



NOBLEOAK

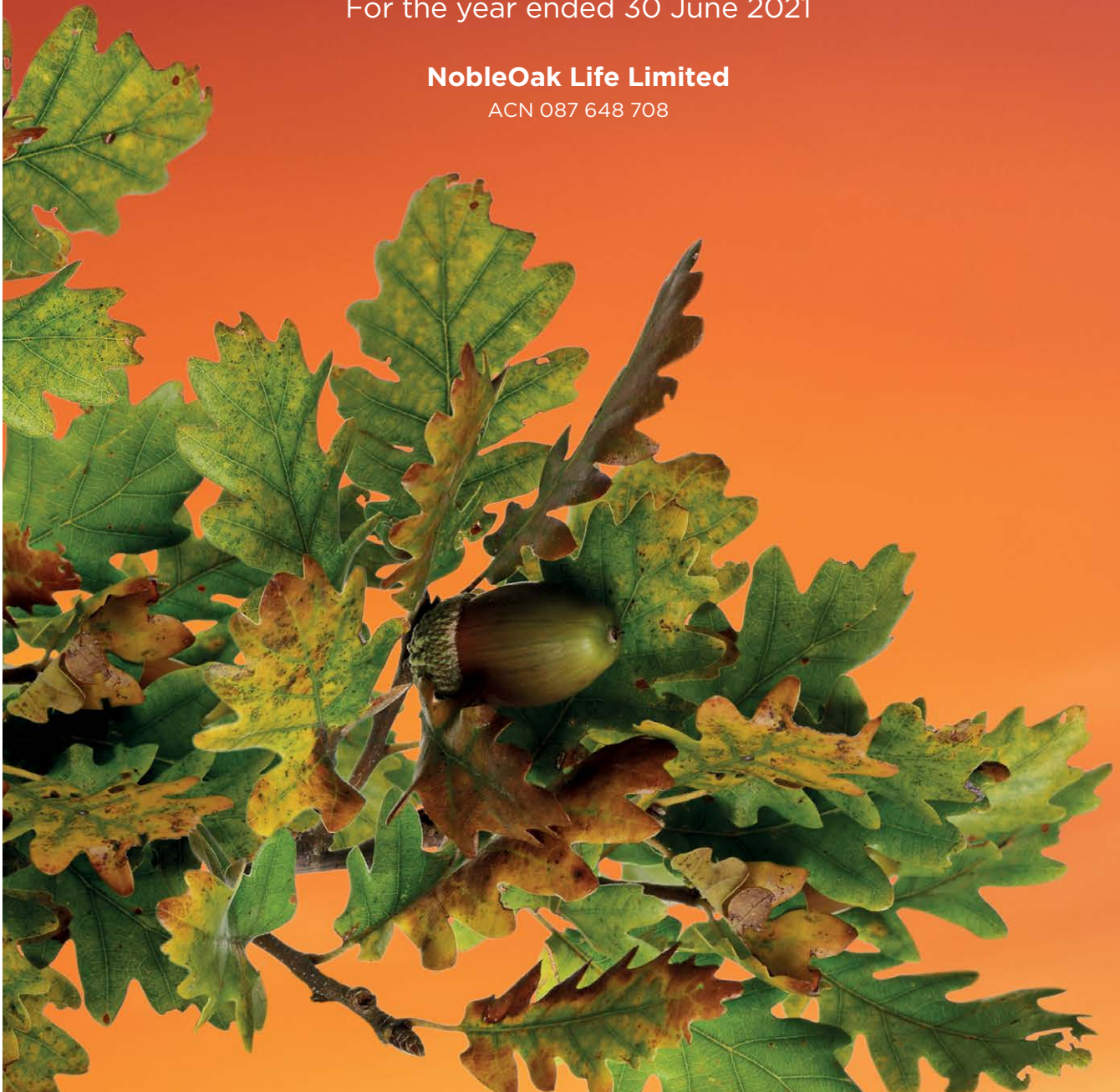
The smarter way to insure your life

APPENDIX 4E 2021

Audited Preliminary Final Report
For the year ended 30 June 2021

NobleOak Life Limited

ACN 087 648 708



APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated	30 June 2021	30 June 2020	Movement	Movement
	\$'000	\$'000	\$'000	%
Net insurance premium revenue	46,611	36,638	9,973	27%
Underlying net profit after tax	7,008	5,836	1,182	20%
Underlying basic earnings per share (cents)	10.99	10.38	0.61	6%

Net Tangible Assets Per Share

Consolidated	30 June 2021	30 June 2020
Net tangible assets per share:	\$1.27	\$1.11

Dividends

	Amount per security	Franking amount per security
Final dividend declared	-	-
Interim dividend	-	-

No dividends have been paid or declared during the financial year (2020: Nil).

The Company's current dividend policy is to generally 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 the ASX. However, from time to time the Company may consider paying dividends.

During the financial year, the Directors resolved to determine the payment of a dividend of \$0.12 per share franked to 100%. The dividend was paid out of the Company's pre-existing cash reserves (prior to the IPO) on 20 July 2021. The aggregate dividend amount of approximately \$8.2 million was paid to holders of ordinary shares in the Company (as at the Record Date of 9 June 2021).

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.

APPENDIX 4E Continued

RESULTS OF OPERATIONS

NobleOak achieved the following results for the years ended 30 June 2021.

\$'000	Consolidated FY21	Consolidated FY20	Variance \$	Variance %
Insurance premium revenue	169,932	105,568	64,364	61%
Reinsurance expenses	(123,321)	(68,930)	(54,391)	79%
Net insurance premium revenue	46,611	36,638	9,973	27%
Investment income	(207)	580	(787)	(136%)
Net commissions	13,046	9,427	3,619	38%
Fees and other income	4,044	8,681	(4,637)	(53%)
Claims expense (net of reinsurance recoveries)	(5,922)	(3,855)	(2,067)	54%
Policy acquisition costs	(38,549)	(29,479)	(9,070)	31%
Change in net policy liabilities (before discount rate movement)	10,617	7,669	2,948	38%
Change in net policy liabilities (discount rate movement)	(1,108)	2,571	(3,679)	(143%)
Administration expenses	(19,356)	(21,485)	2,129	10%
IPO expenses	(1,900)	-	(1,900)	-
Operating profit	7,276	10,747	(3,471)	(32%)
Lease interest expense	(88)	(126)	38	(30%)
Profit before tax	7,188	10,621	(3,433)	(32%)
Income tax expense	(2,285)	(2,985)	700	(23%)
NPAT	4,903	7,636	(2,733)	(36%)
Impact of policy liability discount rate changes (post tax)	775	(1,800)	2,575	(143%)
Impact of IPO expenses (post tax)	1,330	-	1,330	-
Underlying NPAT	7,008	5,836	1,172	20%

On a statutory reporting basis, NobleOak's NPAT decreased by \$2.7 million (-36%), from \$7.6 million in FY20 to \$4.9 million in FY21.

After removing the impact of changing interest rates on the valuation of policy liabilities and non-recurring costs such as those pertaining to the IPO, NobleOak's Underlying NPAT for FY21 was \$7.0 million, up \$1.2 million (+20%), from \$5.8 million in FY20 and exceeded the FY21 Prospectus forecast of \$6.8 million by \$0.2 million (+3%).

APPENDIX 4E Continued

KEY METRICS

\$'000 / %	Consolidated	
	FY21	FY20
In-force premiums (ex Genus) at period end	182,077	109,547
New business	68,961	48,602
Net insurance premium revenue	46,611	36,638
Net insurance premium revenue growth	27%	35%
Underlying gross insurance margin	18%	28%
Administration expense ratio	11%	21%
Investment return	(0%)	1%
Underlying NPAT	7,008	5,836
<i>Underlying NPAT growth</i>	<i>20%</i>	

UNDERLYING NPAT

Underlying NPAT for the:

- Direct Channel segment increased by \$0.40 million (+11%), from \$3.2 million in FY20 to \$3.6 million in FY21;
- Strategic Partner Channel segment increased by \$0.5 million (+31%), from \$1.6 million in FY20 to \$2.1 million in FY21; and
- Genus segment increased by \$0.3 million (+34%), from \$1.0 million in FY20 to \$1.3 million in FY21.

APPENDIX 4E Continued

OPERATING SEGMENT REVIEW

Direct

\$'000 / %	Consolidated	
	FY21	FY20
In force premiums at period end	57,414	45,654
New business	11,084	10,020
Lapse rate	7.3%	8.2%
Net insurance premium revenue	27,285	20,597
Net insurance premium revenue growth	32%	31%
Underlying gross insurance margin	34%	33%
Administration expense ratio	23%	23%
Investment return	0%	1%
Underlying NPAT	3,589	3,243
<i>Underlying NPAT growth</i>	<i>11%</i>	

Our Direct Strategy continues to deliver strong results. Our committed investment in the direct market, especially in digital marketing, has yielded further success, at a time when many larger competitors have contracted. The investment has seen the number of policies increase by 26% with in-force premiums in our Direct business growing by \$11.8m to \$57m (gross premiums) for the year ended 30 June 2021, an increase of 26% above year ended 30 June 2020.

Normalised profit generated from Direct activities has risen to \$3.6m for the year ended 30 June 2021, representing an 11% increase from the prior comparable period.

Delivery on our core values of nobility, simplicity, adaptability and delivery has seen:

- 95% of existing clients rate customer service provided to date as 'good' or 'excellent' which is continuously monitored by our post interaction surveys;
- a 4.7/5 Feefo customer rating as at 30 June 2021. NobleOak has received a second Platinum Trusted Service award for maintaining a Gold Trusted Service Award standard for three consecutive years in 2020;
- a 4.5/5 Google customer satisfaction rating as at 30 June 2021; and
- NobleOak winning numerous awards with Canstar, Plan for Life, Experts Choice and Finder over multiple years for the quality of our Life Insurance and Income Protection products. NobleOak was the most awarded direct Life insurer in 2021.

Our leadership in digital innovation is continuing and has seen web user growth. We launched a new intuitive website in January 2021, optimised for mobile channels, as mobile traffic to our website now represents 51% of total website traffic.

APPENDIX 4E Continued

Strategic Partner

\$'000 / %	Consolidated	
	FY21	FY20
In force premiums at period end	124,664	63,892
New business	57,878	38,582
Lapse rate	4.0%	5.8%
Net insurance premium revenue	14,991	9,951
Net insurance premium revenue growth	51%	115%
Underlying gross insurance margin	5%	7%
Underlying NPAT	2,113	1,615
<i>Underlying NPAT growth</i>	<i>31%</i>	

Our Strategic Partner Channel continues to deliver strong growth. This channel comprises our three key Strategic Partners, NEOS, PPS Mutual, and Avant Mutual.

In-force Annual Premium has grown to \$125m at 30 June 2021, representing an increase of 95% from \$64m at 30 June 2020. This growth was derived from strong new business sales during the year and continued relatively low lapse rates of 4.0% (FY20 5.8%).

Contribution to the Group's Underlying NPAT was \$2.1m for the year ended 30 June 2021 an increase of 31% from the corresponding period the year before.

The governance of our Partners has significantly evolved over the past 18 months, and we continue to invest in the governance and management of our Partners to ensure we are always delivering value to customers, irrespective of the distribution channel.

Genus

\$'000/%	Consolidated	
	FY21	FY210
In-force premium under management	32,249	34,723
Underlying NPAT	1,306	978
<i>Underlying NPAT growth</i>	<i>34%</i>	

Genus contributed \$1.3m to the Group's Underlying FY21 NPAT. Genus administers a run-off book of business and provides services supporting the administration of the remediation of former Freedom Insurance policies. Service levels have continued to remain at high levels over the period.

SUBSEQUENT EVENTS

IPO

NobleOak Life Limited (ASX: NOL) was admitted to the Official List of the Australian Securities Exchange (ASX) and its ordinary shares commenced trading on Thursday, 22 July 2021. The Company's shares were offered at \$1.95 each, with total proceeds (before transaction costs) of approximately \$63 million, with NobleOak receiving approximately \$31 million for the issue of new shares and the selling shareholder, Avant, receiving approximately \$32 million for the sale of its entire stake in NobleOak.

New binding agreement

On 22 July 2021, NobleOak (via wholly-owned subsidiary, Genus Life Insurance Services) entered into a binding agreement to acquire the administration rights from Auto & General with respect to a portfolio of Budget Direct and Ozicare branded life insurance policies in run-off (A&G Portfolio) and entry into a distribution agreement with Auto & General. The transaction successfully completed on 25 August 2021, with integration anticipated to be completed by November 2021.

The total consideration payable by Genus for the A&G Portfolio was \$3.2 million, with consideration being satisfied by way of issue of ordinary shares in NobleOak priced at \$1.95 per share (in line with the IPO price). The shares issued as consideration for the acquisition of the A&G Portfolio are subjected to escrow for 12 months (until 25 August 2022).

The distribution of products under the distribution agreement is anticipated to commence in the first calendar quarter of 2022, for a three-year term.

COVID-19

The potential impact of COVID-19 on the business continues to be monitored. There has been nothing observed since balance date that is anticipated to have significant impact.

APPENDIX 4E Continued

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

	2021	2020
	\$'000	\$'000
Continuing Operations		
Insurance premium revenue	169,932	105,568
Reinsurance expenses	(123,321)	(68,930)
Net insurance premium revenue	46,611	36,638
Investment income	(207)	580
Net commissions	13,046	9,427
Fees & other revenue	4,044	8,681
Claims expense – net of reinsurance recoveries	(5,922)	(3,855)
Policy acquisition costs	(38,549)	(29,479)
Change in net policy liabilities (before discount rate movement)	10,617	7,669
Change in net policy liabilities (discount rate movement)	(1,108)	2,571
Administration expenses	(19,356)	(21,485)
IPO expenses	(1,900)	-
Operating Profit	7,276	10,747
Lease interest expense	(88)	(126)
Profit Before Tax	7,188	10,621
Income tax expense	(2,285)	(2,985)
Profit After Tax	4,903	7,636
Other Comprehensive Income	-	-
Total Comprehensive income attributable to Owners of the Company	4,903	7,636

APPENDIX 4E Continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	2021	2020
	\$'000	\$'000
Assets		
Cash and cash equivalents	31,842	28,517
Receivables	14,037	11,780
Financial assets	20,486	11,858
Gross policy liabilities ceded under reinsurance	35,444	32,945
Plant and equipment	517	827
Right-of-use assets	1,344	2,193
Deferred tax asset	2,932	1,789
Intangibles	1,458	150
Total assets	108,060	90,059
Liabilities		
Payables	29,027	23,294
Current tax liabilities	2,104	3,933
Lease liabilities	1,455	2,281
Provisions	1,283	868
Gross policy liabilities	(10,429)	(4,337)
Total liabilities	23,440	26,039
Net assets	84,620	64,020
Equity		
Issued share capital	62,451	47,120
Accumulated profits	21,298	16,395
Share-based payment reserve	871	505
Total equity	84,620	64,020

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

	Issued share capital	Accumulated profits	Share-based payment reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2019	37,122	8,759	206	46,087
Share capital net of transaction cost	9,998	-	-	9,998
Profit for the year	-	7,636	-	7,636
Recognition of share-based payments	-	-	299	299
Balance at 30 June 2020	47,120	16,395	505	64,020
Share capital net of transaction cost	15,331	-	-	15,331
Profit for the year	-	4,903	-	4,903
Recognition of share-based payments	-	-	366	366
Balance at 30 June 2021	62,451	21,298	871	84,620

APPENDIX 4E Continued

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2021

	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Premium received	170,818	104,250
Reinsurance premium payments	(119,597)	(63,832)
Reinsurance recoveries received	27,386	14,005
Claims paid	(33,175)	(21,723)
Interest received	140	320
Fees and other income received	112,506	71,770
Marketing and policy acquisition costs	131,717	(64,575)
Payments to other suppliers and employees	(27,081)	(33,622)
Net cash from/(used in) operating activities	(720)	6,593
Cash flows from investing activities		
Purchase of plant and equipment	(96)	(101)
Purchase of intangible assets	(1,356)	-
Sale/(purchase) of financial assets	(8,920)	1,399
Net cash from/(used in) investing activities	(10,372)	1,298
Cash flows from financing activities		
Repayment of leasing liabilities	(826)	(761)
Lease interest paid	(88)	(126)
Amounts received from issue of shares	15,377	10,154
Cost of issue of shares	(46)	(155)
Net cash from financing activities	14,417	9,112
Net increase/(decrease) in cash and cash equivalents held	3,325	17,003
Cash and cash equivalents at the beginning of the financial year	28,517	11,514
Cash and cash equivalents at the end of the financial year	31,842	28,517

NOTE 1. BASIS OF PREPARATION

The financial information included in this document for the year ended 30 June 2021 is audited. The financial information does not constitute the Consolidated Entity's full financial statements for the year ended 30 June 2021, which remain to be approved by the Board, reported on by the Auditors and lodged with the ASX. The Consolidated Entity's full financial statements will be prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB).

The financial report 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 Group operates predominantly in the financial services industry. As such, the assets and liabilities disclosed in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporate Instrument, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

All amounts are presented in Australian dollars, unless otherwise noted.

APPENDIX 4E Continued

NOTE 2. EARNINGS PER SHARE

	Consolidated	
	2021	2020
Basic earnings per share (cents)	7.69	13.58
Diluted earnings per share (cents)	7.50	13.32

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the Company (\$'000)	4,903	7,636
Earnings used in the calculation of basic earnings per share (\$'000)	4,903	7,636
Weighted average number of ordinary shares for the purpose of basic earnings per share	63,775,290	56,211,247

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

Profit for the year attributable to owners of the Company (\$'000)	4,903	7,636
Earnings used in the calculation of total diluted earnings per share (\$'000)	4,903	7,636

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic earnings per share	63,775,290	56,211,247
Shares deemed to be dilutive in respect of the Premium Option Plan and Performance Rights Plan	1,629,351	1,132,032
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	65,404,641	57,343,279

AUDIT

This Appendix 4E is based on accounts which have been audited.

Signed:



Anthony R Brown
Director

Sydney, 30 August 2021



Stephen Harrison
Chair

NobleOak Life Limited
ABN 85 087 648 708 AFSL No 247302

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

Registered office address:
Level 7, 66 Clarence Street, Sydney NSW 2000



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