



NOBLEOAK

NobleOak Life Limited

Full Year 2021 Financial Results Presentation

31 August 2021

Presenters:

Anthony R. Brown – CEO

Scott Pearson – CFO

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- **Currency:** all amounts in this presentation are in Australian dollars unless otherwise stated.
- **Financial years:** FY refers to the full year to 30 June, 1H refers to the six months to 31 December, and 2H refers to the six months to 30 June.
- **Rounding:** amounts in this document have been rounded to the nearest reported whole unit (unless otherwise stated). Any differences between this document and the accompanying financial statements are due to rounding.

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Proud to deliver a strong maiden result in publicly listed environment

Agenda and presenters

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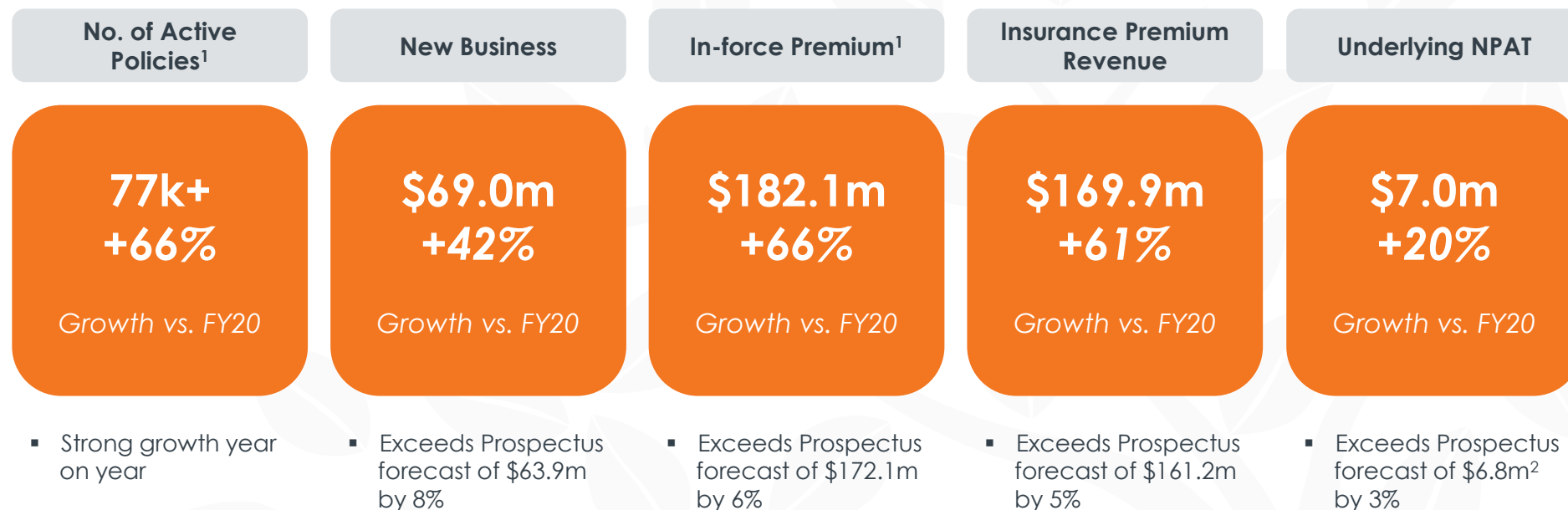
Anthony Brown
Chief Executive Officer



Scott Pearson
Chief Financial Officer

FY21 financial highlights

We are pleased to announce that we have exceeded key FY21 Prospectus forecast measures and are tracking well toward our FY22 Prospectus forecast



Notes: 1. Excludes Genus; 2. Underlying NPAT was disclosed on a pro forma basis in the Prospectus to present the income statement on a comparable basis across historical and forecast periods. The \$6.8m Prospectus FY21 forecast Underlying NPAT figure above reflects Underlying NPAT excluding these pro forma adjustments and is directly comparable to the actual FY21 Underlying NPAT of \$7.0m. A reconciliation between Statutory NPAT to Pro Forma Underlying NPAT is illustrated further in this presentation.

FY21 operational highlights

FY21 was a transformational year for NobleOak, with a number of operational milestones being met



**Most Awarded Australian
Direct Life Insurer
2020-21**



Bolstered Our Team
*Total FTEs of 113, up c.12%
year-on-year*



**Continued High Customer
Satisfaction Levels**



New Product Launch



**Strengthened Balance
Sheet**
*\$31m primary capital
raised via IPO in July 21*



**Portfolio Acquisition and
New Distribution
Agreements**
Completed in Aug 21

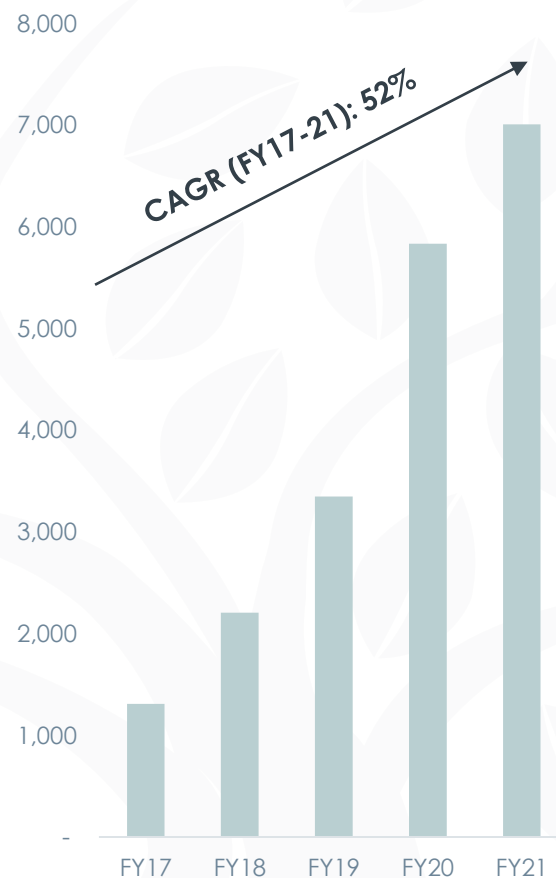
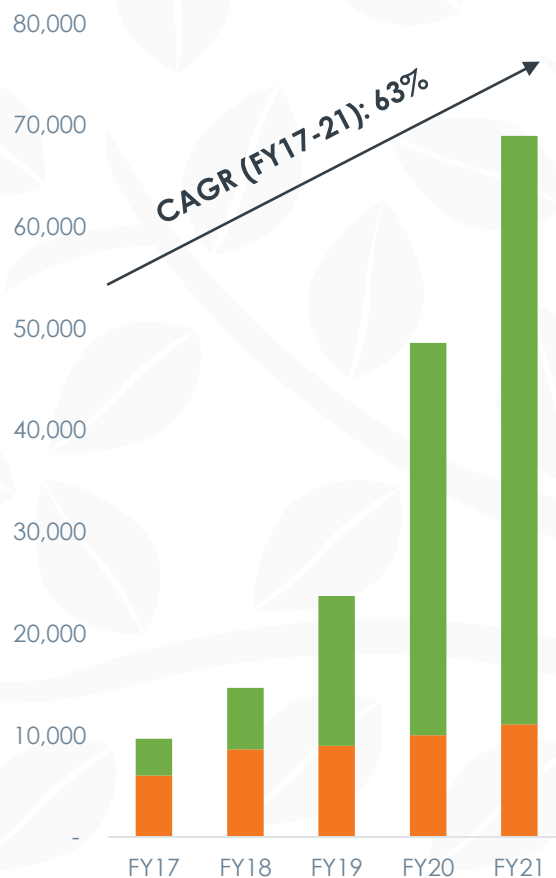
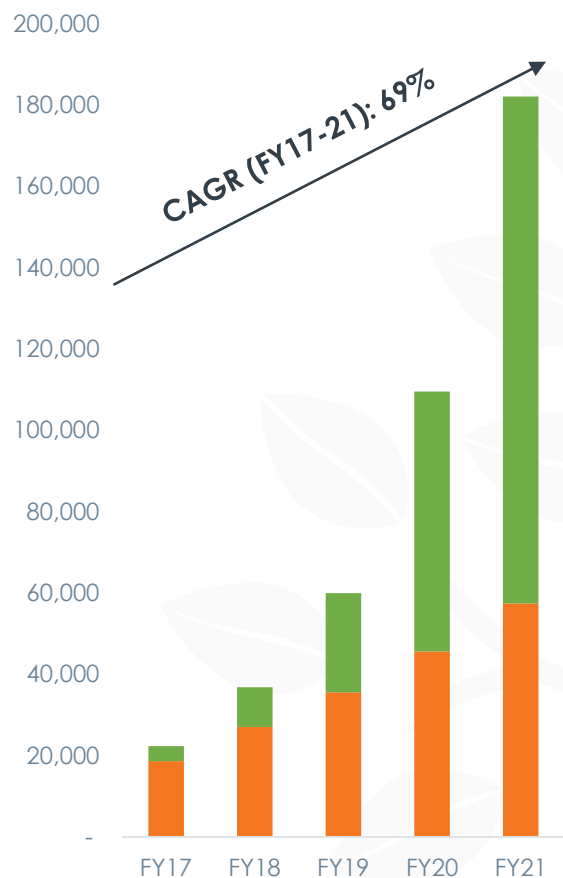
Strong, disciplined growth

NobleOak has a demonstrated track record of strong, disciplined growth

In-force Premiums (\$'000)

New Business (\$'000)

Group Underlying NPAT (\$'000)



■ Direct Channel ■ Strategic Partner Channel

1

Overview of NobleOak

Who is NobleOak?

NobleOak is an independent Australian life insurer and a challenger brand to industry incumbents with a strong focus on delivering high-value, easy to understand and competitive products

Who we are

- 144-year history as friendly society, and demutualised in 2011
- APRA-regulated life insurer with differentiated distribution model
- Highly experienced management and Board
- Challenger brand to industry incumbents with client-focused culture delivering strong client retention

What we do

- Multi-channel and product business model delivering diversified revenue streams
- Significant reinsurance of risk through large-scale global reinsurers
- Clear, client-focused value proposition in individual life risk insurance supported by contemporary and flexible digital capabilities

Growth profile

- Strong in-force premiums growth since demutualisation
- Multiple levers for future growth, including retaining and servicing in-force books, growing new sales across all channels, and expanding margins through operating leverage and additional risk retention



\$10 billion Australian individual life risk insurance industry¹



Most awarded direct life insurer (2020, 2021)



77,000+ active policies, representing ~\$182m of in-force premiums



69% CAGR (FY17-21) of in-force premiums

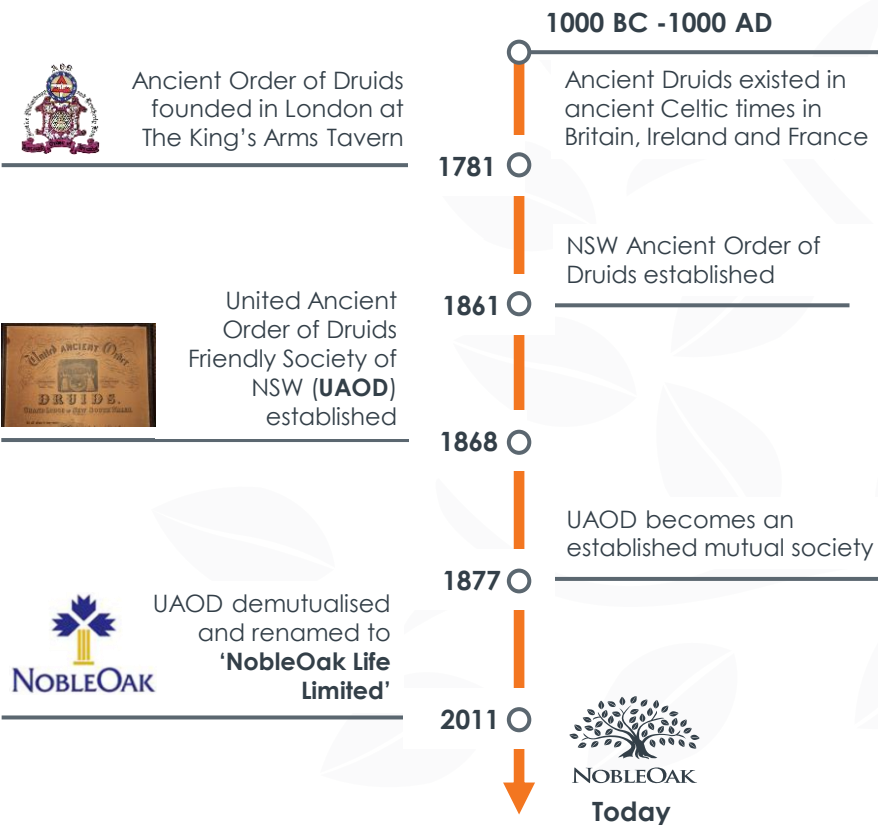
Notes: 1. Plan For Life, Life Statistics, December 2020. December 2020 Individual (Direct and Intermediated) and Group in-force premiums are \$10.0 billion and \$6.3 billion, respectively. This gives a total life risk insurance market size of \$16.3 billion of in-force premiums.

Culture is paramount for NobleOak

A values-led approach has been entrenched in NobleOak since the very beginning – our focus on culture today helps create a business with high employee engagement and customer satisfaction

NobleOak's beginnings

Protecting Australians for over 144 years, holding true to a core belief of treating others with dignity



Our values are embedded in our business

Staff are aligned to our cultural 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.

Direct Channel: most awarded direct life insurer (2020, 2021)



NobleOak's market-leading value and service in the Australian life insurance industry has been well recognised in the years since its demutualisation

Recent awards



Canstar Outstanding Value Awards

2016, 2017, 2018, 2019, 2020, 2021



Strategic Insight Overall Direct Life Insurance Excellence Award

2016, Finalist 2017, 2018



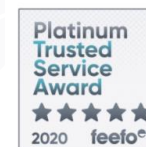
Plan For Life Overall Direct Life Insurance Excellence Award

2019, 2020



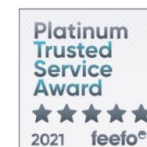
Feefo Gold Trusted Service Award

2017, 2018, 2019



Feefo Platinum Trusted Service Award

2020, 2021



Australian Insurance Awards Life Insurance Company of the Year and Life Insurance Product / Innovation of the Year

2018



Finder Best Life Insurance

2019, 2020, 2021



GRIST Top Rated Life Insurance Sales Contact Centre

2020



Mozo Life Insurer of the Year

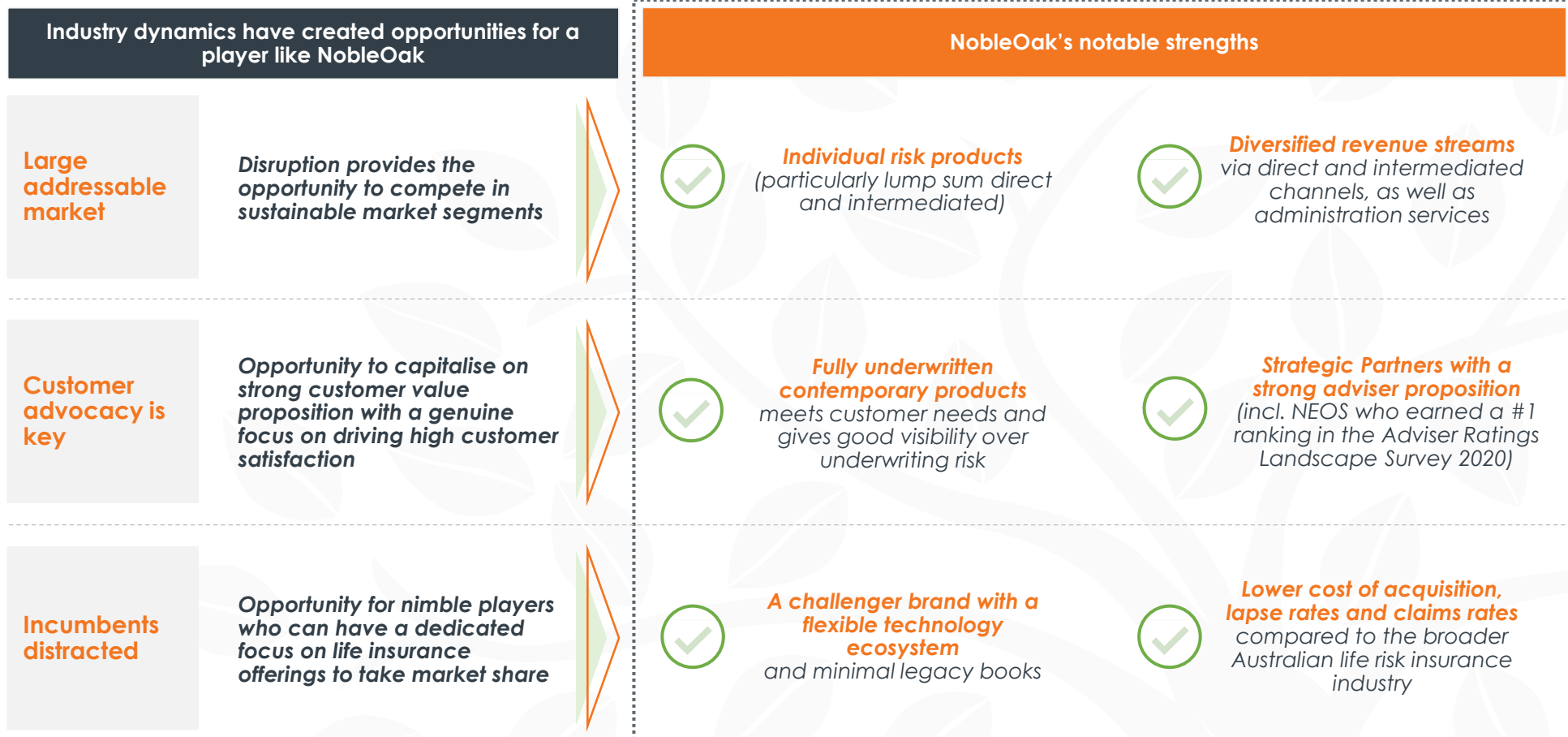
2019, 2020, 2021



Most awarded direct life insurer (2020 to April 2021)

Why NobleOak succeeds in the sector?

NobleOak's business model and value proposition seeks to capitalise on key opportunities in the life risk industry



Simple business with diversified revenue



NobleOak focuses on delivering contemporary life insurance products through various distribution channels

	Direct Channel	Strategic Partner Channel	Genus
Description	<p>Affordable and accessible life insurance products delivered through an omnichannel customer acquisition strategy</p> <p><i>Primarily targets the mass affluent market</i></p>	<p>Tailored life insurance products designed and delivered in partnership with developers and distributors of intermediated life risk insurance policies ("Strategic Partners")</p> <p><i>Targets the members / networks of Strategic Partners</i></p>	<p>Purely an administration business managing insurance books which are no longer issuing new policies (entirely reinsured)</p> <p><i>Currently administering the Freedom Insurance book</i></p>
Advice regime	General advice	Mostly personal advice with some general advice	General advice
% of FY21 in-force			Includes Swiss Re book that is only administered
% of FY21 Underlying NPAT			
Brands			

Further growth opportunities

NobleOak has significant opportunities to unlock further growth going forward

Risk retention

Seek to increase the amount of insurance risk retained by NobleOak over time, in an orderly and measured way

Current risk retained:

25-35% (Direct Channel)

<10% (Strategic Partner Channel)

Increasing the potential for profits in the longer term

Risk retention decisions would be supported by NobleOak's fully underwritten approach which provides a strong line of sight into new and existing policies

Organic

Value creation and continuous optimisation of the existing business

Drive growth through new products and/or distribution arrangements (e.g. FlexiCover), increasing marketing investment and further acquisition cost optimisation

Opportunity to address unmet demand or unfulfilled target customer segments

Inorganic

Assessment of opportunities to acquire in-force and run-off life risk portfolios

Drive growth through addition of in-force and run-off life risk insurance portfolios

Leverage experience in successfully integrating new businesses such as the Genus administration portfolio and newly acquired Auto & General Portfolio



2 Financial Results

Key financial metrics

Key metrics (consolidated level)

\$'000 / %			Variance
	FY21	FY20	% / bps
In-force premiums (ex-Genus) at period end	182,077	109,547	66%
New business	68,961	48,602	42%
Insurance Premium Revenue	169,932	105,568	61%
Net Insurance Premium Revenue	46,611	36,638	27%
Underlying Gross Insurance Margin ¹	17.6%	27.5%	(998 bps)
Administration Expense Ratio ²	11.4%	20.5%	(903 bps)
Investment Return	(0.1%)	0.5%	(67 bps)
Underlying NPAT ³	7,008	5,836	20%

Commentary

- FY21 results ahead of prospectus expectations across key measures
- Growth has come from all Channels, driven by strong sales growth and lapse rates that have remained below industry averages (note: 7% lapse rate for the Direct Channel)
- In-force growth of 66%, also driven by sales of \$69.0m
- Notwithstanding emergence of Delta variant of COVID-19, business conditions remain strong
- Disciplined approach delivering stable margins with 20% growth in Underlying NPAT
- Statutory result adversely impacted by abnormal items:
 - Discount rate Movement on Policy Liabilities (after-tax impact of \$0.8m); and
 - non-recurring IPO related costs as contemplated in the Prospectus (after-tax impact of \$1.3m)
- Total IPO transaction costs (non-recurring) of \$6.4m
 - Of these costs, \$3.0m has been booked in FY21 (\$1.9m expensed, with \$1.1m to be deducted against equity)

Notes: 1. Underlying Gross Insurance Margin is profit before tax excluding administration expense, lease interest expense, IPO expense, investment income and changes in net policy liability from discount rate movements, altogether divided by insurance premium revenue; 2. Administration Expense Ratio is administration expense (including lease interest expense) divided by insurance premium revenue; 3. Underlying NPAT is net profit after tax excluding the impact of changes in the policy liability discount rates and IPO expense. 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.

Key financial metrics (by segment)

Key metrics (by segment)

Direct Channel

\$'000 / %			Variance
	FY21	FY20	% / bps
In-force premiums (ex-Genus) at period end	57,414	45,654	26%
New business	11,084	10,020	11%
Insurance Premium Revenue	50,346	39,439	28%
Net Insurance Premium Revenue	27,285	20,597	32%
Lapse rate (Direct)	7.3%	8.2%	(90 bps)
Underlying Gross Insurance Margin	33.8%	33.2%	61 bps
Administration Expense Ratio	22.7%	23.4%	(70 bps)
Underlying NPAT	3,589	3,243	11%

Strategic Partner Channel

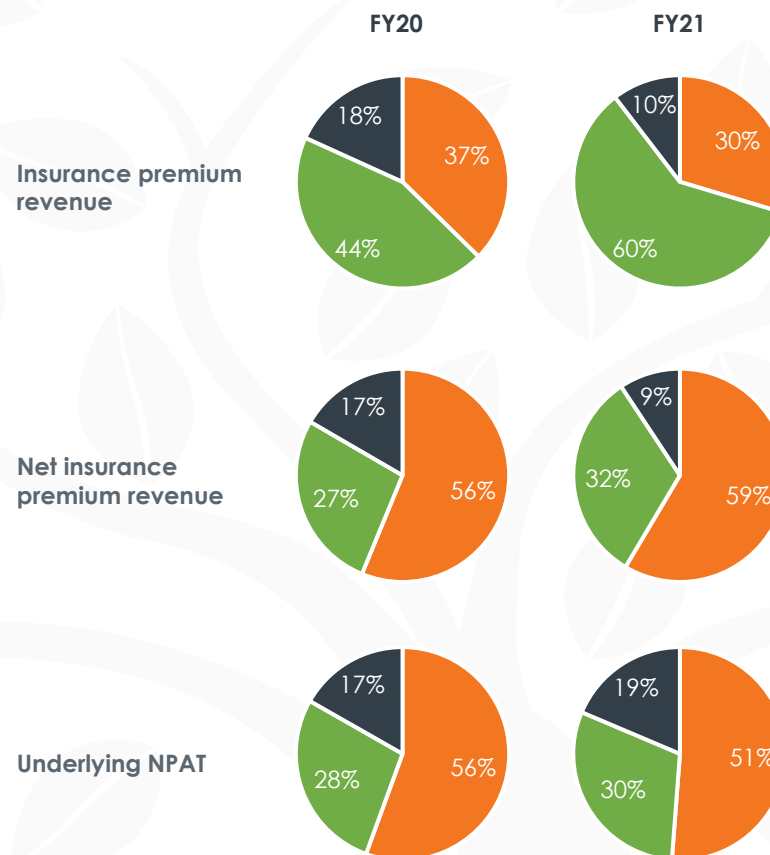
\$'000 / %			Variance
	FY21	FY20	% / bps
In-force premiums (ex-Genus) at period end	124,664	63,892	95%
New business	57,878	38,582	50%
Insurance Premium Revenue	101,893	46,892	117%
Net Insurance Premium Revenue	14,991	9,951	51%
Lapse rate (Strategic Partner)	4.0%	5.8%	(180 bps)
Underlying Gross Insurance Margin	4.6%	7.2%	(258 bps)
Administration Expense Ratio	1.7%	2.4%	(71 bps)
Underlying NPAT	2,113	1,615	31%

Genus

\$'000 / %			Variance
	FY21	FY20	% / bps
In-force premiums under management	32,249	34,723	(7.1%)
Underlying NPAT	1,306	978	34%

Segment split

■ Direct Channel
 ■ Strategic Partner Channel
 ■ Genus



Consolidated balance sheet

Strong balance sheet with no debt

Statutory and pro forma balance sheet at 30 June 2021¹

\$'000	30 June 2021	Pre-Offer Dividend	Offer Proceeds	Offer Costs	Pro Forma 30 Jun 2021
Assets					
Cash and cash equivalents	31,842	(8,157)	30,992	(5,100)	49,577
Receivables	14,037			(1,100)	12,937
Financial assets	20,486				20,486
Gross policy liabilities ceded to reinsurers	35,444				35,444
Plant and equipment	517				517
Right-of-use assets	1,344				1,344
Deferred tax asset	2,932			1,350	4,282
Intangible assets	1,458				1,458
Total assets	108,060	(8,157)	30,992	(4,850)	126,046
Liabilities					
Payables	29,027			(1,700)	27,327
Current tax liabilities	2,104				2,104
Lease liabilities	1,455				1,455
Provisions	1,283				1,283
Gross policy liabilities	(10,429)				(10,429)
Total liabilities	23,440	-	-	(1,700)	21,740
Net assets	84,620	(8,157)	30,992	(3,150)	104,305
Equity					
Issued capital	62,451		30,992	(1,680)	91,763
Accumulated profits	21,298	(8,157)		(1,470)	11,671
Other reserves	871				871
Total equity	84,620	(8,157)	30,992	(3,150)	104,305

Commentary

Financial Assets

- Primarily held in short term deposits

Policy Liabilities

- NobleOak's **net policy liability provision is an asset**, as the implicit deferred policy acquisition cost within the Direct Channel segment exceeds the best estimate claims liability provisions

Balance Sheet Pro Forma Adjustments

- Pre-Offer Dividend represents the cash dividend paid out immediately prior to Completion to Shareholders on the share register on 9 June 2021
- Offer proceeds reflect proceeds of c.\$31 million through the issue of 15.9 million Shares via the IPO
- Offer costs reflect the incremental costs pertaining to the Offer, incurred post FY21 year-end²

Notes: 1. The pro forma balance sheet at 30 June 2021 is provided for illustrative purposes only and is not representative as being necessarily indicative of NobleOak's future financial position; 2. 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 \$2.4 million (\$1.7 million tax effected) are offset against equity. The remaining \$2.1 million (\$1.5 million tax effected) is expensed. The deferred tax asset of \$1.35 million has been recognised in respect of Offer costs as they should be deductible for tax purposes over a five-year period.

Capital base

Strong capital position above regulatory requirements and capitalised for growth

Capital adequacy: NobleOak Life Limited – Company Only (not consolidated)

\$'000	Statutory 30 June 2021	Pre-Offer Dividend	Net Offer Proceeds ¹	Pro Forma 30 June 2021 ²
Capital base (a)	18,609	(8,157)	26,492	36,944
Prescribed capital amount (b)	9,553			9,533
Capital adequacy multiple % (a)/(b)	195%		n/a	388%
Target capital (incl. management buffer)	16,055			16,055
Assets in excess of target	2,554	(8,157)	26,492	20,889

► Key inputs for assessment of capital adequacy

- **Capital base:** APRA Prudential Capital Standards capital base is calculated by excluding various items included in net assets under accounting standards, e.g. intangible assets, goodwill, DAC and DTAs (net of DTLs)
- **Target capital:** includes the prescribed capital amount, any APRA Pillar 2 capital requirement in relation to Individual Disability Income Insurance business and a risk-based capital reserve held to reduce the probability of the Company falling below the APRA prudential prescribed capital requirement

Notes: 1. Offer proceeds after incremental IPO transaction costs incurred post FY21 year-end; 2. Pro Forma includes impact of IPO (as if occurred in FY21).

Reconciliation: Statutory NPAT to Pro Forma Underlying NPAT

The table below reconciles the statutory NPAT to the pro forma Underlying NPAT, using the pro forma adjustment methodology outlined in the Prospectus Commentary

- These pro forma adjustments are non-IFRS adjustments made to the periods prior to the IPO (which occurred in July 2021, being post year-end)
- The pro forma adjustments illustrate the impact of costs attributable to the IPO, public company cost structures, changes to salary packages and incentives effected for certain senior employees and one-off, non-recurring items
- The purpose of the adjustments is to present the income statement on a comparable basis and in a manner consistent with internal management reporting

Reconciliation

\$'000	FY2021
Statutory NPAT	4,903
Impact of policy liability discount rate changes (post tax)	775
Impact of IPO expenses (post tax)	1,330
Underlying NPAT	7,008
Changes in executive remuneration ¹	(572)
Listed company expenses ²	(549)
Income tax effect ³	336
Pro Forma Underlying NPAT (Actual)	6,223
Pro Forma Underlying NPAT (Prospectus Forecast)	6,041
<i>Outperformance (FY21 Actual vs. Prospectus Forecast)</i>	<i>3%</i>

Notes: 1. Reflects the impact of changes in executive remuneration that will be in place from completion of the IPO being applied to the historical periods; 2. Reflects 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 2020. 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. Pro forma tax expense rate of 30% has been applied, which is the Australian corporate tax rate.



3 Business Update

New Distribution Agreements

NobleOak has entered into Distribution Agreements with Auto & General and separately, The Royal Automobile Club of Western Australia (RAC)

Auto & General Distribution Agreement

RAC Distribution Agreement

1

Partnership with leading Australian challenger brand, Budget Direct, with strong alignment of values and focus on delivering award winning protection to customers

2

NobleOak will provide white labelled and fully underwritten life, IP, trauma and TPD products to enable Budget Direct to offer these products to their customer base

3

Partnership provides NobleOak with exposure to Budget Direct's base which currently exceeds 1 million customers in Australia

4

The distribution of products under this agreement is anticipated to commence in the first calendar quarter of 2022 for an initial 3 year term

1

Operating with over a 115-year history, RAC is Western Australia's leading motoring club and mutual organisation and advocate on mobility challenges

2

New alliance partnership with RAC, with NobleOak to provide RAC members with fully underwritten life, IP, trauma and TPD products

3

RAC represents more than 1 million members in WA

4

Distribution of products is anticipated to commence by January 2022

Recap of acquisition: Auto & General Portfolio

On 22 July 2021, NobleOak entered into a binding agreement to acquire the administration rights from Auto & General for a run-off portfolio of Budget Direct and Ozicare branded life insurance policies

Commentary

- Auto & General provides insurance products in Australia directly via its Budget Direct and Ozicare brands and through partnerships with ING, Virgin Money and Qantas
- The transaction successfully completed on 25 August 2021, with integration expected to complete by November 2021
- The total consideration payable for the Auto & General Portfolio was \$3.2 million, satisfied through the issue of ordinary shares in NobleOak priced at \$1.95 per Share (in line with the IPO price)
 - The shares were issued under NobleOak's available placement capacity under ASX Listing Rule 7.1
 - The shares issued are subject to escrow for a 12 month period

Estimated earnings from Auto & General Portfolio only (annualised)^{1,2}

\$'m	
Approx. number of policies ³ (#)	4,000
In-force premiums ³	4.1
Net revenue	1.0
PBT	0.5
NPAT	0.4

Notes: 1. The P&L items above have been illustrated on an annualised basis (i.e., as if the transaction had completed and fully integrated on 1 July 2021), noting this earnings base is anticipated to reduce as the Auto & General Portfolio runs down over time; 2. Includes estimated earnings pertaining to Auto & General Portfolio only (i.e., no incremental earnings from the Distribution Agreement have been incorporated); 3. As at 30 June 2021.

Transaction highlights

- ✓ Acquisition of the administration rights (on a stand-alone basis) is expected to be earnings accretive
- ✓ Further proves focus, ability and commitment to identifying and executing strategic transactions
- ✓ Partnership and alignment with Auto & General, operating the Budget Direct brand, which is one of Australia's largest and leading challenger brands
- ✓ Upside earnings potential through distribution agreement (not yet quantified)

Operational update

NobleOak remains operationally resilient amid the latest COVID-19 restrictions

1 NobleOak swiftly mobilised to enable all staff to work from home. IT and systems performance remains robust

2 Impact on staff and customers has been minimal, with customer service levels continuing to remain high over the period as evidenced by our customer satisfaction ratings

3 We continue to focus on the wellbeing of our staff and customers while appropriately managing additional risks

Trading update and outlook

Strong start to FY22 with high levels of new business and low lapse rates; reaffirming FY22 Prospectus profit forecast

- 1 Discussions well advanced with a global reinsurer pertaining to the Avant book
- 2 Commence provision of products to Budget Direct and RAC customers under distribution agreements
- 3 Preparation for launch of new Individual Disability Income Insurance (IDII) products scheduled on 1 October 2021
- 4 Conversion of strong pipeline of partnership opportunities with a number of leading Australian financial institutions
- 5 Well capitalised and continuing to invest towards growth initiatives. No dividend forecast
- 6 The Life Insurance market continues to transition, with industry sales and lapse rates uncertainty
- 7 NobleOak will continue to work with the regulators as its business grows and evolves

4 Q&A

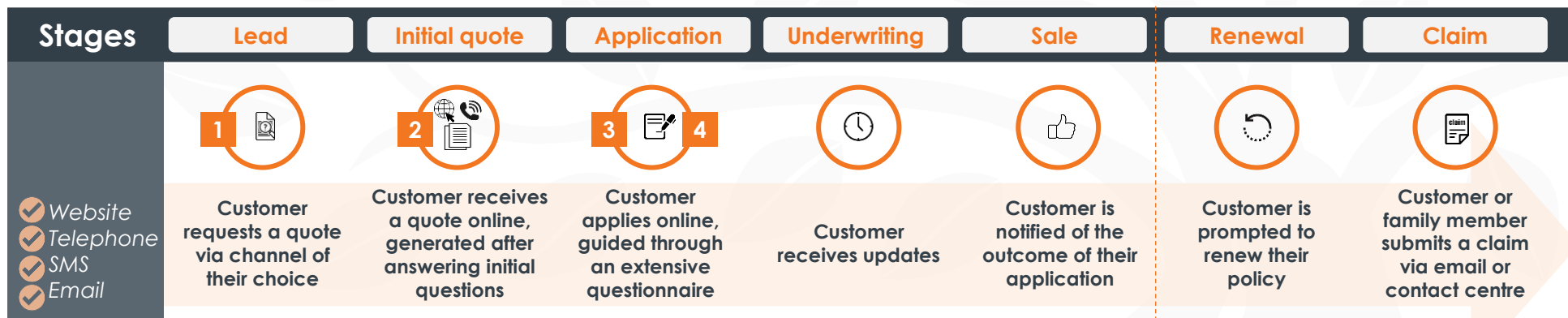
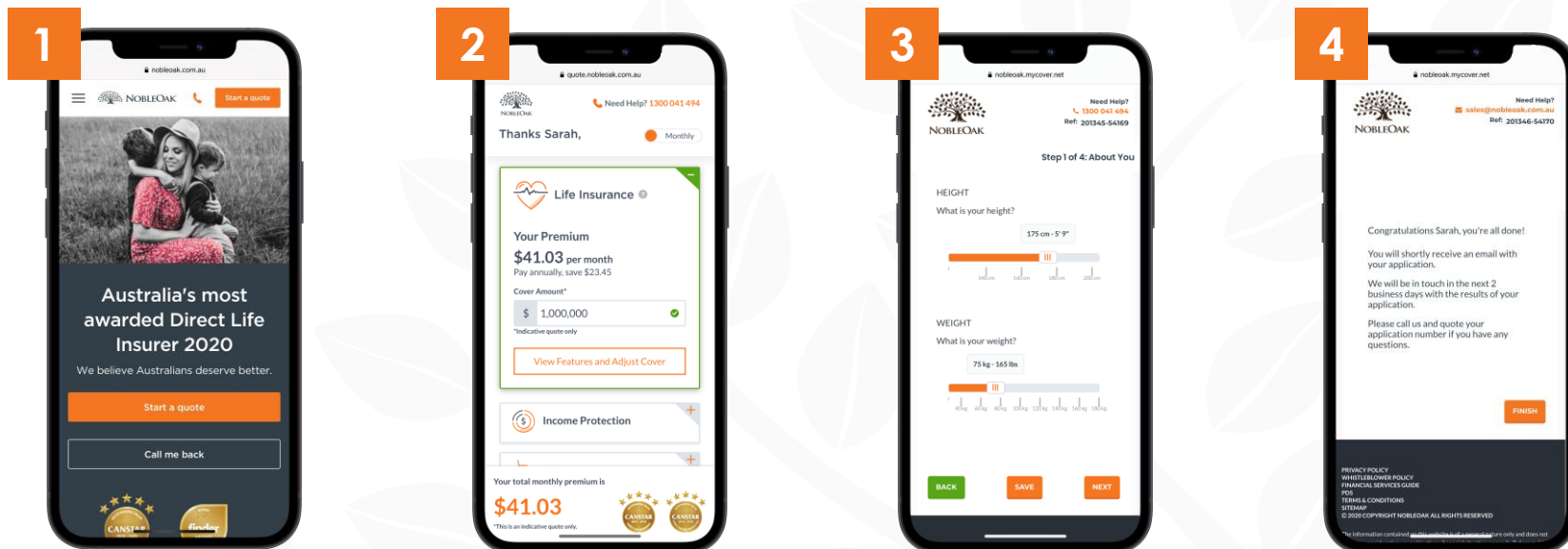
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Appendix

Supporting information

Direct Channel: omnichannel client journey

NobleOak's omnichannel fulfilment platform is designed to deliver a consistent customer journey regardless of lead channel, while also supporting sales conversion and underwriting quality






- Website
- Telephone
- SMS
- Email

Strategic Partner Channel: tailored products

NobleOak's Strategic Partners are leading product developers and distributors in the intermediated channel

Overview of current Strategic Partners

- ✓ **Core competencies** of meeting customer and adviser needs in an evolving market and displaying **cultural fit** with NobleOak

	Background	Product launch year
	<ul style="list-style-type: none"> 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 	2016
	<ul style="list-style-type: none"> Australia's leading medical defence organisation, representing over 78,000 health practitioners and medical students Markets life insurance to its member base 	2017
	<ul style="list-style-type: none"> 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

Focusing on core competencies to maximise partnership benefits



- **Design**
- **Manufacturing**
- **Administration and underwriting**

Strategic Partner

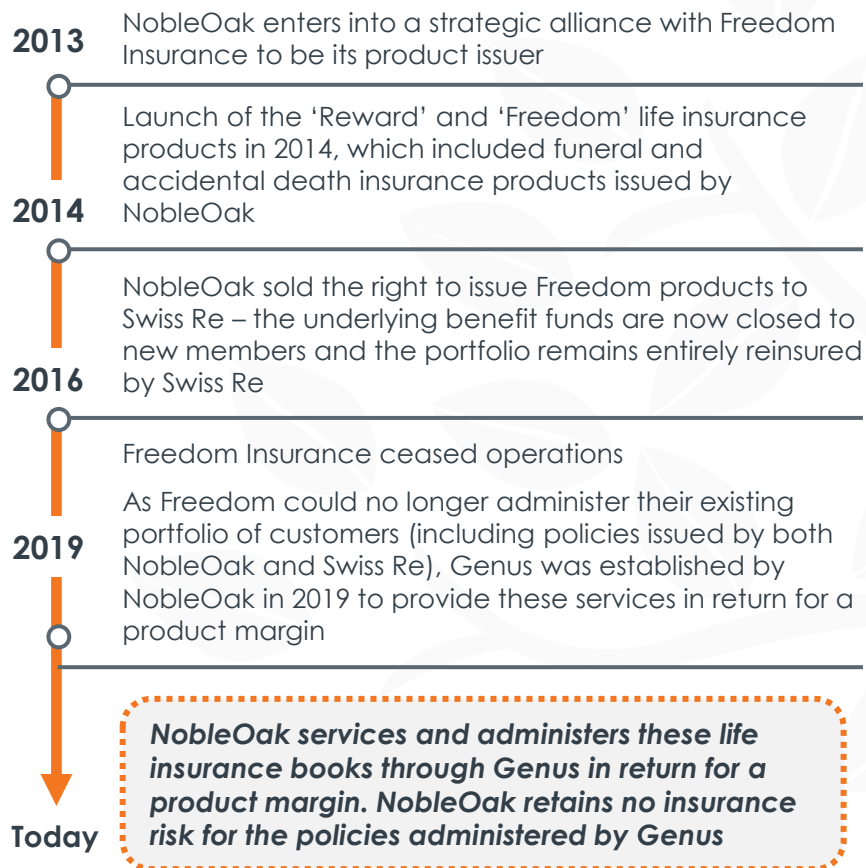
- **Design**
- **Marketing**
- **Distribution**

Genus overview

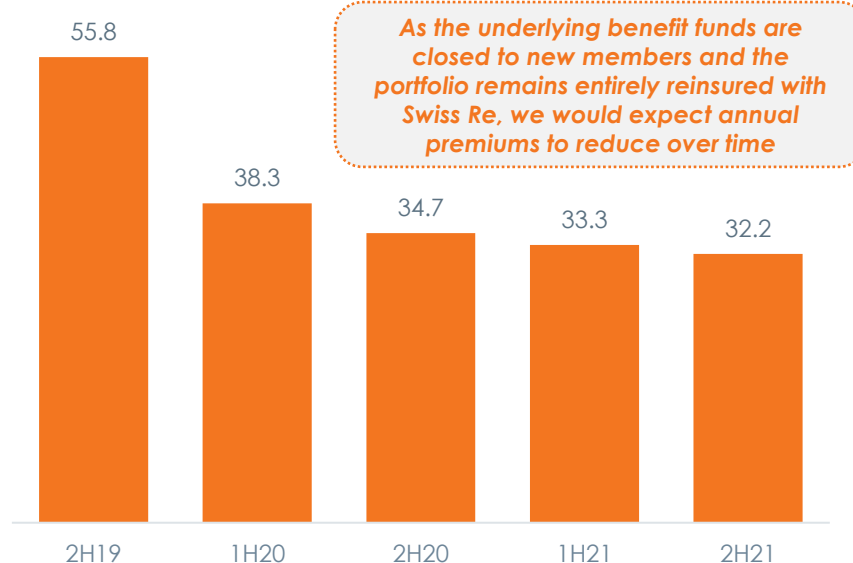
NobleOak's administration business generates incremental margin for the Company

GENUS – Background

Life Insurance Services



Annual premiums (\$m)



NobleOak has appetite to provide administration services to other select business partners in the future to further leverage this administration capability (as demonstrated through the acquisition of the Auto & General Portfolio)

Claims management and reinsurance

NobleOak manages claims risk through its robust claims management approach and reinsurance strategy

Claims management that seeks to be effective and compassionate



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 compared to more established peers









NobleOak assesses claims with **compassion and an objective to provide prompt and comprehensive assistance to deliver the best possible outcome in light of circumstances**

The Claims Review Committee considers the entire factual matrix of each individual claim and assesses the claim holistically

The majority of claims risk is currently ceded

NobleOak maintains strong relationships with longstanding reinsurance partners

Reinsurer	Relationship established	Approximate current insurance risk retained by NobleOak business lines
<i>hannover re</i>	2011	 25-35%
 Swiss Re ¹	2016	 <10%
 PACIFIC LIFE RE	2018	 



Enables NobleOak to reduce earnings volatility and capital requirements as it scales – the intention is to progressively retain more insurance risk

Note: 1. 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. Swiss Re has advised that it will cease to be the reinsurer for Avant new business from October 2021.

Consolidated income statement

Statutory and Underlying results

\$'000			Variance
	FY2021	FY2020	%
Insurance premium revenue ¹	169,932	105,568	61%
Reinsurance expense ²	(123,321)	(68,930)	79%
Net insurance premium revenue	46,611	36,638	27%
Investment income	(207)	580	(136%)
Net commissions ³	13,046	9,427	38%
Fees and other income ⁴	4,044	8,681	(53%)
Claims expense (net of reinsurance recoveries) ⁵	(5,922)	(3,855)	54%
Policy acquisition cost ⁶	(38,549)	(29,479)	31%
Change in net policy liabilities (before discount rate movement) ⁷	10,617	7,669	38%
Change in net policy liabilities (discount rate movement) ⁸	(1,108)	2,571	(143%)
Administration expense ⁹	(19,356)	(21,485)	(10%)
IPO expenses ¹⁰	(1,900)	-	n/a
Operating profit	7,276	10,747	(32%)
Lease interest expense	(88)	(126)	(30%)
Profit before tax	7,188	10,621	(32%)
Income tax expense	(2,285)	(2,985)	(23%)
NPAT	4,903	7,636	(36%)
Addback: impact of policy liability discount rate (post tax)	775	(1,800)	(143%)
Addback: impact of IPO expense (post tax)	1,330	-	n/a
Underlying NPAT	7,008	5,836	20%

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; 2. Reinsurance expenses 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. IPO expense relates to the expensed component of non-recurring transaction costs pertaining to the IPO which were incurred in FY21 (noting the majority will be incurred in FY22 given the listing occurred post year-end in July 21).