown[3]	5,118,247	742,829	273,083	6,134,159	5,384,914	974,623	273,083	6,632,620
Emery Feyzeny[4]	390,000	Nil	Nil	390,000	390,000	Nil	Nil	390,000
Kevin Hamman[5]	1,100,002	Nil	Nil	1,100,002	1,100,002	Nil	Nil	1,100,002
Scott Pearson	25,000	484,127	209,408	718,535	50,641	648,230	209,408	908,279
Andrew Boldeman	Nil	Nil	Nil	Nil	51,282	Nil	Nil	51,282
Other Senior Leadership Team members and other members of management of the Company[6]	75,760	346,142	248,821	670,723	76,273	744,689	248,821	1,069,783
Other Shareholders[7]	21,307,526	Nil	Nil	21,307,526	24,333,167	Nil	Nil	24,333,167
Investors in the Offer[8]	Nil	Nil	Nil	Nil	22,320,295	Nil	Nil	22,320,295
TOTAL[9]	**67,974,796**				**83,415,310**			

Notes:

1. 'Fully diluted' refers to the number of issued Shares plus the number of Shares which would be issued on exercise of Existing Options and Existing Performance Rights (each in respect of one Share) and does not include new Performance Rights which will be issued on Completion (refer to Section 6.4) (although these new Performance Rights are included in the 'Performance Rights' column in this table).

2. Of the Shares held by Mr Harrison, 38,000 Shares are held in the name of MSJ Capital Pty Ltd as trustee for the Harrison Super Fund (an entity associated with Mr Harrison), 148,667 Shares are held by his wife (Julie McConaghy), and 635,579 Shares are held by Jasmah Investments Pty Ltd as trustee for The Jasmah Investments A/c (an entity associated with Mr Harrison's wife).
3. Of the Shares held by Mr Brown, 3,750,000 Shares are held in the name of Brohok Investments Co Pty Ltd (an entity associated with Mr Brown).
4. Of the Shares held by Mr Feyzeny, 150,000 Shares are held in the name of Emery Feyzeny and Judy Feyzeny as trustees for the Pluvial Super Fund.
5. Of the Shares held by Mr Hamman, 437,002 Shares are held in the name of TK Consulting (Aust) Pty Ltd as trustee for the Hamman Family Trust (an entity associated with Mr Hamman), 227,273 Shares are held in the name of Future Super KH Custodian Pty Ltd as trustee for the Future Super Fund (an entity associated with Mr Hamman), 172,727 Shares are held in the name of Future Super KH Pty Ltd as trustee for the Future Super Fund (an entity associated with Mr Hamman) and 110,000 Shares are held in the name of KH Investments Pty Ltd as trustee for the KH Development Trust (an entity associated with Mr Hamman).
6. 'Other Senior Leadership Team members' refers to members of the Senior Leadership Team listed in Section 6.2 other than Anthony Brown and Scott Pearson. Does not include Performance Rights which may be issued after Completion (refer to Section 6.4.5).
7. 'Other Shareholders' refers to other investors, former employees, and current employees other than those referred to in the rows above. Assuming all Shares under the Employee Gift Offer are taken up.
8. Assumed to include full take up of the Employee Gift Offer by Eligible Gift Employees (other than those who are categorised as 'Other Senior Leadership Team members and other members of management of the Company').
9. Total Shares on issue on completion includes full take up of Employee Gift Offer Shares and excludes Noble Offer Shares. The shareholders listed are assumed to not take up additional Shares in other components of the Offer.

Certain members of the Company's management team (including members of the SLT) hold Existing Options (which were issued as a one-off Offer-related bonus) and Existing Performance Rights as described above and in Section 6.4.6, and will be granted new Performance Rights in respect of Shares under the Company's New Incentive Plan prior to settlement as described in Section 6.4.3.2.

6.4 INTERESTS AND BENEFITS

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the Prospectus Date, or has held in the two years before the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.4.1 Interests of advisers

For the interests of the professional advisers engaged by the Company in relation to the Offer, see Section 10.15.

6.4.2 Directors' interests and benefits

6.4.2.1 Non-Executive Director terms letters

Each Non-Executive Director has entered into a letter with the Company, confirming the terms on which they serve, their roles and responsibilities and the Company's expectations of them as Directors.

The letters also set out a restraint clause that prohibits the Non-Executive Directors from being connected with or interested in any business in competition with the Company, except with prior written consent.

Non-Executive Directors may resign at any time. They will also cease to be a Director if they are not re-elected at the relevant annual general meeting, or if any of the disqualifying events prescribed in the Constitution or as prescribed by law occur.

6.4.2.2 Non-Executive Director compensation

Directors are to be paid or provided remuneration for services provided to NobleOak on terms decided by the Board. Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-Executive Directors in any year may not exceed the amount approved by Shareholders at the Company's general meeting. This amount will be fixed at A$1 million per annum as at Completion. For FY22, it is expected that the fees payable to the current Non-Executive Directors (excluding amounts paid in connection with work relating to the Offer) will be approximately A$800,000 (inclusive of superannuation) in aggregate. Table 60 sets out the fees to be paid to Directors from 1 August 2021 onwards.

Table 60: Completion Board compensation

Position	Expected fees for FY22 onwards[1]
Chairman (all inclusive fee)	A$195,000
Directors (base fee)	A$95,000
Committee chairman[2]	A$20,000
Committee member	A$10,000

Notes:

1. From 1 August 2021 onwards.
2. Other than for the chair of the Finance & Investment Committee. The fee for that role for FY22 is A$10,000.

In connection with the Offer, the following Directors have received the following work fees: Ms Kingsmill: $30,000; Messrs Harrison and Boldeman: $20,000 each and Messrs Hamman and Feyzeny: up to $10,000 each.

The Company will contribute statutory superannuation to a complying superannuation fund where required, which is included in the amounts above.

Remuneration is reviewed annually and any increase to it will be at the discretion of the Board but will not exceed $1 million per annum or such other aggregate amount approved by Shareholders.

Non-Executive Directors will not be entitled to participate in the Company's New Incentive Plan or any other employee incentive scheme operated by the Company after Completion.

6.4.2.3 CEO and Executive Director compensation

Anthony R Brown is employed as Chief Executive Officer and has entered into an employment agreement with the Company to govern his employment. Mr Brown's remuneration from 1 August 2021 is comprised of:

- total fixed remuneration (including base salary and superannuation) of A$565,000 per annum;
- an annual short-term incentive (**STI**) award under the Company's Executive Short Term Incentive Plan as determined by the Board from time to time. Mr Brown's FY22 STI will entitle him to receive a cash payment representing up to 40% of his total fixed remuneration if target performance hurdles, or up to 60% of his total fixed remuneration if stretch performance hurdles, set by the Board, are met. The performance hurdles which must be satisfied relate to the Company achieving a certain level of

EBIT, retaining a specified amount of in-force premiums and the achievement of other non-financial KPIs. Once the total dollar value of the STI earned by Mr Brown is determined by the Board, the Company will arrange for payment of the amount of STI earned to Mr Brown in cash, on or around the release of the Company's annual financial statements to ASX in respect of the relevant year, subject to 25% of the award being deferred for 12 months. Mr Brown will also be eligible to receive his STI for FY21 after Completion (if and to the extent applicable performance hurdles are met) which will be paid to Mr Brown in cash on the release of the Company's annual financial statements for FY21 to ASX; and

- an annual long-term incentive (**LTI**) grant as determined by the Board from time to time, being currently a grant of Performance Rights up to a maximum value equal to 80% of his total fixed remuneration at a Share price determined by the Board. In respect of FY22, it is proposed that 231,795 Performance Rights with a value of A$452,000 will be granted to Mr Brown on Completion. Details of Performance Rights proposed to be granted to Mr Brown on Completion are set out in Section 6.4.2.8 and their terms are summarised in this Section 6.4.2.1 and Section 6.4.2.7. Performance Rights will be granted under the New Incentive Plan (refer to Section 6.4.5).

The grant of Performance Rights to Mr Brown as a Director after Completion are subject to obtaining required approvals from Shareholders except as permitted by ASX (refer to Section 10.10.2).

The notice period for termination under Mr Brown's employment agreement is six months by either Mr Brown or the Company. The Company may terminate Mr Brown's employment without notice for serious misconduct. Mr Brown is subject to a post-employment restraint period of six months, enforceability of which is subject to all usual legal requirements.

6.4.2.4 Deeds of access, insurance and indemnity

The Company has entered into deeds of indemnity, insurance and access with each Director and with the Company Secretary and Chief Financial Officer. Each deed contains the right of access to certain books and records of the Company or a related body corporate of Company for the period from the date of the deed until seven years after the person ceases to hold office of the Company or a related body corporate of the Company. This seven-year period can be extended where certain actions or proceedings commence before the period expires. Pursuant to the Constitution and to the extent permitted by law, The Company may enter into such deeds with any past or present officer of the Company or a related body corporate of the Company.

Pursuant to the Constitution, the Company must indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of the Company and Group, to the maximum extent permitted by law. Under the deed, the Company indemnifies each Director and relevant officers against any liability that may arise from their position as an officer of the Company or of a related body corporate, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange director's and officer's insurance for each of its Directors and any relevant officers, to the extent permitted by law. Under the deed, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director, Company Secretary or Chief Financial Officer ceases to hold their position as an officer of the Company except in certain cases. This seven-year period can be extended where certain actions or proceedings commence before the period expires.

6.4.2.5 Other information about Directors' interests and benefits

Directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred while attending meetings of the Company, the Board or a Board Committee, or when otherwise engaged on business of the Company in carrying out their duties as a Director.

Directors who serve on any Board Committee, who devote special attention to the business of the Company, who otherwise perform services which, in the opinion of the Board, are outside of the scope of the ordinary duties of a Director or who, at the request of the Board, travel on the business of the Company, may be paid extra remuneration as the Board decides.

Additionally, subject to the Corporations Act, any person (including an officer of the Company) may be paid a benefit in connection with the retirement from office (including loss of office, resignation from office or death of a person who held office at the time immediately preceding his or her death) of any officer of the Company. The Board may make arrangements with any officer with respect to providing for or making payment of benefits in accordance with this.

6.4.2.6 Directors' Shares

Directors are not required by the Constitution to hold any Shares. Details of the Shares held by Directors in the Company as at the Prospectus Date are set out in Table 59 above.

The Shares held by Mr Brown and Brohok Investment Co Pty Ltd (an entity associated with Mr Brown) will be subject to voluntary escrow arrangements. Refer to Section 6.5 for further information on escrow arrangements in relation to the Offer.

Directors are entitled to acquire Shares under the Offer. The amounts set out in Table 59 above exclude any Shares which may be acquired by these Directors under the Offer. Final Directors' shareholdings will be notified to ASX following the Company's admission to the official list of ASX.

6.4.2.7 Directors' Performance Rights

No Director (other than the CEO) will hold Performance Rights or Existing Options on either the Prospectus Date or on Completion. For the number of Performance Rights and Existing Options held or to be held by the CEO as of those dates, see Section 6.4.2.8.

6.4.2.8 Executive Director's interests

CEO's Existing LTI grants and Offer-related Existing Options

Table 61 outlines the number of Existing Performance Rights and Existing Options held by Mr Brown on the Prospectus Date (noting that these securities are currently unvested). The Existing Options were issued as a one-off Offer-related bonus. The terms of the plans under which the Existing Performance Rights and Existing Options and of those securities are summarised in Section 6.4.6.

Table 61: Summary of Existing Performance Rights and Existing Options

Security Type	Grant date	Performance period	Financial performance measures	Number
Existing Performance Rights	October 2018	Three years to end of FY21	Direct annual in-force premium Underlying profit before tax (**UPBT**)	281,062
Existing Performance Rights	December 2019	Three years to end of FY22	Direct annual in-force premium UPBT	208,063
Existing Performance Rights	November 2020	Three years to end of FY23	Direct annual in-force premium UPBT	253,703
Existing Options	March 2021	n.a.	n.a.	273,083

Details of new LTI grant to CEO

As referred to in Section 6.4.2.1, on Completion, it is proposed that Mr Brown will be granted A$452,000 worth of Performance Rights (or 231,795 Performance Rights) under the New Incentive Plan (refer to Section 6.4.5) in respect of the LTI component of his remuneration. Each Performance Right will be exercisable for nil consideration and be exercisable for one Share. The total number of Performance Rights that will vest will depend on whether the Company meets certain FY22F Forecast Financial Information measures, TSR and EPS hurdles set by the Board, as described below. The Performance Rights will be granted in three equal tranches, vesting at the conclusion of FY24.

Vesting of one-third of the Performance Rights (**Prospectus Forecast Tranche**) will be conditional on:

- the Company achieving Underlying NPAT as set out in the FY22F Forecast Financial Information (after deducting the expenses associated with all incentive payments made and grants which vest in respect of FY22) for FY22 and one of:
  - a 'weighted' in-force insurance premium (calculated by adding one quarter of in-force insurance premiums from the Strategic Partnership Channel and all of the in-force insurance premiums from the Direct Channel) implied by FY22F Forecast Financial Information (being approximately $106 million); or
  - direct sales as set out in the FY22F Forecast Financial Information,

  in which case, half of Prospectus Forecast Tranche Performance Rights will vest (subject to satisfying the continued employment condition below). If both of the above performance hurdles (i.e. those relating to weighted in-force insurance premium and direct sales) are achieved, all of the Prospectus Forecast Tranche Performance Rights will vest (subject to satisfying the continued employment condition below); and
- Mr Brown remaining employed with NobleOak on the date which is three years after the date of grant of the Performance Rights to Mr Brown.

The remaining two-thirds of the Performance Rights will, with respect to one-third, be tested against TSR hurdles (**TSR Tranche**), and with respect to the remaining one-third be tested against EPS hurdles (**EPS Tranche**).

The TSR and EPS hurdles in respect of the above grant of Performance Rights are as follows:

Hurdle	TSR	EPS
Threshold	8%	75% of hurdle
Target	12%	100% of hurdle
Stretch	16%	125% of hurdle

with TSR and EPS each being measured at the time of the release of the Company's FY24 financial statements (in the case of the TSR, relative to the Offer Price and, in the case of the EPS, relative to the EPS for FY21). The EPS hurdles will be determined at the outset of each year, taking into account the Offer Price and Company's budget and forecasts for subsequent years. The threshold, target and stretch EPS growth hurdles for FY22 will be disclosed in the Company's FY21 Remuneration Report within the 2021 Annual Report.

In relation to the:

- TSR hurdle, if:
  - the **threshold TSR** hurdles for FY24 is met, 12.5% of the TSR Tranche Performance Rights will vest;
  - the **target TSR** hurdles for FY24 is met, 50% of the TSR Tranche Performance Rights will vest; and
  - the **stretch TSR** hurdles for FY24 is met, 100% of the TSR Tranche Performance Rights will vest; and
- EPS hurdle, if:
  - the **threshold EPS** hurdles for FY24 is met, 12.5% of the EPS Tranche Performance Rights will vest;
  - the **target EPS** hurdles for FY24 is met, 50% of the EPS Tranche Performance Rights will vest; and
  - the **stretch EPS** hurdles for FY24 is met, 100% of the EPS Tranche Performance Rights will vest,

subject to:

- Mr Brown remaining employed with NobleOak on the date which is three years after the date of grant of the Performance Rights to Mr Brown;
- the exercise of any such vested Performance Rights (which is permitted upon the release of the Company's financial results for FY24); and
- the number of Performance Rights that vest between the threshold, target and stretch hurdles being calculated on a straight-line basis.

If the threshold TSR hurdle is not met, none of the TSR Tranche Performance Rights will vest (but EPS Tranche Performance Rights will still vest if the threshold EPS hurdle is met) and vice versa.

The Performance Rights that vest will be exercisable for nil consideration, subject to the Company's Securities Trading Policy. Performance Rights that do not vest will not be exercisable. The Performance Rights will expire no later than approximately four years after the date of the grant of Performance Rights (if they have not already lapsed). Vesting and exercise of Performance Rights is also subject to the rules of the New Incentive Plan, including relating to continuing employment, as described in Section 6.4.5.

6.4.3 Interests and compensation of the Senior Leadership Team (other than the CEO)

6.4.3.1 Overview of Senior Leadership Team compensation (other than the CEO and CFO)

Members of the Senior Leadership Team have entered into contracts of employment with NobleOak. Remuneration packages include a total fixed remuneration component (including base salary and statutorily required superannuation) and potential to earn an STI and/or an LTI in the form of awards under the New Incentive Plan based on performance targets set from time to time by the Board. NobleOak or the employee may terminate the employee's employment under periods consistent with market practice in the jurisdiction in which they are employed. Employment contracts with the SLT will generally include a restraint of trade period of up to 12 months following expiry of the notice period, enforceability of which is subject to all usual legal requirements.

6.4.3.2 Overview of securities granted to the Senior Leadership Team and other members of NobleOak's management (other than the CEO and CFO)

Existing LTI grants and Offer-related Existing Options

Table 62 outlines the aggregate number of Performance Rights and Existing Options held by members of the SLT and other members of NobleOak's management (other than the CEO and CFO) on the Prospectus Date (noting that these securities are currently unvested). The Existing Options were issued as a one-off Offer-related bonus. The terms of the plans under which the Existing Performance Rights and Existing Options and of those securities are summarised in Section 6.4.6.

Table 62: Summary of Existing Performance Rights and Existing Options

Security Type	Grant date	Performance period	Financial performance measures	Number
Existing Performance Rights	October 2018	Three years to end of FY21	Direct annual in-force premium UPBT	–
Existing Performance Rights	December 2019	Three years to end of FY22	Direct annual in-force premium UPBT	–
Existing Performance Rights	November 2020	Three years to end of FY23	Direct annual in-force premium UPBT	346,142
Existing Options	March 2021	n.a.	n.a.	248,821

Details of new LTI grant to SLT and other members of NobleOak's management under the New Incentive Plan (other than the CEO and CFO)

On Completion, the Company proposes to issue 398,548 Performance Rights under the New Incentive Plan to employees in the SLT and certain other members of NobleOak's management team (other than the CEO and CFO). The Performance Rights proposed to be issued to these employees will be issued on the same terms and conditions as those described above for Mr Anthony R Brown. If these conditions (including the performance hurdles) are not met, no (or only some if threshold or target hurdles only are met) Shares will be issued and the Performance Rights will expire. Performance Rights are not transferable.

6.4.3.3 Summary of remuneration of the Chief Financial Officer

CFO's Existing LTI grants and Offer-related Existing Options

Table 63 outlines the number of Performance Rights and Existing Options held by Mr Pearson on the Prospectus Date (noting that these securities are currently unvested). The Existing Options were issued as a one-off Offer-related bonus. The terms of the plans under which the Existing Performance Rights and Existing Options and of those securities are summarised in Section 6.4.6.

Table 63: Summary of Existing Performance Rights and Existing Options

Security Type	Grant date	Performance period	Financial performance measures	Number
Existing Performance Rights	October 2018	Three years to end of FY21	Direct annual in-force premium UPBT	166,399
Existing Performance Rights	December 2019	Three years to end of FY22	Direct annual in-force premium UPBT	123,181
Existing Performance Rights	November 2020	Three years to end of FY23	Direct annual in-force premium UPBT	194,547
Existing Options	March 2021	n.a.	n.a.	209,408

Details of CFO's remuneration

Scott Pearson is employed as Chief Financial Officer and has entered into an employment agreement with the Company to govern his employment. Mr Pearson's remuneration from 1 August 2021 is comprised of:

- total fixed remuneration (comprising base salary and superannuation) of A$400,000;
- a discretionary annual STI award under the Company's Executive Short Term Incentive Plan as determined by the Board from time to time. Mr Pearson's FY22 STI will entitle him to receive a cash payment representing up to 25% of his total fixed remuneration if target performance hurdles, or up to 50% of his total fixed remuneration if stretch performance hurdles set by the Board, are met. The performance hurdles which must be satisfied relate to the Company achieving a certain level of EBIT, effective capital and expense management, and the achievement of other non-financial KPIs. Once the total dollar value of the STI earned by Mr Pearson is determined by the Board, the Company will arrange for payment of the amount of STI earned to Mr Pearson in cash, on or around the release of the Company's annual financial statements to ASX in respect of the relevant year, subject to 25% of the award being deferred for 12 months. Mr Pearson will also be eligible to receive his STI for FY21 after Completion (if and to the extent applicable performance hurdles are met) which will be paid to Mr Pearson in cash on the release of the Company's annual financial statements for FY21 to ASX; and

- an annual LTI grant as determined by the Board from time to time, being currently a grant of Performance Rights up to a value equal to 80% of his total fixed remuneration at a Share price determined by the Board. In respect of FY22, it is proposed that A$320,000 worth of Performance Rights (or 164,103 Performance Rights) will be granted to Mr Pearson on Completion. Each Performance Right will be exercisable for nil consideration and will be exercisable for one Share. The description in Section 6.4.2.8 for Mr Brown's Performance Rights (including when Performance Rights will vest, the applicable hurdles, when they are exercisable and the expiry date) applies to Mr Pearson's Performance Rights. Performance Rights will be granted under the New Incentive Plan.

The notice period for termination under Mr Pearson's employment agreement is six months by either Mr Pearson or the Company. The Company may terminate Mr Pearson's employment without notice for serious misconduct. Mr Pearson is subject to a post-employment restraint period of three months, enforceability of which is subject to all usual legal requirements.

6.4.4 Short-term incentives

NobleOak's executive employment contracts recognise the potential for the award of STIs for its SLT members CEO, CFO and other employees in future years, which may become payable upon satisfaction of specified performance criteria. Participation in any STI program will be determined by the Board in its absolute discretion and is assessed following the conclusion of the relevant financial year and publication of NobleOak's audited financial statements.

Current STI percentage targets for the CEO and CFO are described in Section 6.4.2.1 and Section 6.4.3.3, respectively. Whether an STI is granted will depend on satisfaction of various criteria, including individual performance against key performance indicators, customer satisfaction outcomes, Company financial performance outcomes, and adherence to and demonstration of the NobleOak values as determined by the Board. The structure of STI grants may change over time and may be in the form of cash or awards under the New Incentive Plan.

6.4.5 New Long-Term Incentive Plan

The Company has adopted a new LTI plan (**New Incentive Plan**) for FY22 onwards which provides the framework under which individual grants of equity incentives (awards) may be made to employees of the Company (including the SLT). The New Incentive Plan has been designed to attract and retain employees, and to provide additional incentive to employees of the Company to promote the Company's success. Grants under the New Incentive Plan to be made on or around Completion (with disclosure under this Prospectus) are detailed in Sections 6.4.2.8, 6.4.3.2 and 6.4.3.3. The key terms of the New Incentive Plan are set out in Table 64.

Table 64: Key terms of the New Incentive Plan

Term	Description
Administration	The New Incentive Plan will be administered by the Board.
Eligibility	Full-time and part-time employees of the Group are eligible to receive awards under the New Incentive Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Awards	The New Incentive Plan provides the Company with flexibility to grant the following types of awards: • options to subscribe for Shares (**Options**); • rights to be paid a cash amount determined by the price of Shares at a specified time or the movement in price over a period of time (**Incentive Rights**); • rights to receive Shares or cash, based on specified performance factors (**Performance Rights**), (together **Awards**). The number of Awards proposed to be issued under the New Incentive Plan over the three years following the Offer is approximately 2.6 million.
Shares	Shares issuable under the New Incentive Plan may be newly issued Shares or already issued Shares acquired and held by an employee benefit trust established by the Company.
Conditions	The Board will determine the terms and conditions of each award, including: • the type of Award; • the number or value of Shares or other consideration subject to the Award; • if the Award is an Option, the exercise price of the Option, or if it is any other type of Award, the purchase price (if any) payable for the Shares under the Award; and • any vesting conditions, including service and/or performance conditions. The terms and conditions of each award will be set out in an award agreement.
Exercise price or purchase price	The exercise price or purchase price will be determined by the Board.
Vesting and exercise	Options will become exercisable when the applicable vesting conditions have been satisfied. Incentive Rights and Performance Rights will vest, be exercised and be settled by the delivery of Shares (or, where applicable, cash) when the applicable vesting or performance conditions have been satisfied.
Lapsing and forfeiture	An Option will lapse on the date specified in the grant, or any earlier date specified in the award agreement (for example, upon failure to satisfy a vesting condition). Incentive Rights and Performance Rights will lapse, on the occurrence of a date or circumstance specified in the award agreement (for example, upon failure to satisfy a vesting or performance condition).
Dealing restrictions	A participant may not dispose of an award in any manner, other than on his or her death or if permitted by the Company or under an award transfer program approved by the Company that permits transfers in specified circumstances.

Term	Description
Cessation or change of employment	The Board may specify in the terms of an invitation or make a determination as to how an employee's Awards will be treated on the occurrence of cessation of employment of the employee. Applicable treatment may include: • vesting on the cessation date; • options only be exercisable within a specified period; or • lapse or forfeit of the Awards.
Change of control	Where there is a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event), the Board may determine, subject to the ASX Listing Rules, with respect to each award, that: • Awards, to the extent not fully vested, will become vested and exercisable in full or in part; • Options may be exercised within a specific period only, otherwise they will lapse; • disposal restrictions or any other terms which apply to the Awards cease to apply; or • NobleOak, on behalf of the employee, will direct the trustee to transfer trust shares into the employee's name.
Award adjustments	In order to minimise material advantage or disadvantage to a participant resulting from a variation in the Company's issued share capital, before the delivery of Shares or payment to a participant, the Company may, subject to the ASX Listing Rules, appropriately and proportionately adjust the exercise price and/or number and/or class of Shares subject to each outstanding Option or Award, provided that the exercise price or purchase price of any Share may not be less than the nominal value of a Share, and a fraction of a Share will not be issued.
Amendments	The Board may amend or supplement the New Incentive Plan at its discretion, however it may not do so without employee consent or approval of more than 75% of the employees holding Awards where the amendment adversely affects the existing rights of employees in respect of any granted Awards (other than in limited circumstances, including amendments for the primary purpose of ensuring that the maintenance, administration and operation of the New Incentive Plan complies with present and future applicable laws (including prudential standards)).
ASX Listing Rules	The New Incentive Plan and awards made under it are always subject to the ASX Listing Rules and applicable law.

APRA is in discussions with APRA-regulated entities in relation to remuneration arrangements. If NobleOak is required to make change to its STI or LTI arrangements to comply with any newly introduced APRA requirements, then NobleOak will modify its arrangements accordingly.

6.4.6 Existing Performance Rights – Key terms

On Completion, Existing Performance Rights granted under legacy LTI plan will remain on issue and held by certain members of the SLT and other members of NobleOak's management team, as detailed in Sections 6.4.2.8, 6.4.3.2 and 6.4.3.3. Key terms of the Existing Performance Rights which will remain on issue on Completion are set out in Table 65.

Table 65: Existing Performance Rights remaining on Completion – Key terms

Term	Description
Exercise Price	No exercise price is payable to exercise an Existing Performance Right.
Performance Rights	Each Existing Performance Right entitles the holder to one Share on exercise of the Existing Performance Right, unless the Board resolves to settle the Existing Performance Right in cash.
Vesting	Existing Performance Rights will be unvested on Completion. The Existing Performance Rights having varying vesting periods detailed in Sections 6.4.2.8, 6.4.3.2 and 6.4.3.3, in each case subject to the vesting conditions attaching to the Existing Performance Rights (which relate to achievement of in-force premium and UPBT targets and certain non-financial KPIs and the holder of the Existing Performance Rights remaining employed by NobleOak.) Only vested Existing Performance Rights are exercisable.
Expiry	An Existing Performance Right will lapse on the earlier of: • the vesting conditions attaching to the Existing Performance Right not being achieved; or • the date the Existing Performance Right holder ceases to be an employee of the Group in certain circumstances.
Change in circumstances	**Capital reorganisations:** In the event of a capital reorganisation of the Company, the Board has the power to make such adjustments to the Existing Performance Rights as it considers appropriate with a view to ensuring that holders of Existing Performance Rights are neither advantaged or disadvantaged and provided that such adjustment complies with the Listing Rules. **Bonus issues:** If the Company makes a bonus issue of Shares (other than a bonus issue in lieu of a dividend payment) to existing shareholders of the Company, then the number of Shares over which an Existing Performance Right vests shall be increased by the number of Shares which the Existing Performance Rights holder would have received if their Existing Performance Rights had vested and been exercised prior to the record date for the bonus issue. In the case of a rights issue to existing shareholders of the Company, there will be no adjustment to the Existing Performance Rights.

Term	Description
Change in structure or control	Unless otherwise determined by the Board, in the event of a 'change in control' (within the meaning of section 50AA of the Corporations Act) the vesting conditions attaching to Existing Performance Rights will cease to apply and: • unvested Existing Performance Rights granted in the financial year of the change of control will lapse in the proportion that the remainder of the financial year bears to the full year; and • all remaining unvested Existing Performance Rights will vest in accordance with the formula in Rule 25 of the Plan. The balance of unvested Existing Performance Rights will lapse.
Other terms	Existing Performance Rights are not transferrable unless the transfer is effected by operation of law on death or legal incapacity to the holder's legal personal representative. Existing Performance Rights will not be quoted on ASX or any other securities exchange. Other terms include provisions relating to amendments to the terms by the Board. Any changes to Existing Performance Rights terms are subject to the ASX Listing Rules.

6.4.7 Existing Options – Key terms

On Completion, Existing Options rights will remain on issue and held by certain members of the SLT and other members of NobleOak's senior management team, as detailed in Sections 6.4.2.8, 6.4.3.2 and 6.4.3.3.

The Existing Options were a one-off Offer-related bonus.

Key terms of the Existing Options which will remain on issue on Completion are set out in Table 66.

Table 66: Existing Options remaining on Completion – Key terms

Term	Description
Exercise Price	The exercise price payable to exercise an Existing Option is $1.80.
Performance Rights	Each Existing Option entitles the holder to one Share on exercise of the Existing Option, unless the Board determines to settle the Existing Option in cash.
Vesting	Existing Options will be unvested on Completion. The Existing Options have been granted in two equally weighted tranches and vest as follows: • the first tranche of the Existing Options will vest 12 months after Completion (provided that the holder remains employed by NobleOak); and • the second tranche of the Existing Options will vest 24 months after Completion (provided that the holder remains employed by NobleOak). Only vested Existing Options are exercisable. Holders of Existing Options will have three months to exercise their Existing Options following them becoming vested (**Last Exercise Date**).

Term	Description
Expiry	An Existing Option will lapse on the earlier of: • the vesting conditions attaching to the Existing Option not being achieved; • the date the Existing Option holder ceases to be an employee of the Group in certain circumstances or commits an act of fraud or is found to have acted in a manner that the Board considers to be gross misconduct or serious non-compliance; or • the Last Exercise Date, if the Existing Options have not been exercised.
Change in circumstances	In the event of a capital reorganisation of the Company, any adjustments to the Existing Options will be undertaken in accordance with the Listing Rules.
Other terms	Existing Options are not transferrable unless the transfer is effected by operation of law on death or legal incapacity to the holder's legal personal representative. Existing Options will not be quoted on ASX or any other securities exchange. Other terms include provisions relating to amendments to the terms by the Board. Any changes to Existing Option terms are subject to the ASX Listing Rules.

6.5 ESCROW

The parties listed in Table 67 have agreed to enter into voluntary escrow arrangements in relation to the Shares indicated in that Table and held on Completion (plus any Shares acquired in the Offer) under which they will be restricted from dealing with those Shares as follows:

- 50% of the in relation to the Shares indicated in that Table and held on Completion (plus any Shares acquired in the Offer), from Completion until 4:15pm on the date on which the Company holds its Annual General Meeting for 2022; and
- the remaining 50%, from Completion until 4:15pm on the date on which the Company releases its financial results for H1FY23 to ASX.

The restriction on 'dealing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares (except to the extent outlined in this Section 6.5), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things. There are limited circumstances in which the escrow may be released, or escrowed securities otherwise dealt with, early including:

- to allow the Escrowed Shareholder to accept an offer under a takeover or similar transaction in relation to its escrowed Shares if holders of at least half of the securities the subject of the transaction that are not subject to similar escrow arrangements have accepted the transaction or relevant offer and the takeover is unconditional or all its conditions have been satisfied or waived (subject to a requirement to return the escrowed Shares to escrow if the Offer does not proceed);
- to allow the Escrowed Shareholder to tender escrowed Shares into a bid acceptance facility established in connection with a takeover, provided that holders of not less than half of the securities to which the takeover relates that are not subject to similar escrow arrangements have either accepted the takeover or tendered their securities into the bid acceptance facility (subject to a requirement to return the escrowed Shares to escrow if the Offer does not proceed);
- to allow the escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger;
- a transfer (in one or more transactions) of any or all escrowed Shares to a member of the wholly-owned corporate group which includes the Escrowed Shareholder provided such member transferee agrees to be bound by the voluntary escrow arrangements for the term of those arrangements, or in the case of certain limited reorganisations involving the Escrowed Shareholder;

- to the extent required by applicable law (including an order of a court of competent jurisdiction); or
- on the death, serious disability or permanent incapacity through ill health of the Escrowed Shareholder.

Table 67: Escrowed Shares on Completion

	Escrowed Shares on Completion	Representing as a percentage of issued Shares on Completion
Mr Anthony Brown (and his controlled entities)	5,384,914	6.5%
Mr Kevin Hamman (and his controlled entities)	1,100,002	1.3%
Mr Stephen Harrison (and his controlled entities)	188,154	0.2%
Mr Emery Feyzeny (and his controlled entities)	390,000	0.5%
Mr Andrew Boldeman	51,282	0.1%
Mr Scott Pearson	50,641	0.1%
TOTAL	**7,165,293**	**8.5%**

6.6 CORPORATE GOVERNANCE

6.6.1 Overview

This Section 6.6 explains how the Board will oversee the management of NobleOak's business.

The Board is responsible for the overall corporate governance, operation and stewardship of the Company and, in particular, for the prudent management, long-term growth and profitability of the Company, the strategies, values, policies and financial objectives of NobleOak.

The Company has in place corporate governance practices which are formally embodied in corporate governance policies and codes adopted by the Board. The aim of the policies is to ensure that NobleOak is soundly and effectively directed and managed, risks identified, monitored and assessed, and appropriate disclosures made.

The Company is required to comply with CPS 510, and the requirements of that Prudential Standard (which is summarised at Section 2.6.1.7) have been incorporated into the policies. The objective of CPS 510 is to ensure that a life insurance company is managed soundly and prudently by a competent board, which can make reasonable and impartial business judgements in the best interests of the institution and group and which duly considers the impact of its decisions on policyholders.

The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**) are not prescriptions, but guidelines. The Directors have incorporated the ASX Recommendations into the policies to the extent the Directors considered appropriate.

Under the ASX Listing Rules, the Company will be required to release an ASX Appendix 4G and a Corporate Governance Statement annually to ASX and on the Company's website, disclosing the extent to which it has followed the ASX Corporate Governance Principles and Recommendations in the reporting period. Where the Company does not follow any of the ASX Corporate Governance Principles and Recommendations, it must identify the recommendation that has not been followed and give reasons for not following it. Except as set out in this Section, the Board does not anticipate that the Company will depart from the ASX Corporate Governance Principles and Recommendations, however it may do so in the future if it considers that such a departure would be reasonable.

The fourth edition of the ASX Recommendations was issued, in part, to address emerging issues around culture, values and trust. The Company has been cognisant of its values, mission and vision in formulating corporate governance policies.

Details and copies of the policies will be available from listing on ASX at www.nobleoak.com.au, and are summarised below. The Securities Trading Policy will also be available on ASX's website from listing.

6.6.2 Board of Directors

The current Directors of the Company are set out in Section 6.1 along with their expertise, experience and qualifications.

Mr Harrison (chair of the Board), Mr Feyzeny, Ms Kingsmill, Mr Boldeman and Mr Hamman are Non-Executive Directors who are not a part of the Company's management. Mr Brown is an Executive Director.

The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The Board Charter sets out guidelines of materiality for determining independence of Directors in accordance with CPS 510 and the ASX Recommendations and includes a definition of independence that is based on that set out in CPS 510 and the ASX Recommendations.

The Board considers qualitative principles of materiality for the purpose of determining 'independence' on a case-by-case basis. The Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board considers that each of Mr Harrison, Mr Feyzeny, Ms Kingsmill and Mr Hamman are Non-Executive Directors who are not a part of the Company's management and are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of her or his judgement and each of them is able to fulfil the role of independent Non-Executive Director.

Given the guidelines adopted by the Company regarding the independence of Directors, Mr Boldeman is not considered by the Board to be independent, given he is a representative of the Company's largest shareholder, Avant. Mr Boldeman will continue to be a representative of Avant until Completion, from which point he will cease being a representative of Avant. Mr Brown is also not considered by the Board to be independent, given he is the Executive Director and Chief Executive Officer of the Company.

Accordingly, as at listing on ASX, the Board will consist of a majority of Non-Executive Directors, and four out of the six Directors will be considered to be independent Directors.

6.6.3 Board Charter

The Board has adopted a Board Charter which sets out the responsibilities of the Board in detail.

The role of the Board includes:

- defining the Company's purpose and setting its strategic objectives, in consultation with management;
- directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available;
- approving and monitoring capital adequacy and management (including having regard to prudential and statutory requirements) and major capital expenditure, acquisitions and divestments;
- reviewing and ratifying the Company's systems of internal compliance and control, risk management frameworks and legal compliance systems, to determine the integrity and effectiveness of those systems;
- approving and monitoring material internal and external financial and other reporting, including periodic reporting to Shareholders, ASX and other stakeholders;
- approving criteria for assessing performance of senior executives and monitoring and evaluating their performance;
- undertaking evaluation of the performance of the Board (including the chair), each Board Committee and their respective chairs and individual Directors; and
- monitoring and evaluating the Company's compliance with CPS 510 and the Company's corporate governance standards.

The charter provides for the Board to delegate specific matters to senior management, or to committees established by the Board, however ultimate responsibility for strategy and control rests with the Directors.

The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where considered appropriate. The Company's formal policy on Board renewal is set out in the Board Charter.

The Board has developed protocols setting out the structures and procedures to be followed with the aim of ensuring that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the Company's confidential information is subject to appropriate corporate governance controls.

6.6.4 Board committees

In order to better manage its responsibilities, the Board has established, among others, an Audit Committee, a Risk Committee and a Remuneration and Nomination Committee.

Each committee has adopted a charter approved by the Board, setting out its responsibilities. Other committees may be established by the Board as and when required.

Membership of Board committees will be based on the needs of the Company, relevant legislative, prudential standard and ASX Listing Rule and other requirements and the skills and experience of individual Directors.

The material committees are comprised of:

- **Risk Committee:** Mr Emery Feyzeny (Committee Chair), Mr Stephen Harrison and Mr Andrew Boldeman;
- **Audit Committee:** Mr Emery Feyzeny (Committee Chair), Mr Stephen Harrison and Mr Kevin Hamman;
- **Remuneration and Nomination Committee:** Mr Kevin Hamman (Committee Chair), Ms Inese Kingsmill and Mr Andrew Boldeman;
- **Finance and Investment Committee:** Mr Kevin Hamman (Committee Chair), Mr Andrew Boldeman and Mr Anthony Brown; and
- **Product and Insurance Committee:** Mr Andrew Boldeman (Committee Chair), Ms Inese Kingsmill and Mr Anthony Brown.

6.6.4.1 Risk Committee

The role and responsibilities, composition and membership requirements of the Risk Committee are documented in a Risk Committee Charter.

The purpose of the Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's risk management framework (financial and non-financial). It does this by providing an objective non-executive review of the effectiveness of NobleOak's risk management framework.

The Risk Committee will meet on a regular basis to:

- review the adequacy of the Group's corporate reporting processes and internal control and risk framework;
- review reports arising from any risk assurance activities;
- review and assess the Group's environmental and social governance risks;
- review and assess ethics and reputation issues arising from the Group's activities; and
- review the effectiveness of the Group's compliance and risk management functions.

In accordance with CPS 510 and the ASX Recommendations, the Risk Committee comprises of at least three members, each of whom is a Non-Executive Director, and a majority of whom are independent. The Risk Committee will meet at least as often as it considers necessary and presently meets four times a year.

6.6.4.2 Audit Committee

The role and responsibilities, composition and membership requirements of the Audit Committee are documented in an Audit Committee Charter.

The purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports, financial reporting process, internal control structure and the internal and external statutory audit process. It does this by providing an objective non-executive review of the effectiveness of NobleOak's financial reporting framework.

The Audit Committee will meet on a regular basis to:

- review and approve external statutory audit plans and update if required;
- review and approve APRA statutory reports and financial reports;
- assess the independence and performance of, and recommend the appointment or removal of, internal and external auditors; and
- review the adequacy of the Company's corporate reporting processes and internal control and risk framework.

The Audit Committee will also make recommendations to the Board on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness and independence of the internal auditors and external statutory auditors, and resolution of disagreements between management and the auditor regarding financial reporting.

NobleOak has an internal audit function in place. The Audit Committee oversees that function, which includes the evaluation of the adequacy and effectiveness of NobleOak's financial and risk management framework. The Company has also engaged an appointed actuary to assess the financial condition of NobleOak and each of its approved Benefit Funds and to report on that assessment in a FCR. The actuary also provides advice on the value of NobleOak's liabilities and prepares an annual Actuarial Valuation Report.

In accordance with CPS 510 and the ASX Recommendations, the Audit Committee comprises of at least three members, each of whom is a Non-Executive Director, and a majority of whom are independent. The Audit Committee will meet at least as often as it considers necessary and presently meets no less than four times a year.

6.6.4.3 Remuneration and Nomination Committee

The role and responsibilities, composition, structure and membership requirements of the Committee are documented in a Remuneration and Nomination Committee Charter.

The key purpose of the Remuneration and Nomination Committee is to ensure the Board is effective and high performing, making sure, for example, that there is an appropriate number of independent Non-Executive Directors that represent the best interests of the Company, that formal and transparent Renewal processes are in place and that Directors are being remunerated fairly and responsibly.

The Remuneration and Nomination Committee will assist the Board by reviewing and making recommendations to the Board in relation to:

- the Company's Remuneration Policy, including as it applies to Directors and the process by which any pool of Directors' fees approved by Shareholders is allocated to Directors, as well as an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of CPS 510;
- remuneration packages of senior executives, equity-based incentive plans and other employee benefit programs;
- succession issues and planning for the Board, Chief Executive Officer, senior executives and the recruitment of new Directors and executives;
- the appointment and re-election of people as members of the Board and its committees;
- the Company's recruitment, retention and termination policies;

- the process for the evaluation of the performance of the Board, its Board committees and individual Directors; and
- the size and composition of the Board and strategies to address Board diversity and the Company's performance in respect of the Company's Diversity Policy.

In accordance with CPS 510 and the ASX Recommendations, the Remuneration and Nomination Committee Charter will have three members, each of whom is a Non-Executive Director. The Remuneration and Nomination Committee will meet as often as necessary, but must meet at least twice a year and one of those meetings must take place at least two months prior to each annual general meeting.

6.6.4.4 Finance and Investment Committee

The role and responsibilities, composition and membership requirements of the Finance and Investment Committee are documented in a Finance and Investment Committee Charter.

The purpose of the Finance and Investment Committee is to assist the Board in discharging its responsibilities and in particular, to implement and manage the investment of NobleOak's management Fund and Benefit Funds.

The Finance and Investment Committee will, among other things:

- be responsible for implementing and managing the investment of NobleOak's Benefit Funds in accordance with NobleOak's investment policy;
- recommend to the Board the appointment, compensation, retention of the individual or organisation appointed to serve as an investment adviser to NobleOak's Finance and Investment Committee (**Asset Consultant**);
- have oversight of the work of the Asset Consultant and review, on a regular basis, the performance of the Asset Consultant and make recommendations to the Board regarding the same;
- be authorised to redeem an investment as and when it takes a view that the performance of the investment and its market value is at risk;
- recommend to the Board any changes to NobleOak's investment policy or to any other policy or procedure related to the investment and safekeeping of NobleOak's assets; and
- ensure that all investments are implemented and managed in accordance with NobleOak's risk appetite statement, risk management framework and the capital management program.

The Finance and Investment Committee will have three members, of which at least one is a Non-Executive Director. The Finance and Investment Committee will meet at least four times a year, corresponding with NobleOak's financial reporting cycle.

6.6.4.5 Product and Insurance Committee

The role and responsibilities, composition, structure and membership requirements of the Product and Insurance Committee are documented in a Product and Insurance Committee Charter.

The key purpose of the Product and Insurance Committee is to assist the Board in managing its insurance portfolios on a sustainable basis and maintain a strong competitive position for NobleOak's life risk insurance products.

The Product and Insurance Committee will, among other things:

- review and endorse the product strategy for NobleOak for approval by the Board;
- review product specifications and associated pricing for NobleOak's insurance products in connection with NobleOak's Strategic Partners and in conformity with NobleOak's pricing policy and actuarial advice framework policy;
- review and endorse changes to benefit fund rules or the establishment of new benefit fund rules for approval by the Board;
- review and ensure that adequate separation arrangements are in place for managing commercially sensitive information attributable to a Strategic Partner;

- with respect to insurance management:
  - oversee, review and endorse the development and review of NobleOak's Insurance Management Framework (**IMF**) for the purposes of the prudent management of insurance risk at NobleOak;
  - identify key insurance risks along with emerging risks for NobleOak insurance portfolios and oversee the management of those risks;
  - review and endorse NobleOak's Product Risk Appetite Statements (**PRAS**);
  - review and evaluate the effectiveness of development and implementation of insurance management activities across NobleOak (including its partnership business) for conformity with specific policies and risk limits;
  - review and evaluate the effectiveness of NobleOak's organisational capability and management information systems;
  - review, evaluate and endorse NobleOak's reinsurance arrangements including any new arrangements, for approval by the Board;
  - monitor the consequences of a changing market environment, any other internal or external factors, and instigating a risk review if a change in market environment or other change leads to an increased risk to NobleOak;
- monitor all product development to seek to ensure that it is managed within the requirements of NobleOak's pricing policies and that actuarial advice is taken in line with the materiality standards and requirements of NobleOak's Actuarial Advice Framework policy; and
- monitor NobleOak's insurance portfolios for conformity with its risk appetite.

The Product and Insurance Committee comprises of at least three members, with the majority of members being directors of the Company and at least one a Non-Executive Director. The Product and Insurance Committee will meet as required to meet the objectives of the Committee.

6.6.5 Corporate governance policies

6.6.5.1 Code of Conduct

The Board has approved a Code of Conduct to guide compliance with legal and other obligations to the Company's stakeholders and which sets ethical standards for the Group's personnel and reflects the Directors' intention to ensure that the duties and responsibilities of all staff of the Company are performed with the utmost integrity.

The Code of Conduct deals with the following principal areas:

- **the Company's business ethics:** including financial and other inducements; bribery and mutual respect;
- **business and personal conduct:** including compliance with the law; conflicts of interest; confidential information; inside information; trading in securities; privacy and intellectual property; and personal conduct; and
- **reporting:** reporting of suspected fraudulent or unethical behaviour.

All suspected breaches of the Code will be investigated by the Company and appropriate and proportionate disciplinary and remedial action will be taken.

6.6.5.2 Risk Management Policy

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining Shareholder value, and to the successful execution of NobleOak's strategies. Also, CPS 220 requires that NobleOak maintain a risk management framework that enables it to appropriately develop and implement strategies, policies, procedures and controls to manage different types of material risks, and provides the Board with a comprehensive institution-wide view of material risks. The Risk Management Policy is a key part of NobleOak's risk management framework.

The purpose of the Risk Management Policy adopted by the Board is to ensure that:

- appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact on NobleOak's business;
- the financial and non-financial impact of identified risks is understood, and appropriate internal control systems are in place to limit NobleOak's exposure to such risks;
- appropriate responsibilities are delegated to control the identified risks effectively;
- any material changes to NobleOak's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy; and
- NobleOak complies with the requirements of CPS 220.

6.6.5.3 Remuneration Policy

The Company is committed to attracting and retaining the best people to work in the organisation, including Directors and senior management, as well as encouraging behaviour that supports the Company's long-term financial soundness and the risk management framework. A key element in achieving that objective is to ensure that the Company is able to appropriately remunerate its key people.

The Company has adopted a Remuneration Policy, the purpose of which is to establish a framework for remuneration that is designed to:

- ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of Directors and management who will create value for the Company and Shareholders;
- fairly and responsibly reward Directors and senior management having regard to the Company's performance, the performance of the senior management and the general pay environment; and
- comply with all relevant legal and regulatory provisions, including CPS 510.

Remuneration for Executive Directors and senior executives may incorporate fixed and variable pay performance elements with both a short-term and long-term focus. The incentives for Non-Executive Directors will be designed so as not to conflict with their obligation to bring an independent judgement to matters before the Board, and to align remuneration with prudent risk-taking. The Remuneration Policy requires that performance-based incentives incorporate adjustments to reflect the outcomes of business activities, the risks related to the business activities taking account, where relevant, of the cost of the associated capital and the time necessary for the outcomes of those business activities to be reliably measured. Refer to Section 6.4.2.3, Section 6.4.2.2 and Section 6.4.3.2 for details regarding CEO and Executive Director, Non-Executive Director and SLT (other than the CEO) remuneration, respectively.

6.6.5.4 Anti-Bribery and Corruption Policy

It is the Company's policy to conduct all business in an honest and ethical manner. NobleOak takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever NobleOak operates, and implementing and enforcing effective systems to counter bribery and corruption.

The Board has adopted an Anti-Bribery and Corruption Policy which applies to anyone employed or engaged by the Company and its subsidiaries, the purpose of which is to:

- ensure that the Company, as a minimum, complies with its obligations under the Corporations Act, the ASX Listing Rules and ASX Recommendations and as much as possible seeks to achieve and exceed best practice;
- educate employees on what gifts, entertainment, hospitality and other benefits are acceptable and unacceptable; and
- promote investor confidence in the integrity of the Company and its securities. The Anti-Bribery and Corruption Policy sets out NobleOak's standards and guidelines on:
  - what constitutes bribery or corruption;
  - offering, accepting and providing gifts and hospitality; and
  - participating in tenders and procuring goods and services.

6.6.5.5 Continuous Disclosure Policy

The Company will endeavour to make publicly available all information to ensure that trading in its shares takes place in an efficient, competitive and informed market. Accordingly, the Board has adopted a Continuous Disclosure Policy the purpose of which is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide Shareholders and the market with timely, balanced, direct and equal access to information issued by the Company; and
- promote investor confidence in the integrity of the Company and its securities.

The Company will immediately notify ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the ASX Listing Rules. After receiving confirmation from ASX that an announcement has been released to the market, the Company will disseminate the information as soon as possible by also posting the announcement on the Company's website.

The Company will not provide the media with exclusive interviews or information that potentially contains any material price sensitive information prior to disclosing that information to ASX. The Company has a general 'no comments' policy in relation to market speculation and rumours, which must be observed by employees at all times.

6.6.5.6 Securities Trading Policy

The Company has implemented a Securities Trading Policy for Directors and employees of the Group. The policy sets out prohibited periods during which Directors and employees may not trade in the Company's securities. These periods extend from year end or half year end until the day following the release of the Company's annual or half yearly results, respectively. The Board may also specify additional blackout periods.

The policy prohibits Directors and restricted employees from engaging in short-term dealing in securities of the Company.

Trading outside these restrictions may be permitted in exceptional circumstances as approved by a clearance officer. The policy also requires that Directors and employees of the Company in possession of insider knowledge or price sensitive information must not at any time deal in securities of the Company, or advise or suggest another person do so, or communicate the price sensitive information to a person who may trade in securities of the Company.

6.6.5.7 Communications Policy

NobleOak is committed to effective communication with its customers, Shareholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

The Company's Communications Policy is designed to ensure that the Company:

- provides timely and accurate information equally to all Shareholders and market participants regarding the Company including its financial situation, performance, ownership, strategies, activities and governance; and
- adopts channels for disseminating information that are fair, timely and cost efficient.

The Company has implemented or intends to implement a number of processes to ensure achievement of these goals, including an investor relations program that facilitates effective two-way communication with investors, with a focus on both professional and retail investors.

The Board aims to ensure that all Shareholders are kept informed of all material developments affecting the Company's business. Information will be communicated to Shareholders through announcements to ASX, including the Company's annual report, annual general meetings, half yearly and full year results, and the Company's website, www.nobleoak.com.au.

6.6.5.8 Diversity Policy

NobleOak believes that it is a forward thinking and dynamic organisation that holds its people in the highest esteem and considers them to be its greatest asset. The Company's workforce is made up of many individuals with diverse skills, values, experiences, backgrounds and attributes including those gained on account of their gender identity, age, disability, cultural or socio-economic background, sexual orientation, perspective and experience.

NobleOak values and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning the Company's culture and management systems with this commitment.

The Company is committed to providing and promoting a corporate culture which embraces diversity in line with the Diversity Policy Statement, and aims to do so via:

- promoting the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements for employees at all levels;
- considering a range of facets of diversity in addition to gender when considering the composition of the Board, including age, ethnicity and background;
- embedding the importance of diversity within the Company's culture by encouraging and fostering a commitment to diversity by leaders at all levels whilst recognising that diversity is the responsibility of all employees; and
- reinforcing with the Company's people that in order to have an inclusive workplace, discrimination, harassment, vilification and victimisation will not be tolerated within the Company.

The Company will also commit to designing, implementing and/or maintaining programs and initiatives to assist with improving diversity, including those as required by the ASX Recommendations.

6.6.5.9 Whistleblower Policy

The Company is committed to conducting its business with integrity and in accordance with NobleOak's corporate values. The Company has adopted a revised Whistleblower Policy, to apply from listing on ASX, which encourages current and former directors, employees, consultants, contractors and suppliers (as well as their relatives, dependants or spouses) to raise any concerns regarding actual or suspected illegal or unethical conduct or practices, or violations of NobleOak's policies on a confidential and, if desired, anonymous basis. The Whistleblower Policy outlines how NobleOak will protect such persons for raising concerns and how reported concerns are received and, where appropriate, investigated by NobleOak.

7.
DETAILS OF THE OFFER

7.
DETAILS OF THE OFFER

7.1 DESCRIPTION OF THE OFFER

7.1.1 Overview

This Prospectus relates to an initial public offering of new Shares by the Company and the sale of existing Shares by SaleCo at an Offer Price of $1.95 per Share. A total of 31.9 million Shares will be available under the Offer (excluding the Noble Offer). These shares will be available for investors under the Broker Firm Offer, the Employee Gift Offer, the Priority Offer and the Institutional Offer.

These Shares will represent approximately 38.3% of the Shares on issue at Completion of the Offer. The Offer (excluding the Employee Gift Offer, under which no proceeds will be raised, and the Noble Offer) is expected to raise approximately $30.0 million from the issue of new Shares by the Company. In addition, the Offer is expected to raise A$32.2 from the sale of 16.5 million existing Shares by SaleCo acquired by SaleCo from Selling Shareholders, with the proceeds of that sale to be paid to Selling Shareholders.

The total number of Shares on issue at Completion will be 83.4 million (assuming full take up of the Employee Gift Offer and excluding the Noble Offer) and all Shares will, once issued or transferred, rank equally with each other. Up to 0.3 million shares are targeted to be issued under the Noble Offer. If the maximum Noble Offer target is reached, proceeds of the Offer may total $62.7 million.

The Shares held by certain of the existing Shareholders will be subject to escrow arrangements described in Section 6.5 of this Prospectus.

The Offer (other than the Employee Gift Offer and the Noble Offer) has been fully underwritten by the Lead Manager. A summary of the Underwriting Agreement including the events which would entitle the Lead Manager to terminate the Underwriting Agreement is set out in Section 10.7.1.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.2 Structure of the Offer

The Offer comprises the following components:

- the **Retail Offer**, which consists of the:
  - **Broker Firm Offer**, which is open to Australian and New Zealand resident clients of Brokers who have received a firm allocation of Shares from their Broker (refer to Section 7.3);
  - **Priority Offer**, which is open to selected investors in Australia and New Zealand nominated by the Company (refer to Section 7.4);
  - **Employee Gift Offer**, which is open to Eligible Gift Employees who have received an offer from the Company to acquire, at no cost, $1,000 worth of Shares (rounded down to the nearest whole Share based on the Offer Price) (refer to Section 7.5); and
  - **Noble Offer**, which is open to Eligible Investors in Australia and New Zealand who have received a Noble Offer invitation from the Company (refer to Section 7.6).
- the **Institutional Offer**, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, made under this Prospectus (refer to Section 7.7).

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer. The allocation of Shares between the Broker Firm Offer, the Priority Offer, the Employee Gift Offer, the Noble Offer and the Institutional Offer will be determined by agreement between the Company and the Lead Manager, having regard to the allocation policies outlined in Section 7.3.4 and Section 7.7.2.

7.1.3 Purpose of the Offer

The purpose of the Offer is to:

- support the Company's growth strategy and future growth opportunities;
- broaden the Company's shareholder base;
- provide a liquid market for Shares;
- provide NobleOak with the benefits of an increased brand profile that may arise from being a publicly listed entity; and
- provide certain existing Shareholders with an opportunity to realise a portion of their investment in the Company.

7.1.4 Sources and uses of funds

The proceeds of the Offer received by the Company and SaleCo will be applied as described in Table 68. The Offer is expected to raise gross proceeds of approximately $62.2 million (excluding the Noble Offer).

Table 68: Sources and uses of funds

Sources of funds	$ millions	Uses of funds	$ millions
NobleOak			
Proceeds from the issue of new Shares under the Offer[1]	30.0	General corporate purposes, including to support increased risk retention, organic growth and inorganic growth initiatives	23.0
		Transaction costs[2]	7.0
SaleCo			
Proceeds from the sale of existing Shares by SaleCo	32.2	Payments to Selling Shareholders	32.2

Note:

1. Assumes full take up of Employee Gift Offer and excludes Noble Offer.
2. Transaction costs includes the fees payable to advisers as referred to in Section 10.15, as well as other costs such as registry fees, ASX listing fees and other adviser fees.

The net proceeds to be received by the Company under the Offer will be used for general corporate purposes, including increased risk retention, organic growth initiatives and inorganic growth initiatives. As disclosed in Section 3.14.1, the Company may retain (rather than cede to reinsurers) more risk under the life insurance policies it writes and the additional capital raised under the Offer will provide the capital backing for this. Organic growth initiatives may include the addition of new products, the pursuit of distribution arrangements with new partners or increasing marketing investment. Finally, inorganic growth opportunities may include the acquisition of various in force and run off life risk insurance portfolios as described in Section 3.14.3.

The Board retains the right to vary these uses of funds, acting in the best interests of the Company and Shareholders and as circumstances require.

7.1.5 Pro Forma Historical Balance Sheet

The Company's Pro Forma Historical Balance Sheet following Completion, including details of the pro forma adjustments, is set out in Section 4.4.1.

7.1.6 Capitalisation and indebtedness

The Company's capitalisation and indebtedness as at 31 December 2020, before and following Completion, are set out in Section 4.4.2.

7.1.7 Shareholding structure of the Company

The details of the Company's Shareholding structure immediately prior to Completion and ownership of Shares on Completion are set out in Section 6.3.

7.1.8 Control implications of the Offer

The Directors do not expect any single Shareholder to control the Company on Completion (based on the definition of 'control' in Section 50AA of the Corporations Act).

7.1.9 Potential effect of the Offer on the future of the Company

The Directors believe that on Completion, NobleOak will have sufficient funds available from cash proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet the Company's stated business objectives.

7.2 TERMS AND CONDITIONS OF THE OFFER

What is the type of security being offered?	Shares (being fully paid ordinary shares in the issued capital of NobleOak).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13.
What is the consideration payable for the Shares?	Successful applicants under the Offer (other than the Employee Gift Offer) will pay the Offer Price, being $1.95 per Share.

What is the Offer Period?	The Retail Offer will open at 9:00am (Sydney time) on Wednesday, 7 July 2021 and will close at 5:00pm (Sydney time) on Wednesday, 14 July 2021. The key dates, including details of the Offer Period, are set out in the Key Offer information section. This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Company and SaleCo, in agreement with the Lead Manager, reserve the right to vary any and all of the times and dates of the Offer Period without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any applicants). Without limiting this, the Company may accept offers at any time before Completion at its discretion. If the Offer is cancelled or withdrawn before the allotment of Shares, all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. No Shares will be issued on the basis of this Prospectus later than the Expiry Date of 13 months after the Original Prospectus Date. The key Offer dates are indicative only and may change.
What are the cash proceeds to be raised under the Offer?	Approximately $62.2 million will be raised if the Offer proceeds (comprising approximately $30.0 million from the issue of new Shares by the Company and approximately $32.2 million from the sale of existing Shares by Selling Shareholders). This assumes full Employee Gift Offer participation and excludes the Noble Offer.
Is the Offer underwritten?	The Lead Manager has fully underwritten the Offer (other than the Employee Gift Offer and the Noble Offer) pursuant to the Underwriting Agreement. Details are provided in Section 10.7.1.
Who is the Lead Manager for the Offer?	The Lead Manager of the Offer is Barrenjoey Advisory Pty Limited ACN 636 976 228.
What is the minimum and maximum application size under the Retail Offer?	The minimum application size for investors in the Broker Firm Offer and the Priority Offer is $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer or the Priority Offer. Under the Employee Gift Offer, Eligible Gift Employees who submit a valid Application will receive a guaranteed allocation of $1,000 worth of Shares (rounded down to the nearest whole Share based on the Offer Price). The minimum application size by Eligible Investors in the Noble Offer is $500 worth of Shares and in multiples of $250 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Noble Offer. The Company and SaleCo reserve the right to treat any applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors as bids in the Institutional Offer or to reject or scale back applications. The Company and SaleCo, along with the Lead Manager, also reserves the right to aggregate any applications believed to be multiple applications from the same person.

What is the allocation policy?	The allocation of Shares between the Institutional Offer and the Retail Offer (including the Broker Firm Offer, the Priority Offer, the Employee Gift Offer and the Noble Offer) will be determined by agreement between the Company, SaleCo and the Lead Manager, having regard to the results of the Bookbuild and the allocation policies outlined in Section 7.7.2 and Section 7.3.4 of this Prospectus (as applicable). The allocation of Shares to participants in the Institutional Offer and the identity and level of participation of Brokers in the Broker Firm Offer will be determined by agreement of the Company and the Lead Manager, having regard to the results of the Bookbuild and the allocation policies in Section 7.7.2 and Section 7.3.4 of this Prospectus (as applicable). With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their retail clients. The Company may reject an application, or allocate fewer Shares than the number or equivalent dollar amount applied for, in the Company's absolute discretion. The Company also reserves the right to aggregate any applications that it believes may be multiple applications from the same person.
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or about Thursday, 22 July 2021. Refunds (without interest) to applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the application monies they have paid, will be made as soon as practicable after Completion.
Will the Shares be quoted?	The Company applied to ASX within seven days of the Original Prospectus Date for admission to the Official List, and quotation of Shares by ASX (under the code 'NOL'). It is anticipated that quotation will commence following close of the Retail Offer on or about Wednesday, 21 July 2021. If permission is not granted for the official quotation of the Shares on ASX within three months after the Original Prospectus Date (or any later date permitted by law), all application monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of an investment in the Company.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about Wednesday, 21 July 2021. It is expected that holding statements will be dispatched by the standard post on or about Thursday, 22 July 2021. It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry, the Lead Manager and the existing Shareholders disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of your allocation from the Offer Information Line, by a Broker or otherwise.

Are there any escrow arrangements?	Yes. Details are provided in Section 6.5.
Has any ASIC relief or ASX waiver been sought or obtained?	Yes. Details are provided in Section 10.10.2.
Are there any taxation considerations for Australian investors?	Yes. Details are provided in Section 10.12.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer. Refer to Section 10.7 for details of various fees payable by NobleOak to the Lead Manager and by the Lead Manager to certain Brokers.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the NobleOak Offer Information Line on 1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you have any questions about whether to invest in Shares, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

7.3 BROKER FIRM OFFER

7.3.1 Who can apply

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

7.3.2 How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or application monies to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of the Prospectus and Broker Firm Offer Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and application monies are received before 5:00pm (Sydney time) on the closing date for the Broker Firm Offer (5:00pm (Sydney time) on Wednesday, 14 July 2021) or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received an invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

The minimum application size for investors in the Broker Firm Offer is 1,026 Shares (approximately $2,000 worth of Shares, rounded up to the value of the nearest share). There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

The Company, SaleCo and the Lead Manager reserve the right to aggregate any applications that they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Company, SaleCo the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

The Broker Firm Offer opens at 9:00am (Sydney time) on Wednesday, 7 July 2021 and is expected to close at 5:00pm (Sydney time) on Wednesday, 14 July 2021.

The Company may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their application monies to their Broker in accordance with instructions provided by that Broker.

7.3.4 Allocation policy under the Broker Firm Offer

The allocation of Shares to the Broker Firm Offer, and the identity and level of participation of Brokers participating in the Broker Firm Offer, has been determined by agreement between the Lead Manager, the Company and SaleCo. Shares that have been allocated to Brokers for allocation to their Australian or New Zealand resident clients will be issued or transferred to the applicants nominated by those Brokers (subject to the Company's right, the right of SaleCo and the right of the Lead Manager to reject, aggregate or scale back applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company, SaleCo or the Lead Manager) will be responsible for ensuring that retail clients who have received an invitation from them receive the relevant Shares.

If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Lead Manager, the Share Registry and the existing Shareholders, disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of allocation from the Offer Information Line, by a Broker or otherwise.

7.3.5 Acceptance of applications under the Broker Firm Offer

An application under the Broker Firm Offer is an offer by you to the Company and SaleCo to apply for Shares in the full amount specified on the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an application by an applicant may not be varied and is irrevocable.

By making an application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

An application may be accepted in respect of the full amount specified on the Application Form, or any amount lower than that, without further notice to the applicant. The Company reserves the right to decline any application (in whole or in part) if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the application, or for any other reason.

The Company, SaleCo and the Lead Manager reserve the right to reject any application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an applicant in completing their application. In addition, the Company, SaleCo and the Lead Manager reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications (or aggregation of applications) which they believe may be from an Institutional Investor, or are for more than $250,000 worth of Shares.

Successful applicants in the Broker Firm Offer will be issued or transferred Shares at the Offer Price. Acceptance of an application will give rise to a binding contract, conditional on Settlement and quotation of Shares on ASX.

7.3.6 Application monies

Application monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued to successful applicants. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will receive a refund (without interest) of all or part of their application monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on application monies pending the allocation or refund will be retained by the Company. You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY® payment, electronic funds transfer or other valid payment method (as applicable). If the amount of your BPAY® payment, electronic funds transfer or other valid payment method (as applicable) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares.

7.4 PRIORITY OFFER

7.4.1 Who may apply

The Priority Offer is open to investors who have received an invitation to participate in the Priority Offer from NobleOak and who have a registered address in Australia and New Zealand and are not located in the United States. If you have been invited by NobleOak to participate in the Priority Offer, you will be treated as an Applicant under the Priority Offer in respect of those Shares that are allocated to you and you will receive a personalised invitation to apply for Shares in the Priority Offer. The allocation of Shares among bidders in the Institutional Offer has been determined by agreement between the Lead Manager, the Company and SaleCo. The Company, SaleCo and the Lead Manager have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

7.4.2 How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for some or all of those Shares, you should follow the instructions on your personalised invitation.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter. There is no maximum number of Shares that may be applied for under the Priority Offer.

Applications must be received by the Share Registry on or before the closing date for the Priority Offer (being 5:00pm (Sydney time) on Monday, 28 June 2021).

7.4.3 How to pay

Payment must be made in Australian dollars and via BPAY® or Electronic Funds Transfer (**EFT**), and must otherwise be made in accordance with the instructions provided on your personalised invitation. Application Monies must be received by the Share Registry by 5:00pm (Sydney time) on Wednesday, 14 July 2021. It is your responsibility to ensure that your BPAY® or EFT payment is received by the Share Registry by no later than 5:00pm (Sydney time) on Wednesday, 14 July 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

7.4.4 Allocation policy

The allocation of Shares to Applicants under the Priority Offer will be determined by NobleOak. The Company has absolute discretion regarding the final allocation of Shares to Applicants in the Priority Offer and may reject an Application, or allocate a lesser number of Shares than applied for, in its absolute discretion.

7.5 EMPLOYEE GIFT OFFER

7.5.1 Who may apply

The Employee Gift Offer is open to Eligible Gift Employees (other than Directors and members of the SLT who are not eligible to participate in the Employee Gift Offer). There are 109 Eligible Gift Employees who may apply for Shares under the Employee Gift Offer.

Eligible Gift Employees will receive a personalised invitation to apply for Shares under the Employee Gift Offer on or around the Prospectus Date. Eligible Gift Employees should read the invitation and this Prospectus carefully and in their entirety before deciding whether to apply for Shares under the Employee Gift Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

7.5.2 How to apply

Eligible Gift Employees who wish to apply for Shares under the Employee Gift Offer must apply for Shares by submitting the Employee Gift Offer Application Form in accordance with the instructions on your personalised invitation. Eligible Gift Employees must comply with the instructions on their personalised invitation and the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications under the Employee Gift Offer must be received on or before the closing date of the Employee Gift Offer (being 5:00pm (Sydney time) on Wednesday, 14 July 2021).

Applications under the Employee Gift Offer may only be accepted in full.

7.5.3 How to pay

No payment for Shares is required under the Employee Gift Offer.

7.5.4 Allocation policy

Eligible Gift Employees who submit a valid Application will receive a guaranteed allocation of $1,000 worth of Shares (rounded down to the nearest whole Share based on the Offer Price).

7.5.5 Restrictions on disposing of shares

Eligible Gift Employees will, subject to the requirements of the Company's Securities Trading Policy, be free to deal with the Shares acquired under the Employee Gift Offer.

7.6 NOBLE OFFER

7.6.1 Who may apply

The Noble Offer is open to Eligible Investors who have received a personal invitation to participate in the Noble Offer from NobleOak and who have a registered address in Australia or New Zealand and are not located in the United States.

Eligible Investors will receive a personalised invitation to apply for Shares under the Noble Offer on or around the Prospectus Date. Eligible Investors should read the invitation carefully and in its entirety before deciding whether to apply under the Noble Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

7.6.2 How to apply

Eligible Investors who wish to apply for Shares under the Noble Offer must apply for Shares by submitting the Noble Offer Application Form in accordance with the instructions on your personalised invitation. Eligible Investors must comply with the instructions on their personalised invitation and the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications under the Noble Offer must be received on or before the closing date of the Noble Offer (being 5:00pm (Sydney time) on Wednesday, 14 July 2021).

Applications under the Noble Offer must be for a minimum of $500 worth of Shares and in multiples of $250 worth of Shares thereafter. There is no maximum number or value of Shares that may be applied for under the Noble Offer.

7.6.3 How to pay

Payment must be made in Australian dollars and via BPAY®, and must otherwise be made in accordance with the instructions provided on your personalised invitation. Application Monies must be received by the Share Registry by 5:00pm (Sydney time) on Wednesday, 14 July 2021. It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (Sydney time) on Wednesday, 14 July 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

7.6.4 Allocation policy

NobleOak aims to issue in aggregate up to $0.5 million worth of shares under the Noble Offer. The Company may decide in its discretion to accept applications for more than $0.5 million worth of shares. The allocation of Shares to Applicants under the Noble Offer will be determined by the Company. The Company has absolute discretion regarding the final allocation of Shares to Applicants in the Noble Offer and may reject an Application, or allocate a lesser number of Shares than applied for, in its absolute discretion.

7.7 INSTITUTIONAL OFFER

7.7.1 Invitations to bid

The Company and SaleCo invites certain eligible Institutional Investors to bid for Shares in the Institutional Offer. The Institutional Offer is an invitation to Institutional Investors in Australia, New Zealand and selected other jurisdictions (other than the United States) to bid for Shares made under this Prospectus.

7.7.2 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer has been determined by agreement between the Lead Manager, the Company and SaleCo. The Company, SaleCo and the Lead Manager have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

The allocation policy was influenced, but not constrained, by the following factors:

- the number of Shares bid for by particular applicants;
- the timeliness of the bid by particular applicants;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and the Institutional Offer;
- the size and type of funds under management of particular applicants;
- the likelihood that particular applicants will be long-term Shareholders; and
- any other factors that the Company, SaleCo and the Lead Manager considered appropriate, in their sole discretion.

As at the Original Prospectus Date, allocations have been made to Institutional Investors for the total number of Offer Shares (excluding the Shares referred to in Section 7.8) under the Institutional Offer.

7.8 PARTICIPATION BY BOARD AND SLT

A total of 343,590 Shares are expected to be applied for under the Offer on Completion at the Offer Price per Share by *Andrew Boldeman*, *Anthony Brown*, and *Scott Pearson*.

Other Directors and existing securityholders may apply for Shares under the Offer.

7.9 ESCROW ARRANGEMENTS

Escrowed Shares held at Completion by the Escrowed Shareholders will be subject to voluntary escrow arrangements. Further details of these arrangements are provided in Section 6.5.

7.10 ACKNOWLEDGEMENTS

Each applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a complete and unaltered printed or electronic copy of the Prospectus (and any supplementary or replacement document) attached to or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and SaleCo, together with the Lead Manager, and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the

applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;

- acknowledged that, in some circumstances, we may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not financial product advice or a recommendation that Shares are suitable for the applicant(s), and does not take into account the personal circumstances, investment objectives, financial circumstances, tax position or particular needs of the applicant(s);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if the Company's admission to the Official List of ASX and Completion do not occur for any reason, the Offer will not proceed.

Each applicant in the Offer made under this Prospectus will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in accordance with U.S. Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction in accordance with the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.11 DISCRETION REGARDING THE OFFER

The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful applicants under the Offer. If the Offer, or any part of it, does not proceed, or you are not issued or transferred any Shares or are issued or transferred fewer Shares than the number that you applied for, all relevant application monies will be refunded (without interest) as soon as possible.

The Company and SaleCo also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications either generally or in particular cases, reject any application, or (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate for a lesser number of Shares than that applied for.

7.12 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

7.12.1 Application to ASX for listing of the Company and quotation of Shares

The Company applied to ASX within seven days of the Original Prospectus Date for admission to the Official List and quotation of the Shares on ASX (under the code 'NOL').

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on ASX within three months after the Original Prospectus Date (or any later date permitted by law), the Offer will be withdrawn and all application monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

From the date of admission to the Official List, the Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time (including those described in Section 10.10).

7.12.2 CHESS and issuer sponsored holdings

The Company has applied to participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and must comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products under the ASX Settlement Operating Rules, holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time, either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.13 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

The rights and liabilities attaching to the ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to Shares and a description of other material provisions of the Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

7.13.1 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each Share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid Share held and in respect of each partly paid Share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid Share bears to the total amounts paid and payable (excluding amounts credited) on that Share. Amounts paid in advance of a call are ignored when calculating the proportion.

7.13.2 Meetings of members

Every Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.13.3 Dividends

The Board may pay any interim, special or final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and method of payment.

7.13.4 Transfer of Shares

Subject to the Constitution and to any restrictions attached to any Share or classes of Shares, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, the Corporations Regulations and the ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may, in accordance with the Corporations Act or the ASX Listing Rules, decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer.

7.13.5 Issue of Shares

The Board may, subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules issue or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.13.6 Preference Shares

The Company may issue preference shares, including preference shares which are, or at the option of the Company or a holder are, liable to be redeemed or converted into Shares. The rights attaching to preference shares are those set out in the Constitution.

7.13.7 Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of Shares, any surplus property must be divided among Shareholders in proportion to the Shares held by them (irrespective of the amounts paid or credited as paid on the Shares), less any amounts which remain unpaid on these Shares at the date of distribution.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of NobleOak's property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

7.13.8 Non-marketable parcels

In accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares by following the procedures set out in the Constitution. A marketable parcel of Shares is defined in the ASX Listing Rules and is generally a holding of Shares with a market value of at least $500.

7.13.9 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a resolution by the third anniversary of either the date those provisions were adopted or the date those rules were last renewed.

7.13.10 Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.13.11 Directors – appointment and retirement

Under the Constitution, the number of Directors shall be a minimum of 6 Directors and a maximum of 10 Directors or such lower number as the Directors determine, provided the Company resolves to authorise such determination at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (other than the Managing Director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later). The Board may also appoint any eligible person to be a Director (but not the CEO), either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will hold office until the conclusion of the next annual general meeting of the Company following their appointment.

A person is eligible for election to the office of a Director at a general meeting if they are nominated by the Board or by another Shareholder in accordance with procedures in the Constitution (subject to timing requirements).

7.13.12 Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote in addition to his or her deliberative vote.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or assent to the resolution (other than Directors permitted not to vote on the resolution in accordance with the terms of the Constitution).

7.13.13 Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting for that purpose. The remuneration of a Director must not include a commission on, or a percentage of operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.4.2.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be reimbursed for travel and other expenses properly incurred in attending to NobleOak's affairs, including attending and returning from general meetings of the Company, Board meetings or meetings of committees of the Board. If a Non-Executive Director renders or is called on to perform extra services, or make any special exertions in connection with the affairs of the Company, the Directors may arrange for special remuneration to be paid to that Director either in addition to or in substitution for that Director's remuneration. Directors' remuneration is discussed in Section 6.4.2.1 and Section 6.4.3.2.

7.13.14 Powers and duties of Directors

The Directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in general meeting all the powers of the Company which are not required by law or by the Constitution to be exercised by the Company in general meeting.

7.13.15 Indemnities

The Company may indemnify, to the extent permitted by law, each Director, alternative director or executive officer of the Company (and, if the Directors so determine, any current or former officer or auditor of the Company or its related bodies corporate) against any losses or liability incurred by that person as an officer or auditor (as applicable) of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis. The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each Director, alternative director or executive officer of the Company (and, if the Directors so determine, any current or former officer or auditor of the Company or its related bodies corporate) against any liability incurred by that person as an officer or auditor (as applicable) of the Company or of a related body corporate, including but not limited to a liability for negligence or for legal costs.

7.13.16 Amendment

The Constitution may be only amended in accordance with the Corporations Act, which requires a special resolution passed by at least 75% of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

8.

INVESTIGATING ACCOUNTANT'S REPORT

Deloitte Corporate Finance Pty Limited
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AFSL 241457

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The Directors
NobleOak Life Limited
Level 2, 89 York Street
Sydney NSW 2000

The Directors
NobleOak SaleCo Limited
Level 2, 89 York Street
Sydney NSW 2000

29 June 2021

Dear Directors,

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL, PRO FORMA HISTORICAL, FORECAST AND PRO FORMA FORECAST FINANCIAL INFORMATION OF NOBLEOAK LIFE LIMITED AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of NobleOak Life Limited ACN 087 648 708 (the **Company**) and NobleOak SaleCo Limited ACN 650 872 370 (**SaleCo**) for inclusion in the Prospectus to be issued by the Company and SaleCo in respect of the initial public offering of Shares in the Company (the **Offer**) and the associated listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the *Corporations Act 2001* (Cth) (**Corporations Act**) for the issue of this report.

References to the Company and other capitalised terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Statutory Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Company and SaleCo to review the following financial information of the Company and its subsidiaries (**Group**):

- the statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019;
- the statutory historical consolidated statement of financial position as at 31 December 2020; and
- the statutory historical consolidated statements of cash flows for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019,

as set out in Section 4.3, 4.4 and 4.6 of the Prospectus (together the **Statutory Historical Financial Information**).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information for the full year has been extracted from the general purpose financial reports of the Company for the years ended 30 June 2020 and 30 June 2019, which was audited by Deloitte Touche

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Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the financial reports.

The Statutory Historical Financial Information for the half-year has been extracted from the general purpose financial report of the Company for the year ended 31 December 2020, which was reviewed by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified review conclusion on the financial report.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Company to review the following financial information of the Group:

- the pro forma historical consolidated statements of profit or loss for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019;
- the pro forma historical consolidated statement of financial position as at 31 December 2020: and
- the pro forma historical consolidated statements of cash flows for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019,

as set out in Section 4.3, 4.4 and 4.6 of the Prospectus (the **Pro forma Historical Financial Information**).

The Pro forma Historical Financial Information has been derived from the Statutory Historical Financial Information after adjusting for the effects of pro forma adjustments described in Section 4.3, 4.4 and 4.6 of the Prospectus (the **Pro forma Adjustments**).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as described in Section 4.2 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Company to review the following financial information of the Group:

- the statutory forecast consolidated statement of profit or loss and the statutory forecast consolidated statement of cash flows of the Group for the year ending 30 June 2021 and 30 June 2022 as set out in Section 4.3 and 4.6 of the Prospectus (the **Statutory Forecast Financial Information**). The directors of the Company and SaleCo (**Directors**) best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.8 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Group's adopted accounting policies; and
- the pro forma forecast consolidated statement of profit or loss and the pro forma forecast consolidated statement of cash flows of the Company for the year ending 30 June 2021 and 30 June 2022 as set out in Section 4.3 and 4.6 of the Prospectus (the **Pro forma Forecast Financial Information**). The Pro forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro forma Adjustments described in Section 4.3 and 4.6 of the Prospectus. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at 1 January 2021. Due to its nature the Pro forma Forecast Financial Information does not represent the Group's actual prospective financial performance and/or cash flows for the year ending 30 June 2021 and 30 June 2022.

(together the **Forecast Financial Information**).

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The Forecast Financial Information has been prepared by management of the Group and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and cash flows of the Company for the year ending 30 June 2021 and 30 June 2022. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and /or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 5 and 4.9 of the Prospectus.

The sensitivity analysis set out in Section 4.9 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Group, that all material information concerning the prospects and proposed operations of the Group has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of Pro forma Adjustments made to the Statutory Historical Financial Information and included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro forma Historical Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

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Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4.3, 4.4 and 4.6 of the Prospectus, and comprising:

- the statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019;
- the statutory historical consolidated statement of financial position as at 31 December 2020; and
- the statutory historical consolidated statements of cash flows for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019

are not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2 of the Prospectus.

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not prepared in all material respects, in accordance with the stated basis of preparation as described in Section 4.2 of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;

(ii) in all material respects, the Statutory Forecast Financial Information:

  a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.8 of the Prospectus;
  b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and

(iii) the Statutory Forecast Financial Information itself is unreasonable.

Pro forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information

(ii) in all material respects, the Pro forma Forecast Financial Information:

  a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.8 of the Prospectus;
  b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Group and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast and the Pro forma Adjustments as if those adjustments had occurred as at 1 January 2021;

(iii) the Pro forma Forecast Financial Information itself is unreasonable.

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Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.2 and the 'Important Notices' pages of the Prospectus, which describe the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the *Prospectus* in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours sincerely

DELOITTE CORPORATE FINANCE PTY LIMITED

Ian Turner
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)

Tara Hynes
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)

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March 2020

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Asia Pacific Limited and the Deloitte organisation
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

9.

INDEPENDENT EXPERT ACTUARY'S REPORT

9. INDEPENDENT EXPERT ACTUARY'S REPORT

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Thomson Actuarial Pty Limited

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29 June 2021

The Directors
NobleOak Life Limited
Level 7, 66 Clarence Street
Sydney NSW 2000

The Directors
NobleOak SaleCo Limited
Level 7, 66 Clarence Street
Sydney NSW 2000

Expert Actuary's Report – Embedded Value

1. Introduction

Thomson Actuarial Pty Limited (TAPL, we, us or our) has been engaged by NobleOak Life Limited (the Company) and NobleOak SaleCo Limited (SaleCo) to provide an opinion on the Embedded Value of the Company's business as at 31 December 2020.

This report has been prepared for inclusion in the Prospectus to be issued by the Company and SaleCo in respect of the initial public offering of shares in the Company and the associated listing of the Company on the Australian Securities Exchange. It summarises the results of our calculation of the Embedded Value and the assumptions on which that calculation is based.

This report is subject to the reliances and limitations set out in Section 7 below.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

2. Description of Embedded Value

The Embedded Value of the Company is an estimate of part of the worth of the Company on a going concern basis using unbiased assumptions regarding the future experience of the business. The Embedded Value allows for the business plans of the Company but does not include any value for the ability to write new business after 31 December 2020.

Because the Embedded Value does not allow for new business or other relevant factors that may be taken into account by prospective purchasers, it is not a market valuation of the Company.

The Embedded Value comprises the following three components:

1. Value of Business In-force
   This is the present value to shareholders of the future after-tax distributable profits expected to be earned by the Company from the policies in-force at 31 December 2020. It is based on assumptions regarding future experience and a discount rate reflecting the time value of money. The release of statutory and target reserves is included, consistent with the modelled run-off of the Company's policies in-force.

2. Adjusted Net Worth
This is the surplus assets in the Company in excess of regulatory requirements. The Adjusted Net Worth is all the net assets in the Management Fund plus those assets in the Benefit Funds in excess of the capital adequacy requirement determined under LPS 110 and target surplus held as a safety margin by the Company.

3. Value of Imputation Credits
Existing Imputation Credits and credits generated by future income tax paid on profits from the in-force business are likely to have value to Australian resident Shareholders only. Consequently, we have shown the value separately.

3. Results

3.1 Value

In TAPL's opinion, the Embedded Value of the Company at 31 December 2020 was $104 million, comprised of:

AUD millions	Present Value
Value of Business In-force	68.4
Adjusted Net Worth	16.2
Embedded Value excl. Imputation Credits	**84.6**
Value of Imputation Credits	19.6
Embedded Value with Imputation Credits	**104.2**

3.2 Sensitivities

The following table sets out sensitivities of the Value of Business In-force and Value of Imputation Credits to changes in the risk discount rate and other key assumptions, in each case leaving all other assumptions unchanged.

AUD millions	Impact on Value of Business In-force	Impact on value of Imputation Credits
Discount rate: +1%	(4.2)	(1.3)
Discount rate: -1%	4.9	1.5
Expenses: +10%	(6.5)	(2.0)
Expenses: -10%	6.5	2.0
Lapse rates: +1%	(4.5)	(1.4)
Lapse rates: -1%	5.4	1.6
Claims costs: +10%	(4.5)	(1.4)
Claims costs: -10%	4.5	1.4

Although the COVID-19 pandemic and other unexpected events could have greater impacts on Embedded Value, these sensitivities provide confidence that under anticipated business conditions the Embedded Value should not differ from the base estimate by more than +/- 10%.

4. Data and review of methodology

We have based our valuation on cash flow projections of business in-force provided by the Company. The assumptions we have adopted are based on information provided by the Company including the Company's audited financial statements, budgets for FY21 and FY22, other management information regarding the operating experience, and reports supporting the assumptions used in the Company's internal calculation of Embedded Value.

We have spot-checked and considered the above information for reasonableness and consistency, but have not audited or independently verified the calculations or information for accuracy or completeness.

5. Assumptions

5.1 Review of assumptions

We have reviewed the assumptions and the reports supporting the assumptions used by the Company in deriving its internal Embedded Value. After considering the Company's business, the markets within which it operates and the various economic and societal uncertainties introduced by COVID-19, we have agreed with the Company on modest changes to their previous assumptions.

We believe that the Company's adjusted assumptions are reasonable and suitable for the purpose of calculating the Embedded Value. Consequently, we have adopted assumptions in line with those used in the Company's internal valuations.

We have based the Embedded Value calculation on the key assumptions outlined below.

5.2 Risk discount rate

The discount rate represents the long-term risk adjusted return expected on the investment. We determined the risk discount rate of 8.5% per annum using a capital asset pricing model approach. The assumed discount rate reflects the currently low risk-free market interest rates, but is higher (that is, more conservative) than adopted by many peers due to the Company being relatively small and growing strongly. A sensitivity of the Embedded Value to a 1% change in the discount rate has also been shown in Section 3.2 above.

5.3 Management expenses

Future expenses to service the existing business are based on the Company's detailed budgeted expenses for FY21 and FY22 plus higher-level projections for subsequent years. Expenses related to the acquisition of new policies have not been included.

Expense unit costs can be impacted at short notice by management action and/or changes in business volumes. A sensitivity of the Embedded Value to a 10% increase or decrease in maintenance expense unit costs has been illustrated in Section 3.2 above.

5.4 Inflation rate

An inflation rate of 2% per annum was assumed in relation to future increases in per policy maintenance expenses.

An inflation rate of 2.5% per annum was assumed for optional future benefit indexation, because many policies offer 3% per annum minimum increases.

5.5 Policy lapses

Weighted averages by product group have been adopted, based on analysis of the Company's recent experience. Allowance has been made for higher lapse rates expected as the portfolios age and as the conservative cultural impacts of COVID-19 dissipate, but the assumed rates are still lower than industry averages. The rates assumed for major product groups range from 9.5% to

11% per annum. A sensitivity of the Embedded Value to a 1% per annum increase or decrease in lapse rates has been illustrated in Section 3.2 above.

5.6 Premium increases

Future profits and hence the Embedded Value are generally assumed to emerge as percentages of future premiums. The primary sources of premium increases are CPI increases in insurance cover (assumed in Section 5.4 to average 2.5% per annum) and age-related premium rate increases. Weighted averages by product group have been adopted, based on analysis of the Company's recent experience. A rate above industry averages has been assumed for the Company's direct business to reflect the older age profile of lives insured, for whom rate increases are steeper.

5.7 Claim rates

The assumed claim rates are based on the detailed assumptions used by the Company for its own internal valuations. The assumed mortality, disability and trauma decrements have been derived from recent industry experience, with reference to the Company's own claims experience which is modest in size and consequently has limited statistical significance. The Company retains relatively low levels of risk, with the overall portfolio averaging 10% retention and the Direct Channel having the highest retention level (averaging up to 35%). Consequently, the claim assumptions have relatively small impacts on the calculated Embedded Value compared to the impacts on other life companies with higher retentions.

5.8 Investment returns

The current investment strategy is to hold secure cash-like assets. We have not assumed any impacts due to volatility or credit risks.

5.9 Other policy assumptions

The Company has assumed that current product terms, premium rates, policy benefits, fee and commission structures, reinsurance arrangements, statutory capital requirements and taxation rates will continue indefinitely for the business in-force.

5.10 Imputation Credits

Imputation Credits can only be received by eligible Shareholders after the company tax has been paid, and then subject to the Company's need for capital and its dividend policy. Credits by themselves are not marketable.

We are advised that, as at 31 December 2020, the Company's franking account balance was $2.2 million. Future credits will be earned in proportion to the after-tax value of the profits on business in-force, but we have reduced the balance to reflect credits expected to be utilised in franking a pre-Offer dividend.

To allow for timing of dividend payments and the lack of marketability of imputation credits, we have valued the imputation credits at 70% of the present value of projected future Shareholder tax payments, in line with common industry practice.

6. Key risks

The calculation of an Embedded Value incorporates a number of assumptions as to future experience. The key risks to the Company's Embedded Value are:

6.1 Expenses and business volumes

The level of unit costs has a direct impact on the Embedded Value. Unit costs are determined by overall expense levels and the volumes of business in-force. While the Embedded Value does not specifically include any allowance for future new business, the assumed unit costs are based on maintaining the current level of business in-force on an existing cost base. If overall maintenance expenses increase beyond the assumed level, or the number of policies in-force declines below expected levels, then the Embedded Value would be lower.

6.2 Lapse rates

As the Embedded Value is derived from the level of future expected profits from the business in force, the Embedded Value is sensitive to the rate of policy discontinuances, in particular voluntary lapses. If policy discontinuances are higher than expected, the Embedded Value would be lower.

6.3 COVID-19 pandemic

To date, the COVID-19 pandemic has impacted Australia to a relatively lesser degree than most other countries. At the time of this report, it appears that a steady recovery of economic and social health is underway and increasing vaccine availability is expected to support this.

Direct mortality impacts on the Company are not expected and even if disability claims increase, it is expected that they will be substantially covered by reinsurance. We note that the Company also maintained modest additional reserves at 31 December 2020 to cover potential claims related to COVID-19.

Cultural impacts are more difficult to anticipate. A general outcome of the pandemic is that several assumptions pertaining to future experience are subject to greater uncertainty than at other times in the past.

6.4 Regulatory reviews

Consumer and political pressures have prompted an ongoing surge of regulatory focus and reviews into different areas of the financial services sector. The Company's budgets and operations are designed to cope with anticipated impacts and insurance policies are designed to provide value to customers. Even so, further direct or indirect influences could affect the Company's costs or its ability to continue business as usual.

6.5 Competitive market

The Company operates in a price-competitive market and strives to challenge the large industry players. This positioning could be targeted by other market participants. The Embedded Value includes an implicit assumption that any future decrease in premium rates on the business in force made necessary by competitive pressures will be offset by lower claim costs and/or efficiency gains which result in reduced unit expense costs.

7. Reliances and Limitations

7.1 Data

We have relied on information provided to us by management of the Company. We make no representations or warranties as to the completeness or the accuracy of the information contained therein, including projections and forecasts. We have not reviewed the Company's models, data or process of generating cash flow projections. We have used the information without independent verification. However, it was reviewed for reasonableness and consistency.

7.2 Assumptions

The Embedded Value has been based on assumptions regarding future experience. The value of the Company will depend on actual future experience which may differ from the assumptions made. Deviations of future experience from the assumptions applied are normal and are to be expected. Our engagement was limited in scope to the provision of an opinion on the Embedded Value of the Company as at 31 December 2020.

7.3 Subsequent events

Since the valuation date the yield on long-term risk-free securities has increased, which has resulted in the use of a higher discount rate than would have been appropriate at 31 December 2020. Also since December 2020, the expected future impacts of the COVID-19 pandemic in Australia have arguably reduced. Other than those, there have been no events since the valuation date that would cause a change in the assumptions. Subject to normal short-term volatility, claims and lapse experience have continued in line with expectations.

The Company's in-force premium (excluding Genus) increased to $165 million at 30 April 2021, up 13% from the balance at 31 December 2020. Reflecting the business mix across segments, we estimate the Embedded Value would have increased by 5%.

8. Disclosures and consents

Thomson Actuarial has given, and not withdrawn, its written consent to inclusion in the Prospectus of this report and its name in the form and context in which they appear. Thomson Actuarial does not otherwise authorise or cause the issue of the Prospectus and takes no responsibility for its contents.

In preparing this report Thomson Actuarial is not operating under an Australian Financial Services Licence.

The remuneration of Thomson Actuarial for the preparation of this report is estimated to be $50,000 (including GST), and is determined on the basis of time spent and does not depend on the outcome of the Offer. To the best of our knowledge and belief, Thomson Actuarial and its associates are completely independent of NobleOak Life Limited, having no pecuniary or other interests nor relationships other than for the preparation of this report.

Yours faithfully

BT Thomson

Bruce Thomson, Director
Thomson Actuarial Pty Ltd
Fellow of the Institute of Actuaries of Australia

10.
ADDITIONAL INFORMATION

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10.1 INCORPORATIONS AND REGISTRATION

NobleOak Life Limited ACN 087 648 708 was incorporated in New South Wales, Australia on 5 June 1902 as The United Ancient Order of Druids Friendly Society of New South Wales. The Company became a company limited by guarantee (named United Ancient Order of Druids Friendly Society N.S.W. Ltd) on 4 January 1999, and was demutualised and became a public company limited by shares on 21 March 2011.

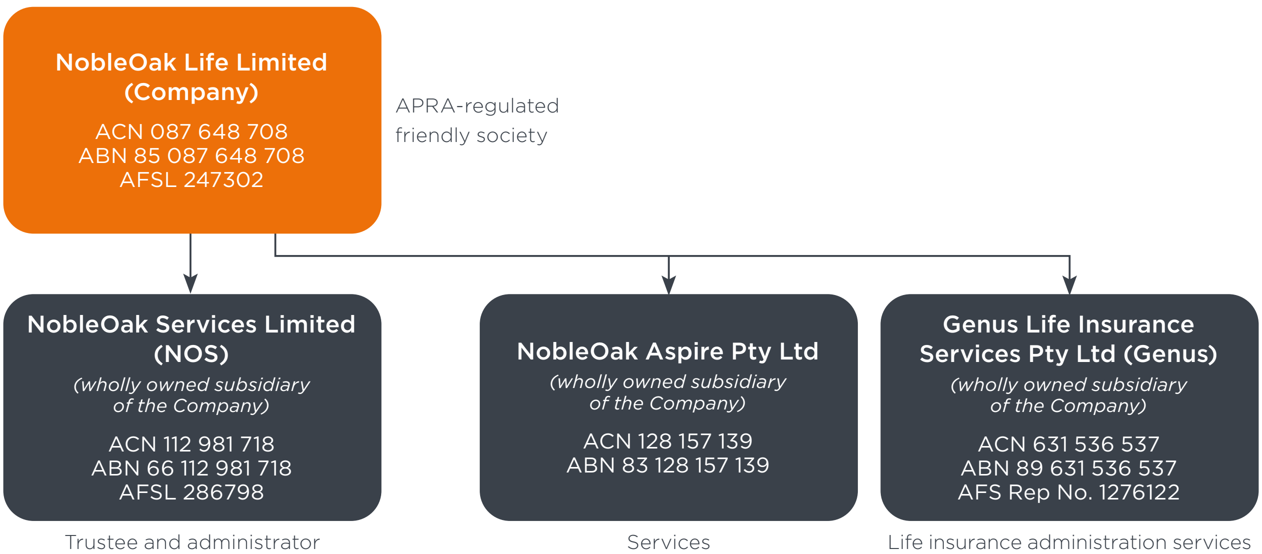
NobleOak SaleCo Limited ACN 650 872 370 was registered in New South Wales, Australia on 8 June 2021 as a public company.

10.2 CORPORATE STRUCTURE

10.2.1 Corporate structure chart

Figure 34 represents the corporate structure of the Group (showing material subsidiaries only) as at the Prospectus Date.

Figure 34: Corporate structure



10.2.2 NobleOak entities

The Company has four wholly-owned subsidiary companies. A brief description of the activities of the Company and each of its subsidiaries is included in Table 69.

Table 69: Summary of activities of NobleOak entities

Name	Place/Date of incorporation	Summary of activities at the Prospectus Date
Company ACN 087 648 708	New South Wales, Australia 5 June 1902	Parent entity with 100% control over Group. APRA-regulated friendly society. Preparer of consolidated group financial statements and contracting entity.
NOS ACN 112 981 718	New South Wales, Australia 16 February 2005	Wholly owned subsidiary of the Company. Trustee and administrator of NobleOak funds.
NobleOak Aspire Pty Limited ACN 128 157 139	New South Wales, Australia 24 October 2007	Wholly owned subsidiary of the Company. Provider of services to other NobleOak entities.
Genus Life Insurance Services Pty Ltd ACN 631 536 537	New South Wales, Australia 8 February 2019	Wholly owned subsidiary of the Company. Provider of life insurance book administration services.
NobleOak Corporate Beneficiary Pty Ltd ACN 149 535 204	New South Wales, Australia 18 March 2011	Wholly owned subsidiary of the Company. Inactive.

10.3 CAPITAL STRUCTURE

The equity capital structure of the Company as at the Prospectus Date and as at Completion is described in Section 6.3.

10.4 SALES OF EXISTING SHARES BY SALECO

SaleCo, a special purpose vehicle, has been incorporated to facilitate the sale of existing Shares held by the Selling Shareholders.

SaleCo will acquire 16,487,986 million Shares from the Selling Shareholders who have determined to sell Shares to SaleCo pursuant to sale deeds between those parties (**Sale Deeds**). The Sale Deeds, which are conditional on admission of the Company to the Official List and the Underwriting Agreement not being terminated, will provide that Shares will be sold by Selling Shareholders to SaleCo at the Offer Price on Completion, free from encumbrances and third-party rights.

The Shares which SaleCo acquires from the Selling Shareholders will be transferred to successful applicants under the Offer. The price payable by SaleCo for these existing Shares is the Offer Price. Proceeds from the Offer of Shares will be paid to SaleCo for distribution to Selling Shareholders.

SaleCo has no material assets, liabilities or operations other than its interests in, and obligations under, the Underwriting Agreement and the Sale Deeds described above, once entered into. The shareholder of SaleCo is Stephen Harrison, and the Directors of SaleCo are Inese Kingsmill, Kevin Hamman and Stephen Harrison. The Company has indemnified SaleCo, and the Directors of SaleCo, for any loss that SaleCo, or the Directors of SaleCo, may incur as a consequence of the Offer.

10.5 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company is and will be subject to tax at the applicable Australian corporate tax rate (which for the Company is, depending on the aspect of its business, either 30%, 15% or nil). The Company's financial year ends on 30 June annually.

10.6 PARTICIPATION IN ISSUES OF SECURITIES

Except as described in this Prospectus, the Company has not granted, or proposed to grant, any rights to any person, or to any class of person, to participate in an issue of the Company's securities.

10.7 MATERIAL CONTRACTS

10.7.1 Underwriting Agreement

Below is a summary of the underwriting agreement entered into between the Company, SaleCo and the Lead Manager on or around the Original Prospectus Date (**Underwriting Agreement**).

10.7.1.1 Overview of the Underwriting Agreement

The Institutional Offer, Broker Firm Offer and the Priority Offer (together, the **Underwritten Offer Components**) are being underwritten by the Lead Manager pursuant to the Underwriting Agreement. The Noble Offer and the Employee Gift Offer are **not** underwritten.

Under the Underwriting Agreement, the Lead Manager has agreed to arrange, manage and underwrite the Underwritten Offer Components.

10.7.1.2 Commissions, fees and expenses

The Company and SaleCo must pay to the Lead Manager in accordance with the Underwriting Agreement a fee equal to 3.5% of the total Offer proceeds (excluding, without double-counting, any amounts raised from the Noble Offer and the Priority Offer). The Company may also, in its absolute discretion, pay to the Lead Manager an incentive fee of up to 1.0% of the total Offer proceeds (excluding, without double-counting, any amounts raised from the Noble Offer and the Priority Offer).

The Company has agreed to reimburse the Lead Manager for costs and expenses incurred by it in relation to the Offer.

10.7.1.3 Termination events

The Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 4:00pm on the date of Settlement under the Offer, by notice to the Company and SaleCo if any of the following events occur:

- a statement in the Prospectus is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included in the Prospectus is omitted from the Prospectus (including without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in the Prospectus which relates to a future matter, or any statement or estimate in the Prospectus which relates to a future matter is, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus had it arisen before lodgement of the Prospectus and is in the reasonable opinion of the Lead Manager, materially adverse from the point of view of an investor;

- the Company and SaleCo:
  - issue or become required to issue, a supplementary prospectus because of section 719(1) or section 728 of the Corporations Act (except in certain circumstances); or
  - lodge a supplementary prospectus (in certain circumstances) with ASIC in a form that has not been approved by the Lead Manager;
- at any time, the S&P/ASX 300 Index falls to a level that is 87.5% or less of the level as at the close of trading on the Business Day immediately before the date of the Underwriting Agreement and is below that level for two consecutive Business Days during any time after the date of the Underwriting Agreement or on the Business Day immediately prior to the date of Settlement;
- any voluntary escrow deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- any of the following occur:
  - the Company or any other member of the Group or SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
  - a director or proposed director or an officer of the Company or any other member of the Group or SaleCo is charged with an indictable offence relating to any financial or corporate matter;
  - any government agency commences any enquiry or public action against the Company, any other member of the Group or SaleCo or any of their respective directors or officers in that capacity, or announces that it intends to take action; or
  - any director or proposed director of the Company, any other member of the Group or SaleCo is disqualified from managing a corporation under the Corporations Act;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the Official List of ASX on or before the date required in the Underwriting Agreement; or
  - the quotation of the Shares on Completion on ASX or for the Shares on Completion to be traded through CHESS on or before the date required in the Underwriting Agreement,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or ASX indicates to the Company that approval is likely to be withdrawn, qualified (other than customary conditions) or withheld;
- any of the following notifications are made in respect of the Offer or the Prospectus:
  - ASIC holds a hearing or gives notice of an intention to hold a hearing under section 739(2) or ASIC issues an order (including an interim order) under sections 739 or 1324B of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Prospectus;
  - ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or the Prospectus;
  - any person (other than the Lead Manager) who has previously consented to the inclusion of its name in the Prospectus or the Pathfinder withdraws that consent; or
  - any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus,

  unless such notification is not made public and is withdrawn within a certain period of time;
- the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;

- the Company or SaleCo withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- any member of the Group or SaleCo becomes insolvent, or there is an act or omission which is likely to result in a member of the Group or SaleCo becoming insolvent;
- an event specified in the timetable set out in the Underwriting Agreement up to and including the date of settlement is delayed by more than a certain period of time (other than any delay agreed between the Company and the Lead Manager or a delay as a result of an extension of the Exposure Period by ASIC);
- the Company is prevented from issuing new Shares or SaleCo is prevented from transferring any existing Shares being sold by the Selling Shareholders, by applicable laws, an order of a court of competent jurisdiction or a government agency within the time required by the Listing Rules, the timetable set out in the Underwriting Agreement or the Prospectus;
- the Sale Deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- the Company or SaleCo:
  - other than as disclosed in the Prospectus, alters its share capital or, in the case of the Company only, the share capital of a member of the Group;
  - disposes or attempts to dispose of a substantial part of the business or property of the Company or a member of the Group,
  - creates or agrees to create an encumbrance over the whole or a substantial part of its business or property;
  - ceases or threatens to cease to carry on business; or
  - other than as disclosed in the Prospectus, amends its constitution or any other constituent document of it (other than the Company adopting a constitution for a publicly listed company or the benefit fund rules), or the terms of issue of the Shares,

  in each case without the prior written consent of the Lead Manager;
- a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Prospectus;
- there is an event, occurrence or non-occurrence which makes it illegal or impossible for the Lead Manager to satisfy an obligation under this agreement, or to market, promote or settle the Offer, or to satisfy an obligation under the Underwriting Agreement at the time or within the time period required by the Underwriting Agreement, including:
  - any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency, orders of any courts or other action which has this impact; or
  - any acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency, or any other event similar to the aforementioned; or
- other than as disclosed in this Prospectus, there is a change in the directors, CEO or CFO of the Company from those persons disclosed in Section 6 of this Prospectus, or any one of those persons dies or becomes permanently incapacitated; or
  - the indemnity deed between the Company and SaleCo dated on or about the date of the Underwriting Agreement (under which the Company agrees to indemnify and hold harmless SaleCo and others from and against all losses and costs directly or indirectly suffered or incurred by them in certain circumstances) is withdrawn or rescinded, breached in a material respect, terminated, altered or amended in a material respect or becomes void, voidable or otherwise non-binding without the Lead Manager's prior written consent.

10.7.1.4 Termination events subject to materiality

The Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo if any of the following events occur at any time on or before 4:00pm on the date of Settlement, (or at any other time as specified in the Underwriting Agreement) and the Lead Manager has reasonable grounds to believe that such event (a) has or is likely to have a materially adverse effect on the (i) success, settlement, marketing or outcome of the Underwritten Offer Components or on the ability of the Lead Manager to market or promote or settle the Underwritten Offer Components or on the likely price at which Shares under the Offer will trade on ASX; or (ii) the willingness to subscribe for Shares under the Underwritten Offer Components; or (b) will, or is likely to, give rise to a liability of the Lead Manager under, or give rise to, or result in, a contravention by the Lead Manager or any of its affiliates, or the Lead Manager or any of its affiliates being involved in a contravention of, any applicable law:

- the report of the due diligence committee (and its annexures), verification material or any other information supplied or provided by or on behalf of the Company or SaleCo to the Lead Manager in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), untrue, incorrect, misleading or deceptive, including by way of omission;
- an event occurs which will, or is likely to, give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group, including any such change from those disclosed in the Prospectus or other public information made available, by or on behalf of the Company, in connection with the Offer;
- there is introduced, or there is a public announcement of a proposal to introduce a new law or regulation or policy, into the Parliament of Australia, or any State or Territory of Australia (including a policy of the Reserve Bank of Australia);
- there is a contravention by the Company or any other member of the Group or SaleCo of its constitution or other constituent document, or any applicable law, regulation, authorisation, ruling, consent, judgement, order or decree of any Government Agency (including the Corporations Act, the *Competition and Consumer Act 2010* (Cth) and the ASIC Act);
- the Prospectus or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules, New Zealand securities law or any other applicable law or regulation;
- a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo is breached, becomes not true or correct or is not performed;
- the Company or SaleCo defaults on one or more of its obligations or undertakings under the Underwriting Agreement;
- the commencement of legal proceedings against the Company, SaleCo or any member of the Group or against any director of the Company, SaleCo or any member of the Group in that capacity;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not), the declaration of a new national emergency or an escalation of existing national emergency occurs (other than with respect to the COVID-19 pandemic) or a major terrorist act is perpetuated, involving any one or more of Australia and certain other countries, or a major terrorist act is perpetrated on any one of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- a statement in the closing certificate provided by the Company is false, misleading, inaccurate, untrue or incorrect (including by way of omission); or
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia and certain other countries is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - any adverse disruption or change (or any escalation thereof) to the existing financial markets, political or economic condition or currency exchange rates or controls of Australia or certain other countries, or the international financial markets, or any adverse change in national or international political, financial or economic conditions; or

  - trading in all securities quoted or listed on ASX or certain other stock exchanges is suspended or limited for one day (or a substantial part of one day) on which that exchange is open for trading;
- there is a material difference between the information contained in the draft Prospectus (**Pathfinder**) provided to Institutional Investors and the information required to be contained in the Prospectus; or
- if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group or any of the material contracts described in this Section 10.7 are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of those contracts:
  - is terminated, withdrawn, rescinded, avoided or repudiated;
  - is breached;
  - is altered, amended or varied;
  - ceases to have effect, otherwise than in accordance with its terms; or
- is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided, repudiated or of limited force and affect, or its performance is or becomes illegal, or those contracts are unable to, or are likely to be unable to, be performed.

10.7.1.5 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Lead Manager (as well as common conditions precedent), including the entry into voluntary escrow deeds by certain of the existing Shareholders in a form and substance acceptable to the Lead Manager.

The representations and warranties given by the Company (and, where applicable, SaleCo) include but are not limited to matters such as power and authorisations, compliance with applicable laws and the ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process, litigation, intellectual property, IT systems, encumbrances, licences, insurance, dividends and distributions, title to property, internal controls, tax and labour.

The Company and SaleCo provide undertakings under the Underwriting Agreement which include but are not limited to notifications of breach of any obligation, representation or warranty or undertaking or non-satisfaction of any condition given by them under the Underwriting Agreement and that it will not, during the period following the date of the Underwriting Agreement until 120 days after Shares have been issued under the Offer, issue any Shares without the consent of the Lead Manager (subject to certain exceptions including pursuant to the Offer, an employee share or option plan, a non-underwritten dividend reinvestment or a bonus share plan as described in the Prospectus or conversion of any securities on issue on the date of the Underwriting Agreement).

10.7.1.6 Indemnity

Subject to certain exclusions, the Company agrees to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Offer.

10.7.2 Reinsurance Treaties

NobleOak is a party to the Reinsurance Treaties which reinsure or 'cede' part or all of NobleOak liabilities in respect of the benefit funds to which the Reinsurance Treaties relate (being the Risk Fund No.1 Benefit Fund, the PPS Mutual Benefit Fund, the NEOS Benefit Fund, the Avant Benefit Fund and the Freedom Insurance and Reward Insurance Benefit Fund).

Under each of the Reinsurance Treaties, either party can terminate to new business for convenience, however most of the Reinsurance Treaties are subject to a minimum contract period during which either party cannot terminate the Reinsurance Treaty. Reinsurance on existing business can only be terminated by mutually agreed settlement. Each of the Reinsurance Treaties also contain specific terms relating to coverage, term, repricing and termination. Further details on the Reinsurance Treaties are set out below.

10.7.2.1 Reinsurance Treaty for Risk Fund No.1 Benefit Fund reinsured by Hannover Re

Hannover Re provides reinsurance for the Risk Fund No 1 Benefit Fund and covers the individual underwritten and group life insurance business which is issued in Australia by NobleOak. Key terms of the arrangements with Hannover Re are set out below:

- **Retention:** Under this Reinsurance Treaty, Hannover Re provides 100% automatic cover for all business covered by the treaty in excess (surplus) of NobleOak's retained risk, up to the current surplus retention levels ($200,000 for lump sum business and $2,000 per month for income protection business) maximum acceptable level, which is stipulated within the treaty. Hannover Re also provisions for cover above the maximum acceptable level, which is only accepted on an elective basis. Unless specifically agreed, NobleOak retains a minimum of 20% of liability in respect of cover accepted on an elective basis, capped at NobleOak's normal maximum retention level.
- **Repricing:** Hannover Re may vary the reinsurance premiums applying to business reinsured under the treaty by providing NobleOak 180 days' written notice of the change.
- **Term:** The term of the treaty commenced on 1 July 2009 and is unlimited. This means that the treaty continues to operate until such time as it naturally expires or is terminated by the parties, following which the treaty shall be closed to new business, but shall continue for existing business until natural expiry or a settlement is agreed by both parties.
- **Termination:** Either party can terminate the treaty to new business by providing three months' notice. The treaty may also be terminated by either party in certain circumstances, including but not limited to, the other party entering voluntary or compulsory liquidation. NobleOak may also terminate the treaty for new business by providing three months' notice. Termination for existing business requires a settlement being agreed by both parties.
- **Change of control:** Either party may immediately terminate the treaty for new business should the other party dispose of its portfolio of business, amalgamate, or 'pass under control' of another person or persons different from those who control that party.
- **Variation to retention:** If NobleOak intends to alter its retention level for new business, it must provide Hannover Re with 90 days' written notice of its intention to do so. On such a change, Hannover Re has the right to review the reinsurance terms and underwriting claim authorities. Any changes to retention will apply only to new business written after the agreed date.

10.7.2.2 Reinsurance Treaty for PPS Mutual Benefit Fund reinsured by Swiss Re

Swiss Re provides reinsurance for the PPS Mutual Benefit Fund, which covers PPS Mutual Professionals Choice products. Key terms of the arrangements with Swiss Re are set out below:

- **Retention:** Under the treaty, NobleOak retains 20% (with Swiss Re reinsuring 80%) quota share of the original sum insured for each benefit subject to maximum surplus retention limits (currently $50,000 for lump sum business and $500 per month for income protection), after which it retains 0% (with Swiss Re reinsuring 100%) thereafter in excess of those limits. In most cases, NobleOak retains less than 20% of the claim liability due to the maximum surplus retention limits.

- **Repricing:** Under the treaty, NobleOak and Swiss Re undertake a review of the rate adequacy of the product on a yearly basis. Based on the review, either party may request an increase or decrease to the rates for both new business and in force business. The rates may be increased by Swiss Re in certain circumstances.
- **Term:** The term of the treaty commenced on 6 June 2016 and is unlimited. This means that the treaty continues until such time as it naturally expires or is terminated, following which the treaty shall be closed to new business, but shall continue for existing business until natural expiry or a settlement is agreed by both parties.
- **Termination:** Termination may only occur under certain circumstances, which are not exhaustively set out in the Prospectus. NobleOak may terminate the treaty for convenience by giving Swiss Re 12 months' written notice. The treaty may also be terminated by either party in certain circumstances including but not limited to if the other party becomes insolvent.
- **Change of control:** Either party can terminate the treaty to new business immediately where the 'ownership of a party changes materially', which is defined as a 20% change in 'owners'.
- **Recapture:** NobleOak is not entitled to recapture any liability ceded under this treaty except as provided for in certain circumstances.

10.7.2.3 Reinsurance Treaty for NEOS Benefit Fund reinsured by Pacific Life Re

Pacific Life Re provides reinsurance for the NEOS Benefit Fund and covers the following insurance products offered by NobleOak to members of the NEOS Benefit Fund; life cover, TPD cover, critical illness cover, income protection cover and child cover. Key terms of the arrangements with Pacific Life Re are set out below:

- **Retention:** Under the treaty, NobleOak retains 10% (with Pacific Life Re reinsuring 90%) of all of the liabilities under the relevant insurance products. NobleOak shall retain 10% of the original sum insured for each benefit subject to maximum surplus retention limits (currently $10,000 for lump sum business and $0 per month for income protection), after which it retains 0% (with Pacific Life Re reinsuring 100%) thereafter in excess of those limits. In most cases, NobleOak retains less than 10% of the claim liability due to the maximum surplus retention limits. NobleOak intends to exercise an option available in the treaty with Pacific Life Re to increase its retention on the risk portion of the business. Under this option, NobleOak shall retain 20% of the original sum insured for each benefit subject to maximum surplus retention limits ($200,000 for lump sum business and $2,000 per month for income protection), after which it retains 0% (with Pacific Life Re reinsuring 100%) thereafter in excess of those limits, for new business originated on or after the exercise date.
- **Repricing:** Either party may request that the parties and NEOS meet and consult with one another for the purposes of agreeing changes to be made to the insurance premium rate. The parties can submit proposed revised insurance premium rates under certain circumstances.
- **Term:** The term of the treaty is unlimited. This means that the treaty continues to operate until such time as it naturally expires or is terminated, following which the treaty shall be closed to new business, but shall continue for existing business until natural expiry or a settlement is agreed by both parties.
- **Termination:** Either party may terminate to new business on no less than three months' notice, provided that the termination takes effect on or after five years after the commencement date of the treaty, while Pacific Life Re may terminate on no less than three months' notice after the termination of any agreement between NEOS and Pacific Life Re. The treaty may also be terminated to new business by either party in certain other circumstances including but not limited to the other party becoming insolvent. Termination for existing business requires a settlement being agreed by both parties.
- **Change of control:** No provision is made for circumstances in which a change of control occurs.
- **Recapture:** NobleOak may recapture business by giving at least three months' notice in writing to Pacific Life Re, subject to conditions.

10.7.2.4 Reinsurance Treaty for Avant Benefit Fund reinsured by Swiss Re

Swiss Re provides reinsurance for the Avant Benefit Fund and covers Avant doctors insurance products. As noted in Section 5.1.7, NobleOak is currently working with Avant to renegotiate reinsurance arrangements for Avant's new business. Swiss Re will cease to be the reinsurer for Avant new business from October 2021. Key terms of the arrangements with Swiss Re are set out below.

- **Retention:** Under the treaty, Swiss Re provide 80% quota share reinsurance for these products, subject to a maximum retention limit which depends on the type of claim. NobleOak shall retain 20% of the original sum insured for each benefit subject to maximum surplus retention limits (currently $50,000 for lump sum business and $1,000 per month for income protection), after which it retains 0% (with Swiss Re reinsuring 100%) thereafter in excess of those limits.
- **Repricing:** NobleOak and Swiss Re undertake a review of the rate adequacy of the product on a yearly basis. Based on the review, either party may request an increase or decrease to the rates for both new business and in force business. The rates may be increased by Swiss Re in certain circumstances.
- **Term:** The term of the treaty commenced on 19 December 2016 and is unlimited. This means that the treaty continues to operate until such time as it naturally expires or is terminated, following which the treaty shall be closed to new business, but shall continue for existing business until natural expiry or a settlement is agreed by both parties.
- **Termination:** Termination in respect of new business may only occur under certain circumstances, which are not exhaustively set out in this prospectus. Either party may terminate the treaty to new business for convenience by providing the other party with 90 days' written notice. The treaty may also be terminated to new business by either party in certain circumstances including but not limited to if the other party becomes insolvent.
- **Change of control:** Either party can terminate the treaty to new business immediately where the 'ownership of a party changes materially', which is defined as a 20% change in 'owners'.
- **Recapture:** NobleOak is not entitled to recapture any liability ceded under this treaty except as provided for in certain circumstances.

10.7.2.5 Reinsurance Treaty for Freedom Insurance & Reward Insurance Benefit Funds reinsured by Swiss Re

Swiss Re provides reinsurance for the Freedom Insurance & Reward Insurance Benefit Funds, and covers the Reward Protection Plan (Reward Insurance Benefits Fund). Under the treaty, NobleOak retains 0% quota share of the original sum insured for each benefit, with an option to increase retention up to 30%. This treaty has terminated, however the reinsurer remains liable for all reinsured benefits and any subsequent increases existing prior to the date of termination until their natural expiry. Termination was effective from 31 January 2017 in respect of Freedom Protection Plan products; and 30 June 2017 in respect of Reward Protection Plan products.

10.7.3 Arrangement with NEOS

NobleOak has entered into an arrangement with Australian Life Development Pty Ltd (**ALD**) (i.e. NEOS) for the development, issue, distribution and administration of white-labelled life insurance policies. ALD is a financial services company specialising in marketing, distributing and administering insurance products in the retail life insurance market throughout Australia.

NobleOak's arrangement with ALD involves the two parties working together to develop the ALD-branded life insurance policies/products (currently being branded under the name 'NEOS') (**ALD Product**). The ALD Products are issued by NobleOak and marketed, distributed and administered by ALD. The key agreements that document the arrangement comprise of the Life Insurance Administration Agreement (Administration Agreement) and the Marketing and Sales Agreement (**Distribution Agreement**).

10.7.3.1 Distribution Agreement

The Distribution Agreement sets out each parties' obligations in relation to the development, issuance and distribution of ALD Products. As noted above, NobleOak issues the ALD Products and therefore is accountable for all insurance risk on the products as well as arranging for reinsurance. NobleOak is also required to use reasonable endeavours to price each ALD Product at an agreed pricing point in the Australian life insurance market. Key terms of the Distribution Agreement are summarised below:

- **Term and termination:** The Distribution Agreement commenced on 2 May 2018 and continues for an initial period of 5 years until 2 May 2023. If the Distribution Agreement is not terminated prior to that date, it will continue until terminated in accordance with its terms. Each party has the ability to terminate the Distribution Agreement in certain circumstances, such as in the event of insolvency, material breach and conduct resulting in material adverse reputational damage to the other party. ALD also has a right to terminate for convenience upon giving 12 months' prior notice to NobleOak.
- **Minimum targets and fees:** ALD is required to meet the minimum sales targets set out in the Distribution Agreement and ALD is paid a fee from the NEOS Benefit Fund following the issue of each ALD Product. The amount of the fee may vary between different types of ALD Products. If the Distribution Agreement is terminated by ALD prior to a certain target for new business having been achieved, ALD must pay monetary compensation to NobleOak.
- **Change in control:** ALD must seek NobleOak's consent before it or its ultimate holding company experiences a change in control that may impact NobleOak's reputation in the market or NobleOak's core business. If ALD does not seek NobleOak's prior written consent, NobleOak may terminate the agreement by giving 12 months' prior notice to ALD.
- **Non-compete:** NobleOak is subject to certain non-compete requirements which, subject to limited exclusions, apply both during and after the termination of the Distribution Agreement and require that NobleOak not induce a customer that holds an ALD Product to cancel their policy or apply for a different life insurance product. In addition, NobleOak is also prohibited from contacting ALD customers for the purpose of providing any financial product or varying their existing ALD Product.
- **Right of first refusal:** NobleOak has the exclusive right of first refusal to the life insurer on all new or varied life insurance products to be distributed by ALD and has the right to require that ALD not enter into similar a similar arrangement with another life insurer without first obtaining NobleOak's consent.
- **Other:** As is the case with the corresponding agreements for other Strategic Partners, the Distribution Agreement allows, upon termination, ALD to purchase and transfer the in-force book of ALD Products at their cost to a life insurer other than NobleOak.

10.7.3.2 Administration Agreement

Under the Administration Agreement, NobleOak appoints ALD as the administrator of the ALD Products and ALD undertakes to perform all necessary tasks for the proper administration of the NEOS products (including matters such as new business processing, policy issue, underwriting, customer service, product variations, payments, receipts and banking, reporting and record keeping and general compliance matters). ALD is paid an agreed specified fee by NobleOak for the provision of such administration services. Key terms of the Administration Agreement are summarised below:

- **Term:** The Administration Agreement commenced on 2 May 2018 and continues until it is terminated in accordance with its terms.
- **Termination:** Each party has the ability to terminate the Administration Agreement in certain circumstances, such as in the event of insolvency, material breach of the agreement and conduct resulting in material adverse reputational damage to the other party. NobleOak also has a right to terminate for convenience upon giving 6 months' prior notice but only if ALD consents to such a termination. Further, NobleOak may terminate the agreement if the relevant reinsurer requires it because of the reinsurer's opinion that ALD is likely to be or become insolvent. Termination of the Distribution Agreement does not affect the continued operation of the Administration Agreement.
- **Exclusivity:** The Administration Agreement places exclusivity restrictions on NobleOak. In particular, NobleOak is not permitted to perform any of the administration services to be provided by ALD under the Administration Agreement and NobleOak cannot obtain any of those services from anyone outside of the ALD corporate group. However, NobleOak may 'step-in' to provide the relevant administration services if ALD does not perform the relevant services.

10.7.3.3 ALD Products through superannuation

NobleOak has agreements (called the '**Participation Deeds**') with Diversa Trustees Limited (**Diversa**) to facilitate and govern the provision of life risk insurance by NobleOak to customers of ALD who wish to obtain the ALD Products through a superannuation fund (operated by Diversa). Existing customers who hold ALD products through a superannuation fund operated by Diversa do so through the NEOS Super Plan (closed to new members) or the NEOS Super Plan No. 2 (continuing to accept new members).

Diversa is the trustee of the Tidswell Master Superannuation Plan (**TMSP**) and OneSuper. The NEOS Super Plan No. 2 is a division of TMSP and the NEOS Super Plan is a division of OneSuper. NobleOak and Diversa have entered two separate Participation Deeds in respect of each superannuation plan. As part of these arrangements, Diversa and ALD have separately entered into administration agreements, the purpose of which is for ALD to perform administration of the NEOS Super Plan and the NEOS Super Plan No. 2.

Each party has the ability to terminate the Participation Deeds in certain circumstances, such as in the event of insolvency, material breach of the agreement or the law, conduct resulting in material adverse reputational damage to the other party or if ALD, as administrator, fails to follow Diversa's directions in relation to the administration of the relevant superannuation plan. The Participation Deed in relation to the NEOS Super Plan No. 2 allows either party to terminate for convenience upon giving 12 months' prior notice.

Prior to December 2020, Tidswell Financial Services Limited (**Tidswell**) was the trustee of the NEOS Super Plan No. 2. Tidswell retired as trustee of the NEOS Super Plan No. 2 in early December 2020 and was replaced by Diversa – and all deeds and agreements relevant to the management and administration of the NEOS Super Plan No. 2 and involving ALD and NobleOak were novated to Diversa (including the Participation Deeds).

10.7.4 Arrangements with Professional Provident Society Insurance Company Limited and PPS Mutual Insurance Pty Ltd

The Company has entered into an arrangement with Professional Provident Society Insurance Company Limited (**PPS**) and PPS Mutual Insurance Pty Ltd ACN 162 670 108 (**PPSM**) for the development, issue, distribution and administration of white-labelled life insurance policies. PPS is a South African life insurer and PPM is a financial services company specialising in marketing, distributing and administrating insurance products to certain professional occupations in Australia, including medical, industrial, commercial and legal.

The Company's arrangements with PPSM involves the two parties working together to develop the PPS Mutual-branded life insurance policies/products (**PPS Mutual Products**). The PPS Mutual Products are issued by NobleOak and marketed and distributed by PPSM and administered by PPS. The key agreements that document the arrangement comprise the Product Development & Distribution Agreement (**PPS Distribution Agreement**) and the Life Insurance Administration Agreement (**PPS Administration Agreement**).

10.7.4.1 PPSM Distribution Agreement

The PPSM Distribution Agreement has been entered into between the Company and PPSM and sets out each parties' obligations in relation to the development and distribution of the PPS Mutual Products. The Company issues the PPS Mutual Products and is therefore accountable for all insurance risk on such products as well as arranging for reinsurance. PPSM is responsible for all matters relating to the distribution of the PPS Mutual Products. Key terms of the PPSM Distribution Agreement are summarised below:

- **Term:** The PPSM Distribution Agreement commenced on 16 March 2016 and continues for an initial period of 5 years until 16 March 2021. The PPSM Distribution Agreement then continues and automatically extends until terminated in accordance with its terms.
- **Termination:** In respect of termination rights:
  - each party has the ability to terminate the PPSM Distribution Agreement in certain circumstances, such as in the event of insolvency, material breach and conduct resulting in material adverse reputational damage to the other party;
  - each party has a right to terminate the PPSM Distribution Agreement for convenience upon giving 12 months' prior notice (at any time after 4 years after the commencement date of the PPSM Distribution Agreement);

- PPSM can terminate the PPSM Distribution Agreement by providing 3 months' notice in writing if:
  - there is a change of control of the Company as prescribed by the PPSM Distribution Agreement; or
  - a competitor of the Company or PPSM holds more than 20% of the Company or has a nominee appointed to the Board or any of the Company's subsidiaries.

- **Minimum targets and fees:** PPSM sets out a sales plan that is updated annually as agreed between the Company and PPSM. Each of PPSM and the Company are entitled to be paid a fee (being a combination of an upfront and trail – PPSM may charge a variable fee as well) following the issue of each PPS Mutual Product. The amount of the fee payable to PPSM may vary between different types of PPS Mutual Products, whereas the management fee payable to the Company does not. The Company is also entitled to various other fees and there are expense recovery payments to both parties in specified circumstances.
- **Non-compete:** NobleOak is subject to certain non-compete restrictions. Subject to some exclusions, both during and after the termination of the PPSM Distribution Agreement, NobleOak must not induce a customer that holds a PPS Mutual Product to cancel their policy or apply for a different life insurance product (and seek to ensure its related entities do not similarly engage in such an activity). In addition, NobleOak is also prohibited from contacting PPS Mutual customers for the purpose of providing any financial product or varying their existing PPS Mutual Product.
- **Right of first refusal:** The Company has the exclusive right of first refusal to be the life insurer on all new or varied life insurance products to be distributed by PPSM. The PPSM Distribution Agreement also requires PPSM to not enter into a similar arrangement with another life insurer without first obtaining the Company's consent.
- **Other:** Under the PPSM Distribution Agreement, NobleOak is not permitted to insure or offer to insure life products that contain a benefit that is the same or substantially similar in effect to a 'Profit Share Plan' concept provided in connection with the PPS Mutual Products.

10.7.4.2 PPS Administration Agreement

The PPS Administration Agreement has been entered into between the Company and PPS. Under the PPS Administration Agreement, NobleOak appoints PPS as the administrator of the PPS Mutual Products and PPS undertakes to perform all necessary tasks for the proper administration of the PPS Mutual Products (including matters such as new business processing, plan issue, underwriting, plan maintenance and servicing, customer service, product variations, payments, setting up and managing profit share accounts, superannuation reporting, claims administration, managing the process in connection with commissions, receipts and banking, reporting and record keeping, investment of monies, calculation of stamp duty, GST and general compliance matters). PPS is paid an agreed specified fee by NobleOak for the provision of such administration services. Key terms of the PPS Administration Agreement are summarised below:

- **Term:** The PPS Administration Agreement commenced on 16 March 2016 and continues on foot until it is terminated in accordance with the terms of the PPS Administration Agreement.
- **Termination:** In respect of termination rights:
  - each party has the ability to terminate the PPS Administration Agreement in certain circumstances, such as in the event of insolvency, material breach of the agreement and conduct resulting in material adverse reputational damage to the other party;
  - PPS also has a right to terminate the PPS Administration Agreement for convenience upon giving 12 months' prior notice but only if the Company consents to such a termination and certain other conditions specified in the PPS Administration Agreement are fulfilled;
  - the PPS Administration Agreement will terminate automatically if the PPS Distribution Agreement terminates and there are no PPS Mutual Products remaining to be administered under the agreement.
- **Exclusivity:** The PPS Administration Agreement contains exclusivity restrictions on NobleOak. In particular, NobleOak is not permitted to perform any of the administration services to be provided by PPS under the PPS Administration Agreement and NobleOak cannot obtain any of those services from anyone outside of the PPS corporate group. However, NobleOak may 'step-in' to provide the relevant administration services if PPS does not perform the relevant services.

10.7.4.3 PPS Mutual Products through superannuation

NobleOak has an agreement (**PPS Participation Deed**) with Diversa Trustees Limited to facilitate and govern the provision of life risk insurance by NobleOak to customers of PPS who wish to obtain the PPS Mutual Products through the TMSP, a superannuation fund operated by Diversa Trustees Limited.

Diversa is the trustee of the TMSP. The PPS Mutual Super Fund Plan is a division of the TMSP. NobleOak and Diversa Trustees Limited are parties to the PPS Participation Deed in respect of the superannuation plan. As part of these arrangements, Diversa and PPSM have separately entered into a promoter deed, the purpose of which is for PPSM to perform a range of administration, marketing and promoting services to Diversa in respect of the PPS Mutual Super Fund Plan.

Each party has the ability to terminate the PPS Participation Deed in certain circumstances, such as in the event of insolvency, material breach of the agreement or the law, conduct resulting in material adverse reputational damage to the other party or if PPS as administrator fails to follow Diversa Trustee Limited's directions in relation to the administration of the relevant superannuation plan. NobleOak may also terminate the PPS Participation Deed if the promoter deed entered into between Diversa Trustees Limited and PPSM is terminated. Finally, either party may terminate the PPS Participation Deed for convenience at any time after the initial term (i.e. 5 years after the commencement date of the PPS Participation Deed) by providing 6 months' notice in writing.

10.8 CONSENTS TO BE NAMED AND INCLUSION OF STATEMENT AND DISCLAIMERS OF RESPONSIBILITY

10.8.1 Consenting parties

Each of the parties referred to below (each a **consenting party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the consenting parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Barrenjoey Advisory Pty Limited;
- MinterEllison;
- Deloitte Corporate Finance Pty Limited;
- Deloitte Tax Services Pty Ltd;
- Deloitte Touche Tohmatsu;
- Thomson Actuarial Pty Ltd;
- Altiora Capital Pty Ltd;
- Asset International Australia Pty Ltd ACN 147 440 140 (trading as Plan For Life); and
- Automic Pty Ltd.

Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of the Prospectus, its written consent to being named as Investigating Accountant in this Prospectus and the Corporate directory of this Prospectus in the form and context in which it is so named and to the inclusion of its Investigating Accountant's Report in Section 8 in the form and context in which it is so included.

Deloitte Tax Services Pty Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of its name and the statements in Section 10.12 in this Prospectus (which are based on statements made by it), in the form and context in which they are included (and all other references to those statements) in this Prospectus.

Thomson Actuarial has given, and has not withdrawn prior to the lodgement of the Prospectus, its written consent to being named as Independent Expert Actuary in this Prospectus and the Corporate directory of this Prospectus in the form and context in which it is so named and to the inclusion of its Independent Expert Actuary's Report in Section 9 in the form and context in which it is so included.

Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the lodgement of this Prospectus, its written consent to be named in this Prospectus as NobleOak's auditor in the form and context in which it is so named.

10.8.2 Non-consenting parties

The Company has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- Adviser Ratings Landscape;
- Australian Prudential Regulation Authority;
- Australian Securities and Investments Commission;
- Australian Bureau of Statistics;
- Financial Services Royal Commission;
- McKinsey & Company;
- Reserve Bank of Australia;
- Swiss Re Institute; and
- WPP plc.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by us on the basis of *ASIC Corporations (Consents to Statements) Instrument* 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

10.9 DESCRIPTION OF SYNDICATE

The Lead Manager of the Offer is Barrenjoey Advisory Pty Limited ACN 636 976 228.

10.10 REGULATORY RELIEF

10.10.1 ASIC exemptions and relief

No modifications of the Corporations Act have been sought from ASIC in relation to the Offer as at the Prospectus Date.

10.10.2 ASX waivers

The Company has sought from ASX certain confirmations and waivers, principally confirmation that ASX Listing Rules 10.14 and 7.1 will not apply to the issue of Performance Rights referred to in Section 6.4.

10.11 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia are regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others).

10.11.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

10.11.2 Foreign ownership restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person and Shares may not be offered or sold, in any country outside Australia except as provided below.

The *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to certain persons that are considered to be 'foreign persons'. Foreign persons includes a subclass of 'foreign government investors' (with 'foreign persons' who are not 'foreign government investors' generally referred to as 'private foreign investors'), with the regime applying differently to each type of investor. The foreign person test is very broad, and traces upstream to the effect that the foreign person characterisation of an entity is determined by the status of the ultimate legal and beneficial interest holders of the entity.

Foreign persons are required to notify the Federal Treasurer under the FATA, through the Foreign Investment Review Board (**FIRB**) of certain transactions that are valued over the relevant monetary threshold, and obtain clearance from the Federal Treasurer before proceeding with the transaction. Voluntary notifications can also be made in certain circumstances. If voluntary clearance is not sought, then the Treasurer may 'call in' a transaction for review for up to 10 years if there are national security concerns.

The monetary threshold is $0 for certain transactions, including those involving the acquisition by a foreign government investor of a 'direct interest' (generally a 10% interest or more together with associates, though this can be lower in certain circumstances) in an Australian entity, or by a foreign person of a direct interest in any 'national security business'. Please note that the Australian Government has proposed legislative changes to expand the scope of critical infrastructure regulated by the Security of *Critical Infrastructure Act 2018* (Cth), which may then be captured by the 'national security business' definition. It is possible that the Company may be considered to be a national security business following the legislative amendments resulting in acquisitions by foreign persons (together with associates) of 10% or more of the Company requiring mandatory FIRB clearance.

In addition and at a high-level, private foreign investors also require FIRB approval for the acquisition of a 'substantial interest' (generally a 20% interest or more together with associates, though this can be lower in certain circumstances) in an Australian entity if the transaction meets the relevant monetary threshold.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a no-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification. In addition, the Treasurer has also a 'last resort' power to impose conditions, varying existing conditions, or require the divestment, of an investment previously approved by FIRB in certain circumstances and where national security risks emerge.

10.11.3 *Financial Sector (Shareholdings) Act 1998* (Cth)

Under the *Financial Sector (Shareholdings) Act 1998* (Cth) (**FSSA**), an 'unacceptable shareholding situation' exists in relation to a financial sector company (which includes a life insurance company registered under the Life Insurance Act) and in relation to a particular person if the person holds a stake in the company of more than 20%.

If a person (either by themselves or together with one or more other persons under an arrangement) acquires shares in a company and the acquisition results in an unacceptable shareholding situation (or increases a person's stake which already exceeded the 20% threshold), an offence is committed under the FSSA if the person (or persons) were reckless in making the acquisition. In circumstances where an unacceptable shareholding situation exists in relation to a financial sector company, the Federal Court of Australia may (on application by the Treasurer) make such orders as the Court considers appropriate for the purpose of ensuring that the situation ceases to exist (for example, an order directing the disposal of shares or restraining the exercise of any rights attached to shares).

It is possible to apply to the Treasurer for approval to hold a stake in a particular financial sector company of more than 20%. In broad terms, the Treasurer may grant such approval if satisfied that it is in the national interest to approve the applicant holding a stake in the company of more than 20% or the criteria for applications relating to new or recently established financial sector companies are satisfied. The approval can be either for a specific period of time or indefinite, and it is open to the Treasurer to impose conditions on the approval. A person holding Treasurer approval may subsequently apply to the Treasurer for a variation of the approved percentage stake. APRA encourages applicants to discuss the proposed shareholding with APRA before lodging a formal application.

10.12 TAXATION CONSIDERATIONS

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

This general summary reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**), the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (collectively referred to as the **Tax Law**), and the regulations made under the Tax Law, and takes into account current tax rulings issued by the ATO and the current administrative practices of the ATO. This outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the ITAA 1997 (the **Taxation of Financial Arrangements** or **TOFA** regime) in respect of their Shares.

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

This summary neither takes individual circumstances into consideration, nor constitutes financial product advice as defined in the Corporations Act.

10.12.1 Dividends on a share

10.12.1.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a 'qualified person' (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a 'qualified person' or where the investor receives less than A$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

10.12.1.2 Corporate investors

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a 'qualified person'. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry-forward tax losses.

10.12.1.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership.

Subject to being a 'qualified person', the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

10.12.1.4 Shares held at risk

The benefit of franking credits can be denied where an investor is not a 'qualified person', in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares 'at risk' for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The dates the Shares are acquired and disposed of are ignored for the purposes of determining the 45-day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares 'at risk'. This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares 'at risk' for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person.

Investors should obtain their own tax advice to determine if these requirements have been satisfied.

10.12.1.5 Dividend washing

The benefit of franking credits can be denied where an investor engages in dividend washing and triggers specific dividend washing integrity measures. Where these measures apply, an investor will not be required to gross up the amount included in their assessable income to reflect any franking credit attached to the dividend and no tax offset for the franking credit will be available. Investors should consider the impact of these rules having regard to their own personal circumstances.

10.12.1.6 Disposal of Shares

The disposal of a Share by an investor will be a capital gains tax (**CGT**) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where (i) the investor is an individual, complying superannuation entity or trustee; (ii) the Shares have been held for more than 12 months; and (iii) certain other requirements have been met.

Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

10.12.1.7 Tax file numbers

Resident investors may, if they choose, notify the Company of their tax file number (**TFN**), Australian Business Number (**ABN**) or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare Levy, from certain dividends and/or distributions.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

10.12.1.8 Stamp duty

Investors should not be liable for stamp duty in respect of their initial acquisition of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company.

Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

10.12.1.9 Goods and services tax

Investors should not be liable for goods and services tax (**GST**) in respect of their investment in Shares.

Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

No GST should be payable by investors on receiving dividends distributed by the Company.

10.13 DIVIDEND REINVESTMENT PLAN

On Completion, the Company will not have a dividend reinvestment plan. It may elect to implement one in the future.

10.14 SELLING RESTRICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful.

In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia or New Zealand.

10.15 COSTS OF THE OFFER

The costs of the Offer are expected to be A$7.0 million (including GST), of which A$4.3 million (including GST) will be expensed in FY22. These costs will be borne by NobleOak from the proceeds of the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.4.

The Company has engaged the following professional advisers in relation to the Offer:

- Barrenjoey Advisory Pty Limited has acted as Lead Manager of the Offer and the fees payable to the Lead Manager pursuant to the Underwriting Agreement are described in Section 10.7.1. These fees amount in aggregate to approximately A$2.5 million (excluding disbursements and GST);
- MinterEllison has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately A$800,000 (excluding disbursements and GST) for these services up until the Original Prospectus Date. Further amounts may be paid to MinterEllison in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Report. The Company has paid, or agreed to pay, approximately A$590,000 (excluding disbursements and GST) for these services up until the Original Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its normal time-based charges;
- Deloitte Tax Services Pty Ltd has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately A$140,000 (excluding disbursements and GST) for these services up and until the Original Prospectus Date. Further amounts may be paid to Deloitte Tax Services Pty Ltd in accordance with its normal time-based charges;
- Thomson Actuarial has acted as the Independent Expert Actuary in connection with the Offer and has performed work in relation to the Independent Expert Actuary's Report. The Company has paid, or agreed to pay, approximately A$50,000 (including GST) for these services up until the Original Prospectus Date. Further amounts may be paid to Thomson Actuarial in accordance with its normal time-based charges; and
- Altiora Capital Pty Ltd has provided strategic consulting services to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately A$300,000 (excluding disbursements and GST) for these services. Further amounts may be paid to Altiora Capital Pty Ltd in accordance with its normal time-based charges.

Approximately A$90,000 (excluding disbursements and GST) of the total costs of the Offer relate to work fees paid or agreed to be paid to Non-Executive Directors in connection with the Offer, as outlined in Section 6.4.2.2.

The remaining approximately A$1.9 million of the total costs of the Offer (excluding GST) relate to audit fees, actuarial advice, registry fees, ASX listing fees, external consultants, typesetting and other Offer-related costs.

10.16 PRIVACY

The Company, SaleCo and the Share Registry on NobleOak's behalf, collect, hold and use your personal information to process your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you have become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Shareholder register. This information must continue to be included in the Shareholder register for seven years after you cease to be a Shareholder. If you do not provide all the information requested in the Application Form, your Application Form may not be able to be processed.

The Company, SaleCo and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including the following: the Share Registry for ongoing administration of the Shareholder register; the Lead Manager in order to assess your application; printers and other companies for the purpose of preparation and administration of documents and for handling mail; market research companies for the purpose of analysing NobleOak's shareholder base and for product development and planning; and legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by the Share Registry on NobleOak's behalf, by contacting the Share Registry. You will generally be provided access to your personal information (subject to some exceptions permitted by law), but you may be required to pay a reasonable charge to the Share Registry for access. NobleOak aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

If you have any concerns or queries about the way your personal information is managed by NobleOak, please contact us by phone on 1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia), by email to hello@automicgroup.com.au or write to Automic Pty Ltd, GPO Box 5193, Sydney NSW 2001. NobleOak's privacy policy is available on its website www.nobleoak.com.au. The privacy policy contains information about how you can gain access to or seek correction of personal information that NobleOak holds about you. It also contains information about how you may make a privacy complaint and NobleOak will deal with it.

10.17 CONTRACT SUMMARIES

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 10.7.1) are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

10.18 PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

10.19 GOVERNING LAW

This Prospectus, the Offer and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the laws applicable in New South Wales, Australia and each applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.20 EXPIRY DATE

No Shares will be offered on the basis of this Prospectus after the Expiry Date.

10.21 STATEMENT OF DIRECTORS AND SALECO DIRECTORS

This Prospectus is authorised by each Director of the Company and of SaleCo. Each Director has consented to the lodgement of this Prospectus with ASIC and the issuance of this Prospectus, and has not withdrawn that consent.

APPENDIX A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

APPENDIX A
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this prospectus are set out below.

a) Basis of Measurement

The Financial Information has been prepared on an accruals basis and is based on historic costs, except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

The Company operates predominantly in the financial services industry. As such, the assets and liabilities disclosed are grouped by nature and listed in an order that reflects their relative liquidity.

b) Functional and presentation currency

All amounts are presented in Australian dollars, unless otherwise noted.

c) Use of estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where critical accounting estimates are applied are noted below.

Life insurance contract liabilities

Life insurance contract liabilities are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written. Deferred policy acquisition costs and present value of in-force business (PVIF) are connected with the measurement basis of life insurance contract liabilities and are equally sensitive to the factors that are considered in the liability measurement. The key factors that affect the estimation of these liabilities and related assets are:

- The estimated cost of providing benefits and administering these insurance contracts;
- Expected mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits;
- Discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the expected life of the contracts; and
- The amounts credited to policyholders' accounts compared to the returns on invested assets through asset-liability management and strategic and tactical asset allocation.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities.

Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Group may not receive amounts due to it and these amounts can be reliably measured.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques in accordance with the measurement hierarchy. Assets that are not Level 1 assets are valued by using discounted cashflow techniques based on market observable inputs. Refer to 'Fair Value Estimation' below.

Deferred tax assets

Determining whether deferred tax assets are recognised requires an estimation of future taxable profits against which the assets can be released. This estimation process is based on relevant available information pertaining to the business and the exercise of management judgement. Recognition therefore involves judgements and estimations regarding the future financial performance of the company and reflects a prudent regard, where considered appropriate, for the inherent uncertainties associated with making such estimations and judgements in relation to deferred tax assets.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NobleOak Life Limited) and the subsidiaries. Subsidiary is an entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary is provided in Section 10. The assets, liabilities and results of a subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of a subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

LIFE INSURANCE CONTRACT LIABILITIES

The insurance policy liabilities provisions are calculated in accordance with Prudential Standard LPS 340 Valuation of Policy Liabilities (**LPS 340**). The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns, however approximate methods may be used where the result will not be materially different from a full valuation process.

NobleOak's policy liabilities are calculated using:

- Projection method: is the best estimate of the present value of the liabilities under the in-force policies. This is the mechanism by which planned margins are recognised over the period which the services are provided to the policyholder. If future losses are expected to arise then these are recognised immediately through the profit and loss.
- Accumulation method: this method is an approximation to the projection method. The policy liabilities include outstanding claims liabilities, unearned premium reserves and deferred acquisition costs.

As at 30 June 2020, policy liabilities for all benefit funds, with the exception of the Funeral Fund, were calculated using the accumulation method.

With effect from 1 July 2020, the Appointed Actuary is progressively transitioning the policy liability calculation to the projection method. As at 31 December 2020 the transition was complete for Risk Fund No 1 (Direct Portfolio).

Both calculation methods are designed to calculate the value of life insurance policy liabilities using the Margin on Services methodology. Under this methodology, planned profit margins and an estimate of future liabilities are calculated separately for each related product group, with future cash flows determined using best estimate assumptions and discounted to the reporting date. Profit margins are systematically released over the term of the policies in line with the pattern of services to be provided. The future planned profit margins are deferred and recognised over time by including the value of the future planned profit margins within the value of the policy liabilities.

Policy acquisition costs

The policy acquisition costs incurred are recorded in the statement of profit or loss and other comprehensive income and represent the fixed and variable costs of acquiring new business. The policy acquisition costs include commission, advertising, policy issue and underwriting costs, and related costs.

The acquisition costs incurred in relation to life insurance contracts are capitalised in the valuation of policy liabilities.

INCOME TAX

The Company is subject to income tax on income less an appropriate proportion of administration and overhead expenses. Certain benefits are exempt from income tax under provision of the Income Tax Assessment Act. The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax benefit (expense) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Even when the deferred tax asset is not shown on the consolidated statement of financial position, that benefit is still available to the Company and can be re-introduced onto the statement of financial position when it is probable that future taxable profits will be available.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

NobleOak Life Limited is the head entity of the tax consolidated group comprising of NobleOak Life Limited and its wholly owned entities. Under tax consolidation, the head entity assumes the following balances from controlled entities within the tax consolidated group:

- current tax balances arising from external transactions recognised by entities in the tax consolidated group which occurred after implementation date; and
- deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the Tax consolidated group which occurred after implementation date.

Assets and liabilities which arise as a result of balances transferred from entities within the tax consolidated group to the head entity are recognised as related party balances receivable and payable in the statement of financial position. The recoverability of balances arising from tax funding arrangements is based on the ability of the Tax Consolidated Group to utilise the amounts recognised by the head entity.

REVENUE

Management fee revenue

Management fee revenues are recognised in the period in which the services are performed and obligations satisfied.

Premium income

Premium income is recognised on a due basis subject to the rules governing each Benefit Fund.

i) Life insurance contracts

Premiums on life insurance contracts are separated into their revenue and deposit components. Where it is not practicable to split out the two components, all premiums have been recognised as revenue. Where policies provide for the payment of amounts of premiums on specific due dates, such premiums are recognised as revenue when due. Unpaid premiums are recognised as revenue only during the days of grace or where secured by the surrender values of the policies concerned. Other premiums are recognised as revenue on a due basis.

ii) Life investment contracts

Under life investment contracts the life companies receive deposits from policyholders which are then invested on behalf of the policyholders. No premiums are recognised as revenue. Fees deducted from members accounts are accounted for as fee revenue. Life investment premiums are treated as a movement in life investment contract liabilities.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Commission revenue

Commission revenue is recognised when all service obligations are complete and revenue is received from customers.

All revenue is stated net of the amount of goods and services tax (GST).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within liabilities on the consolidated statement of financial position.

EMPLOYEE BENEFITS

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cashflows.

FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments are measured by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2)
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity and are recognised when the Consolidated Group become a party to the contractual provisions of the instrument.

Financial assets

The Company has identified the following classes of financial asset: cash and cash equivalents, financial assets and receivables. Financial assets comprise both assets held to fund policyholder liabilities and excess shareholder's assets. Financial assets are measured at fair value through profit or loss and include bank bills and term deposits, and Australian fixed interest bond.

Financial liabilities

The Company has identified the following classes of financial liability: Payables.

Financial instruments designated as fair value through profit or loss

The policy of management is to designate a group of financial assets or financial liabilities as fair value through profit or loss when that group is both managed and its performance evaluated on a fair value basis for both internal and external reporting in accordance with the Company's documented investment strategy.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

IMPAIRMENT OF ASSETS

At each reporting date, the Company reviews the carrying amounts of both its tangible and intangible non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. An excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

RECEIVABLES

Trade accounts receivable are carried at amounts due and are generally settled within 30 days. A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

PAYABLES

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

PROVISIONS

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

GLOSSARY

GLOSSARY

Term	Description
1H20, 1H21 and **1H22F**	Half years ending 31 December 2019, 31 December 2020 and 31 December 2021, respectively
AAS or AASB	Australian Accounting Standards and the Australian Accounting Standards Board
AASB 9	Accounting standard published by the AASB titled AASB 9 *Financial Instruments*
AASB 16	Accounting standard published by the AASB titled AASB 16 *Leases*
AASB 17	Accounting standard published by the AASB titled AASB 17 *Insurance Contracts*
AASB 139	Accounting standard published by the AASB titled AASB 139 *Financial Instruments: Recognition and Measurement*
ABN	Australian Business Number
Accounting policies	NobleOak's significant accounting policies, extracted in Appendix A
ACN	Australian Company Number
AFCA	Australian Financial Complaints Authority
AFSL	Australian Financial Services licence
Alliance Partners	NobleOak's formal marketing relationships through which Direct Channel products are promoted
AML/CTF	Anti-money laundering and counter-terrorism financing
ANZ	Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522 AFSL and Australian credit licence 234527
Application Form	The application form attached to or accompanying this Prospectus (including the electronic application form provided by an online application facility)
Appointed Actuary	Briallen Cummings of KPMG
APRA	Australian Prudential Regulation Authority

Term	Description
ASAE	Australian Standard on Assurance Engagements
ASAE 3450	Australian Standard on Assurance Engagements 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*
ASIC	Australian Securities and Investments Commission
ASIC Act	*Australian Securities and Investments Commission Act 2001* (Cth)
ASX	*ASX Limited ACN 008 624 691 or the Australian Securities Exchange operated by it (as the context requires)*
ASX Listing Rules	The official listing rules of ASX, as amended, modified or waived from time to time
ASX Recommendations	The fourth edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement
ATO	Australian Taxation Office
Audit Committee	Refer to Section 6.6.4.2
Audited Financial Statements	NobleOak's audited general purpose financial statements for FY18, FY19 and FY20
AUSTRAC	Australian Transaction Reports and Analysis Centre
Avant or **Avant Mutual**	Avant Mutual Group Limited ACN 123 154 898
Board Charter	Refer to Section 6.6.3
Board Committees	Committees established by the Board, including the Audit Committee, Finance and Investment Committee, Product and Insurance Committee, Risk Committee, and Remuneration and Nomination Committee
Board or **Board of Directors**	The board of Directors of the Company
Bookbuild	The process through which Institutional Investors may be invited to bid under the Institutional Offer as described in Section 7.6
Broker	Any ASX participating organisation appointed to act as a broker to the Offer
Broker Firm Offer	The invitation to eligible Australian and New Zealand resident clients of Brokers to apply for Shares under this Prospectus as described in Section 7.3
Business Day	Any weekday that is not a public holiday in the state of New South Wales, Australia

Term	Description
CAGR	Compound annual growth rate
CBA	Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945
CEO	Chief Executive Officer of NobleOak
CFO	Chief Financial Officer of NobleOak
CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Subregister System
COA	Cost of acquisition
Code	*Life Insurance Code of Practice*
Company	NobleOak Life Limited ACN 087 648 708
Completion	The completion of the Offer, being the date on which Shares are issued or transferred to successful applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Corporations Act	*Corporations Act 2001* (Cth)
COVID-19	The infectious disease caused by the coronavirus, SARS-CoV-2, a respiratory pathogen, declared a pandemic by the World Health Organisation on 11 March 2020. Where the context refers to the impact of COVID-19, the expression includes the impact of various governmental or regulatory responses to COVID-19
CPS 220	APRA Prudential Standard CPS 220 (*Risk management*)
CPS 510	APRA Prudential Standard CPS 510 (*Governance*)
DAC	Deferred acquisition cost
DDO	Design and distribution obligations
Debt Facilities	The debt facilities described in Section 4.4.3
Direct Channel	Has the meaning given in Section 3.4.1
Director	Each director of the Company and/or SaleCo (as the context requires) from time to time
EBIT	Earnings before interest and tax
EFT	Electronic Funds Transfer
Eligible Gift Employees	Employees and independent contractors of NobleOak who have been nominated by the Group and who have a registered address in Australia and are not in the United States

Term	Description
Eligible Investors	Investors (including Institutional Investors who were not invited to participate in the Institutional Offer) who, at Original Prospectus Date, hold Shares in NobleOak, and employees and independent contractors of NobleOak who have been nominated by the Group and who have a registered address in Australia or New Zealand and are not in the United States
Eligible U.S. Fund Manager	A dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not 'U.S. persons' (within the meaning of Rule 902(k) of Regulation S of the U.S. Securities Act) for which it has, and is exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S
Embedded Value	The adjusted net assets plus the present value of future after tax profits and capital releases expected to emerge from the in-force book of policies
Employee Gift Offer	The offer of Shares under this Prospectus to Eligible Gift Employees
EPS	Earnings per share
EPS Tranche	One third of the Performance Rights grant referred to in Section 6.4.2.8 which vest by reference to EPS hurdles described in this Prospectus
Escrowed Shareholders	Shareholders that have entered into a voluntary escrow deed with the Company in relation to their escrowed Shares, as described in Section 6.5
Existing Options	Options to acquire Shares under the Company's Premium Option Plan
Existing Performance Rights	Performance rights to acquire Shares under the Company's performance rights plan
Existing Shares	The Shares on issue as at the Prospectus Date
Expiry Date	13 months after the Original Prospectus Date
Exposure Period	The seven-day period commencing on the Original Prospectus Date, which may be extended by ASIC for up to an additional seven days, during which an application must not be accepted
FAR	Financial Accountability Regime
FATA	*Foreign Acquisitions and Takeovers Act 1975* (Cth)
FCR	Financial Condition Report
Finance and Investment Committee	Refer to Section 6.6.4.4
Financial Information	Together, the Historical Financial Information and Forecast Financial Information as described in Section 4
FIRB	Foreign Investment Review Board

Term	Description
Forecast Financial Information	Together, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information as described in Section 4.8
Forecast Period	FY21F and FY22F
Freedom Insurance	Freedom Insurance Pty Limited ACN 138 864 543 (in external administration)
Friendly Society	Has the meaning given in Life Insurance Act
FSC	Financial Services Council
FSRC	Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
FSRC Final Report	The final report of the FSRC issued in February 2019
FSSA	*Financial Sector (Shareholdings) Act 1998* (Cth)
FTE	Full-time equivalent staff
FY15, FY16, FY17, FY18, FY19 and **FY20**	Historical financial years ended 30 June 2015, 30 June 2016, 30 June 2017, 30 June 2018, 30 June 2019 and 30 June 2020, respectively
FY21F and **FY22F**	Forecast financial years ending 30 June 2021 and 30 June 2022, respectively
GAAP	Generally Accepted Accounting Principles
Genus	Has the meaning given in Section 3.4.3
Group	The Company and its subsidiaries
GST	Australian goods and services tax
Hannover Re	Hannover Re of Australasia Limited ABN 37 062 395 484
HIN	Holder Identification Number
Historical Financial Information	Together, the Statutory Historical Financial Information and the Pro Forma Historical Financial Information
Historical Period	FY18, FY19 and FY20
ICAAP	Internal Capital Adequacy Assessment Program
IDII	Individual Disability Income Insurance
IFRS	International Financial Reporting Standards
IFRS 17	International financial reporting standard published by IFRS titled IFRS 17 *Insurance Contracts*
Independent Expert Actuary	Thomson Actuarial Pty Ltd ACN 084 627 878

Term	Description
Independent Limited Assurance Investigating Accountants Report	The report prepared by the Investigating Accountant, as provided in this Prospectus contained in Section 8
Industry data	Statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to NobleOak's business and markets
In-force annual premiums or **in-force premiums**	Total annualised statistical premiums for all policies in-force (prior to ceding any risk to reinsurers) as at a particular date
Institutional Investor	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either 'professional investors' or 'sophisticated investors' under sections 708(11) and 708(8) of the Corporations Act, respectively; or (b) institutional investors in certain other jurisdictions, as agreed between the Company, SaleCo and the Lead Manager, to whom offers or invitations in respect of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company and SaleCo are willing, in their absolute discretion, to comply), in either case, provided that if such person is in the United States, it is an Eligible U.S. Fund Manager
Institutional Offer	An invitation to Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world to apply for Shares made under this Prospectus as described in Section 7.4
Insurance Contracts Act	*Insurance Contracts Act 1984* (Cth)
Investigating Accountant	Deloitte Corporate Finance Pty Ltd
IT	Information technology
ITAA 1936	*Tax Assessment Act 1936* (Cth)
ITAA 1997	*Income Tax Assessment Act 1997* (Cth)
KPI	Key performance indicator
Lead Manager	Barrenjoey Advisory Pty Limited ACN 636 976 228
Life Insurance Act	*Life Insurance Act 1995* (Cth)
LPS 117	Prudential Standard LPS 117 *Capital Adequacy: Asset Concentration Risk Change*
LPS 340	Prudential Standard LPS 340 Valuation of Policy
LTI	Long-term incentive

Term	Description
M&A	Mergers and acquisitions
Major Bank	Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945, Westpac Banking Corporation ABN 33 007 457 141 AFSL and Australian credit licence 233714, Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522 AFSL and Australian credit licence 234527, National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian credit licence 230686
MSP	Managed service provider
NAB	National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian credit licence 230686
NEOS	Australian Life Development Pty Ltd ABN 96 617 129 914 AFSL 502759
New Incentive Plan	The Company's new incentive plan referred to in Section 6.4.5
Noble Offer	The Offer of Shares under this Prospectus to Eligible Investors
NobleOak	The NobleOak business, the group of companies conducting the NobleOak business (outlined in Section 10.2) or the Company as the context permits
Non-Executive Director	A member of the Board who does not form part of the Company's management
Non-IFRS Financial Information	Measures to manage and report on its business that are not recognised under AAS or IFRS. Refer to Section 4.2.4
NOS	NobleOak Services Limited ACN 112 981 718
NPAT	Net profit/(loss) after taxation
NPS	Net promoter score
NSW	New South Wales
Offer	The invitation to apply for Shares under this Prospectus, including the Institutional Offer, the Broker Firm Offer, the Priority Offer, the Employee Gift Offer and the Noble Offer
Offer Information Line	1300 861 742 (within Australia) or +61 (2) 8072 1484 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays)
Offer Period	The period from the opening date to the closing date of the Broker Firm Offer
Offer Price	A$1.95 per Share
Official List	The official list of entities that ASX has admitted to, and not removed, from listing
Options	Has the meaning given to that term in Section 6.4.5

Term	Description
Original Prospectus	The Prospectus dated 29 June 2021 and lodged with ASIC on that date, and which this Prospectus replaces
PaaS	Platform as a service
Pacific Life Re	Pacific Life Re (Australia) Pty Limited ABN 91 601 822 431
Pcp	Prior corresponding period
Performance Rights	Has the meaning given to that term in Section 6.4.5
Priority Offer	The component of the Offer of Shares to selected investors nominated by the Company who have received a Priority Offer invitation
Pro Forma Forecast Cash Flows	Pro forma forecast consolidated cash flow statements for FY21F, 1H22F and FY22F
Pro Forma Forecast Financial Information	Pro Forma Forecast Results and Pro Forma Forecast Cash Flows
Pro Forma Forecast Results	Pro forma forecast consolidated statements of profit or loss for FY21F, 1H22F and FY22F
Pro Forma Historical Balance Sheet	Pro forma historical consolidated statement of financial position as at 31 December 2020
Pro Forma Historical Cash Flows	Pro forma historical consolidated cash flow statements for FY19, FY20, 1H20 and 1H21
Pro Forma Historical Financial Information	Pro Forma Historical Income Statements, Pro Forma Historical Cash Flows, and Pro Forma Historical Balance Sheet
Pro Forma Historical Results	Pro forma historical consolidated statements of profit or loss for FY19, FY20, 1H20 and 1H21
Product and Insurance Committee	Refer to Section 6.6.4.5
Prospectus	This document dated the Prospectus Date and any replacement or supplementary prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 6 July 2021
Prospectus Forecast Tranche	One third of the Performance Rights grant referred to in Section 6.4.2.8 which vest by reference to performance hurdles including the achievement of certain measures included in the Forecast Financial Information
Regulation S	Regulation S under the U.S. Securities Act

Term	Description
Reinsurance Treaties	The following reinsurance treaties in respect of the following Benefit Funds: • Risk Fund No.1 Benefit Fund under a reinsurance treaty between Hannover Re as the reinsurer and the Company as the reinsured; • NEOS Benefit Fund under a reinsurance treaty between Pacific Life Re as the reinsurer and the Company as the reinsured; • PPS Mutual Benefit Fund under a reinsurance treaty between Swiss Re as the reinsurer and the Company as the reinsured; • Avant Benefit Fund under a reinsurance treaty between Swiss Re as the reinsurer and the Company as the reinsured; and • Freedom Insurance & Reward Insurance Benefit Funds under a reinsurance treaty between Swiss Re and the Company as the reinsured (which was closed to new members effective 31 January 2017)
Remuneration and Nomination Committee	Refer to Section 6.6.4.3
Retail Offer	Broker Firm Offer, Priority Offer, Employee Gift Offer and Noble Offer
RG 274	ASIC Regulatory Guide 274: Product design and distribution obligations
Risk Management Committee	Refer to Section 6.6.4.1
RMF	Risk management framework
Royal Commission Response Act	*Financial Sector Reform (Hayne Royal Commission Response) Act 2020* (Cth)
SaaS	Software as a service
Sale Deeds	The sale deeds under which SaleCo acquires Shares from the Selling Shareholders as referred to in Section 10.4
SaleCo	NobleOak SaleCo Limited ACN 650 872 370
Selling Shareholder	Shareholders who sell existing Shares through SaleCo
SEM	Search Engine Marketing
Senior Leadership Team or **SLT**	Members of management listed in Table 58 in Section 6.2
SEO	Search Engine Optimisation
Settlement	The Settlement in respect of the Shares which are the subject of the Offer occurring under the Underwriting Agreement
Share Registry	Automic Pty Ltd ACN 152 260 814
Shareholder	The registered holder of one or more Shares

Term	Description
Shares	Fully paid ordinary shares in the capital of the Company
SLT	Senior Leadership Team
SRN	Securityholder Reference Number
Statutory Forecast Cash Flows	Statutory forecast consolidated cash flow statements for FY21F, 1H22F and FY22F
Statutory Forecast Financial Information	Statutory forecast consolidated statement of financial performance and statutory forecast consolidated statement of cash flows
Statutory Forecast Results	Statutory forecast consolidated statements of profit or loss for FY21F, 1H22F and FY22F
Statutory Historical Balance Sheet	Statutory historical consolidated statement of financial position as at 31 December 2020
Statutory Historical Cash Flows	Statutory historical consolidated cash flow statements for FY19, FY20, 1H20 and 1H21
Statutory Historical Financial Information	Statutory historical consolidated statement of financial position, statutory historical consolidated statements of financial performance and statutory historical consolidated statements of cash flows
Statutory Historical Results	Statutory historical consolidated statements of profit or loss for FY19, FY20, 1H20 and 1H21
STI	Short-term incentive
Strategic Partner Channel	Has the meaning given in Section 2.3
Swiss Re	Swiss Re Life & Health Australia Limited ABN 74 000 218 306
Sydney time	The official time in Sydney, Australia
Tax Law	ITAA 1936, ITAA 1997 and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)
TFN	Tax file number
Thomson Actuarial	Thomson Actuarial Pty Ltd
TPD	Total and permanent disability
TSR	Total shareholder return
TSR Tranche	One third of the Performance Rights grant referred to in Section 6.4.2.8 which vest by reference to TSR hurdles described in this Prospectus
U.S. or **United States**	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia

Term	Description
U.S. Securities Act	*U.S. Securities Act of 1933*
UAOD	United Ancient Order of Druids Friendly Society of NSW
Underlying NPAT	Has the meaning given to it in Section 4.2.4
Underwriting Agreement	The underwriting agreement (as amended or supplemented) entered into between the Lead Manager, the Company and SaleCo dated 29 June 2021
Underwritten Offer Components	The Institutional Offer, Broker Firm Offer and the Priority Offer
Vendor	A third party which NobleOak is currently in discussions with in relation to the potential acquisition of administration rights over a life insurance portfolio in run-off
VWAP	Volume weighted average price
WPP	WPP plc
You	The investors under this Prospectus, and Your has the corresponding meaning

CORPORATE DIRECTORY

NOBLEOAK LIFE LIMITED

Level 7
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NOBLEOAK SALECO LIMITED

Level 7
66 Clarence Street
Sydney NSW 2000, Australia

LEAD MANAGER

Barrenjoey Advisory Pty Limited

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161 Castlereagh Street
Sydney NSW 2000, Australia

LEGAL ADVISER

MinterEllison

Governor Macquarie Tower
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INVESTIGATING ACCOUNTANT

Deloitte Corporate Finance Pty Limited

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INDEPENDENT EXPERT ACTUARY

Thomson Actuarial Pty Ltd

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INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

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STRATEGY CONSULTANT

Altiora Capital Pty Ltd

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Sydney NSW 2000, Australia

SHARE REGISTRY

Automic Pty Ltd

Level 5, Deutsche Bank Tower
126 Phillip Street
Sydney NSW 2000, Australia

OFFER INFORMATION LINE

1300 861 742 (within Australia)
+61 (2) 8072 1484 (outside Australia)
from 8:30am to 5:30pm (Sydney time)
Monday to Friday (excluding public holidays)

OFFER WEBSITE

http://www.nobleoakshareoffer.com.au/

CORPORATE WEBSITE

http://www.nobleoak.com.au/

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