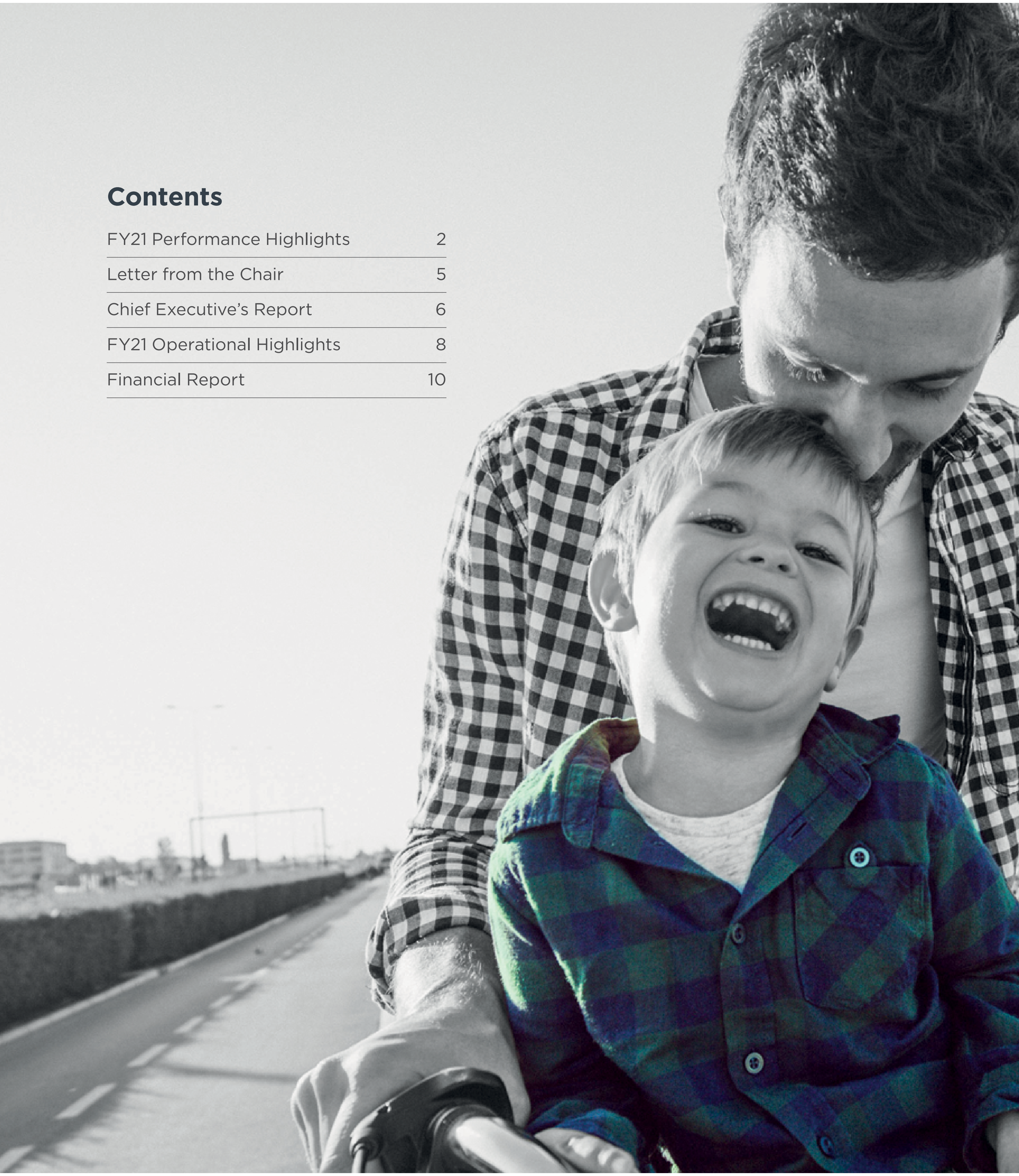
NOBLEOAK

Positioned for future growth

Annual Report 2021



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A Proud History

NobleOak traces its roots back to one of the first benevolent societies in Australia. These societies originated with a truly noble purpose – to help families when life threw its worst at them.

Members of the community each contributed a small weekly amount to a communal 'fund'. When a member of the community got seriously injured, or unfortunately died, the fund provided an essential safety net for their family. Over one hundred and forty years later, we're still driven by the same desire to help protect Australians and their families. But we wouldn't exist without our customers. In fact, it's their noble purpose that inspires us.

In a world that often seems increasingly self-centered, buying Life Insurance to protect those that you love – when you ultimately won't benefit – is a beautiful, selfless act.

FY21 Performance Highlights

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

In-force Premium[1]

$182.1m

+66% Growth vs. FY20

> Exceeds Prospectus forecast of $172.1m by 6%

New Business

$69.0m

+42% Growth vs. FY20

> Exceeds Prospectus forecast of $63.9m by 8%

Underlying NPAT

$7.0m

+20% Growth vs. FY20

> Exceeds Prospectus forecast of $6.8m[2] by 3%

Insurance Premium Revenue

$169.9m

+61% Growth vs. FY20

> Exceeds Prospectus forecast of $161.2m by 5%

No. of Active Policies[1]

77k+

+66% Growth vs. FY20

> Strong growth year on year

Note:
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 on page 31.

The successful execution of our growth strategy by the team, led by our Chief Executive Officer Anthony Brown, is a testament to their application and adaptability.

Letter from the Chair

NobleOak's diversified strategy is underpinned by a commitment to offering our customers high value, easy to understand and competitive life risk insurance products.

Dear Shareholder,

On behalf of the Board, I am pleased to present NobleOak's 2021 Annual Report, our first since listing on the ASX in July 2021.

NobleOak is an independent, award-winning specialist Australian life insurer with a 144-year history. We distribute direct-to-consumer life insurance products through our modern and intuitive digital platform and manufacture white-labelled tailored products for our strategic partners which are mostly distributed to customers through advisers.

NobleOak's diversified strategy is underpinned by a commitment to offering our customers high value, easy to understand and competitive life risk insurance products. Our success has been achieved by participating across the life insurance value chain in manufacturing, underwriting and distributing our own products.

FY21 was a memorable year for the Company, where we looked after our valuable customers, while delivering strong disciplined growth in revenue and profits and a robust operational performance. This was against the backdrop of ongoing transformation in the Australian life insurance industry and the COVID-19 pandemic. The successful execution of our growth strategy by the team, led by our Chief Executive Officer Anthony Brown, is a testament to their application and adaptability.

NobleOak also remains well positioned to navigate structural changes resulting from the Financial Services Royal Commission and other regulatory inquiries. We welcome these changes, which we expect will deliver improved products and outcomes for customers and set a foundation for long-term, sustainable growth.

As a nimble life insurer with a clear customer-focus, a culturally and service-led value proposition and a prudent approach to risk management, we can respond to opportunities created by industry disruption, unencumbered by the legacy issues affecting others in the sector.

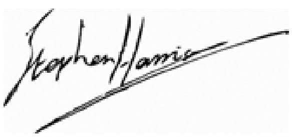
While many of NobleOak's competitors have reduced their appetite for writing life insurance and remain occupied by the wave of corporate activity that has swept through the sector in recent years, NobleOak remains highly focused on our customers – with the appetite to grow. Incorporating the net proceeds of $31 million raised in the IPO, ensures that NobleOak is well capitalised to accelerate that growth.

Our ambition is to be a leading challenger in the $10 billion Australian individual life risk market, by delivering protection Australians can rely on. As Australia's fastest-growing life insurer, today we have over 77,000 active policies, representing over $182 million of in-force premiums, and a small and growing market share of approximately 0.5% in our Direct Channel. We will continue to invest in growing market share through our differentiated product offering and personalised service.

NobleOak has protected Australians for over 144 years and our values of nobility, simplicity, adaptability and delivery are core to everything we do. We will retain our strong culture and customer focus as we look to capture the significant opportunity ahead of us and I am confident we have the right team, capital structure and capability.

On behalf of my fellow directors, I would like to thank Anthony Brown and the NobleOak team for their hard work and delivery this year. I would also like to thank you, all our shareholders, including those who supported our IPO, for your support. I look forward to seeing you at our AGM on 1 December 2021.

Yours sincerely,



Stephen Harrison
Chairman
NobleOak Life Limited

Chief Executive's Report

NobleOak's success has been driven by the focused execution of our strategy by our talented and committed team united around our strong culture and core values. This year has been a great example of all three elements coming together.

To have delivered a strong maiden result as a listed company, exceeding our Prospectus forecasts across all key measures, while continuing to deliver excellent service to our customers is pleasing validation of the team's hard work.

For FY21 we reported strong in-force premium growth of 66% to $182.1 million, as active policies increased by 66% to 77,000 and underlying profits across our three channels grew by 20% to $7.0 million. This was driven by strong new business growth and below-market lapse rates.

Despite the ongoing impact of COVID-19 across Australia, we were able to minimise the operational impact for our employees and customers, maintaining strong sales and customer satisfaction ratings.

Values-driven culture

Our unique culture is something that we feel differentiates NobleOak from our peers and is very hard to replicate. It is something we talk about often and is embedded in everything we do across our teams, processes and operations.

Our culture is underpinned by a belief that Australians deserve good value, transparency and honesty from their life insurer. Essentially, that we should treat others the way we would want to be treated. This belief drives us to deliver superior service and industry-leading customer outcomes, which ultimately drive our performance.

Our values of nobility, simplicity, adaptability and delivery are rooted in our 144-year heritage and underpin our business model. New team members are evaluated against these values before joining NobleOak, and every team member's performance is assessed against them each year.

Our strong focus on entrenching these core values helps us to deliver high levels of staff engagement, with 92.9% of respondents in our most recent Employee Engagement Survey saying they were proud to work for NobleOak. Every year our team grows, including this year by 12%, and we are committed to retaining this strong culture over the long-term.

Most awarded direct life insurer

For NobleOak, awards are an outcome, not an ambition. However, to be recognised as Australia's most awarded direct life insurer for 2020-2021 is an honour we are immensely proud of, as it shows that we are living up to our values.

In our Direct Channel we have consistently achieved market-leading net promoter scores, and I was pleased to see us maintain our high ratings on Google and Feefo this year, as well as winning the Overall Excellence Award for Direct Life insurance from Plan for Life. NobleOak was also awarded the prestigious Canstar Outstanding Value Awards for both our Premium Life Direct Life Insurance and Income Protection Insurance for the sixth consecutive year. This is in addition to receiving Best Life Insurer from Finder, Life Insurer of the Year from Mozo and our second Platinum Trusted Service award from Feefo.

As an independent, specialist challenger brand in the Australian life insurance sector, we have built a strong reputation for our customer-focused and service-led value proposition, and that reputation will continue to drive our growth moving forward.

Executing our growth strategy

In FY21, we delivered both organic and inorganic growth while prudently increasing our risk retention in some lines of business.

In the Direct Channel, via our strong brand and omni-channel capability, we are seeing the benefit of our sustained investment in technology, customer acquisition and brand awareness. This investment will continue as we further develop our network of over 50 Alliance Partners, including the recently announced partnerships with Auto & General (under the Budget Direct brand) and The Royal Automobile Club of Western Australia.

We will also continue to evaluate inorganic opportunities such as the recent acquisition of a Budget Direct run-off portfolio from Auto & General, however the bar remains high.

Looking ahead, we will continue our pursuit of disciplined growth in line with our strategy, while gradually increasing our risk retention as our portfolios mature, underpinned by our robust underwriting approach.

Focus on ESG

As a business that prioritises doing the right thing, we are committed to demonstrating our progress on environmental and social governance (ESG) initiatives.

We have developed a diverse team at NobleOak, comprising of 51.5% male and 48.5% female employees, who identify with over 40 different ethnicities.

We have a robust governance and risk management framework befitting a company whose core business is underwriting risk.

As we enter life as a listed company, we understand and support the desire for increased disclosure around relevant ESG metrics, and in the year ahead will be working with our key stakeholders to develop an ESG framework, including key targets, for reporting consistently on our progress.

The value of life insurance

Every year for the last five years, we have produced a Whitepaper based on an independent survey of over 100 Australians. This year's Whitepaper found that the impacts of COVID-19 and consequent economic uncertainty have forced Australians to confront their own mortality and become more financially cautious, both of which have heightened awareness of the value in life insurance.

In 2020, only one-third of customers were definitely going to renew their life insurance. This year, it jumped to half. We expect Australians to continue to favour life insurers who provide fully underwritten products they can trust, and we will continue to work hard to earn the trust of our customers – both new and existing.

While the COVID-19 continues to impact Australia in the near-term, we remain excited about the future and the opportunity ahead of NobleOak. We believe we are uniquely positioned to benefit from the disruption currently impacting the Australian life insurance industry, and by continuing to delivering excellent service and support to our customers and retaining our strong culture, we can achieve sustainable long-term growth.

I would like to thank the NobleOak team for their hard work and perseverance during this financial year, as well as our partners for continuing to work alongside us, and our customers for their loyalty. Thanks also to you, our shareholders, for your support as we embark on this new journey.

Yours sincerely,

Anthony R. Brown
Chief Executive Officer
NobleOak Life Limited

FY21 Operational Highlights

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

Most Awarded Direct Life Insurer
(2020 to April 2021)

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

Continued High Customer Satisfaction Levels

New Products Launch

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

Portfolio Acquisition and New Distribution Agreements
Completed in Aug. 21

NobleOak

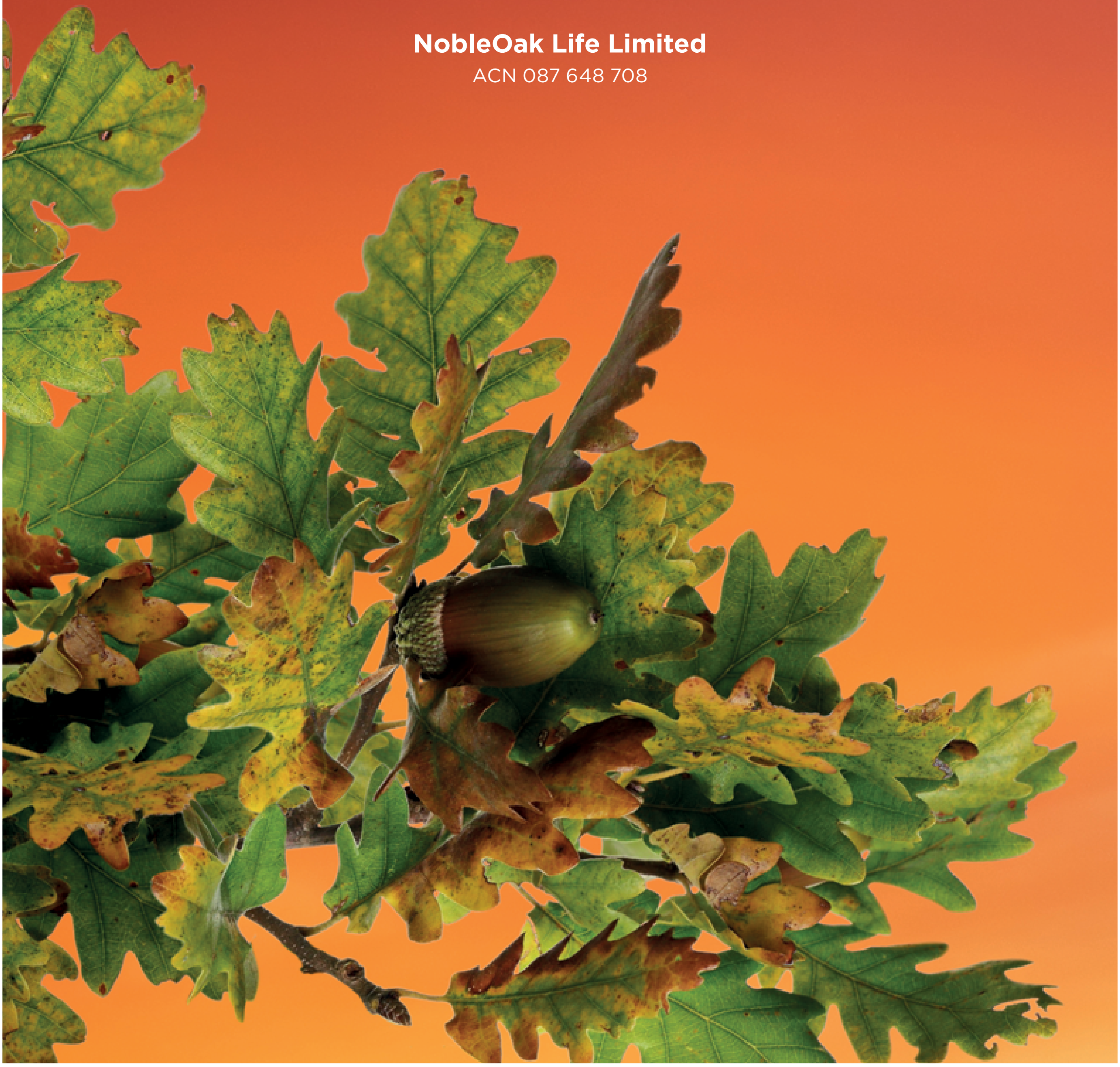
The smarter way to insure your life

FINANCIAL REPORT 2021

For the year ended 30 June 2021

NobleOak Life Limited

ACN 087 648 708



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DIRECTORS' REPORT

The Directors of NobleOak Life Limited (ASX: NOL, NobleOak or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2021 (the financial year).

DIRECTORS

The following persons were Directors of NobleOak during the financial year and since the end of the financial year, unless otherwise noted.

- Stephen Harrison
- Emery Feyzeny
- Kevin Hamman
- Inese Kingsmill
- Andrew Boldeman
- Anthony Brown

Current Directors

The biographies for the Directors of NobleOak are detailed below:

Stephen J Harrison – Independent Non-Executive Director

Stephen Harrison was appointed as a Director of the Company in January 2011 and as chair 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 Chair of IncentiaPay Limited, an ASX-listed company. Mr Harrison is also the Chair 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.

Other listed company directorships held in the past three years:

- IncentiaPay Limited (ASX:INP): 15 February 2019-current

Chair of the Board of Directors.

Member of the Risk Committee the Audit Committee and the Product & Insurance Committee.

Emery Feyzeny – Independent Non-Executive Director

Emery Feyzeny was appointed as a Director of the Company in February 2011 and as Deputy Chair 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.

Other listed company directorships held in the past three years:

- N/A

Deputy Chair of the Board of Directors.

Chair of the Risk Committee and Chair of the Audit Committee.

Kevin Hamman – Independent 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.

Other listed company directorships held in the past three years:

- N/A

Chair of the Nomination & Remuneration Committee,

Chair of the Finance and Investment Committee.

Member of the Audit Committee.

Inese I Kingsmill – Independent 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.

Other listed company directorships held in the past three years:

- Rhipe Limited (ASX: RHP): 15 April 2019 – current
- Spirit Technology Solutions (ASX: ST1): 1 July 2020 – current
- Hipages (ASX: HPG): 1 October 2020 – current

Member of the Nomination & Remuneration Committee, the Product & Insurance Committee as well as the Finance & Investment Committee.

Andrew J 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.

Other listed company directorships held in the past three years:

- N/A

Chair of the Product & Insurance Committee.

Member of the Risk Committee, Finance & Investment Committee, and Nomination & Remuneration Committee.

Anthony R Brown – Executive Director	
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. Other listed company directorships held in the past three years: • N/A	Chief Executive Officer of the Company. Member of the Product & Insurance Committee and the Finance & Investment Committee.

Executives

The biographies for NobleOak's Chief Financial Officer and Company Secretary are detailed below:

Scott Pearson – Chief Financial Officer	Charisse Nortje – Company Secretary
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.	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.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2021, and the number of meetings attended by each Director are as follows:

	Board		Board Risk Committee		Audit Committee		Finance & Investment Committee		Nomination & Remuneration Committee		Product & Insurance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr E A Feyzeny[1]	25	23	4	4	4	4					9	9
Mr K Hamman[2]	25	25			3	3	3	3	10	10		
Mr S J Harrison[3]	25	25	4	4	4	4					1	1
Mr A R Brown	25	24					3	3			9	9
Ms I I Kingsmill[4]	25	25			1	1			10	10	6	6
Mr A J Boldeman[5]	25	22	4	4			3	2	10	10	7	7

Notes:

1. Mr Feyzeny is Chair of the Audit Committee and also Chair of the Risk Committee, apart from the period 1 October 2020 – 1 January 2021 where he served as Member. Mr Feyzeny was Chair of the Product & Insurance Committee for the period 1 July 2020 – 1 January 2021, thereafter he served as Member on the committee.
2. Mr Hamman is Chair of the Finance & Investment Committee and Chair of the Nomination & Remuneration Committee. Mr Hamman was appointed as Member of the Audit Committee on 1 October 2020.
3. Mr Harrison ceased being a Member of the Product & Investment Committee on 1 October 2020.
4. Ms Kingsmill was appointed a Member of the Audit Committee for the period 1 July 2020 to 1 October 2020.
5. Mr Boldeman was appointed Chair of the Product & Insurance Committee on 1 January 2021. Mr Boldeman was the Risk Committee Chair for the period 1 October 2020 to 1 January 2021, thereafter served as Member on the committee. Mr Boldeman was appointed Member of Finance & Investment Committee on 1 October 2020.

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's or related entity of the Director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report.

Name	Number of Ordinary Shares	Performance rights	Options[2]	Related entity holding the security (Where applicable)
Mr K Hamman	437,002	Nil	Nil	TK Consulting (Aust) Pty Ltd ATF The Hamman Family Trust
	110,000	Nil	Nil	KH Investments Pty Ltd ATF KH Development Trust
	227,273	Nil	Nil	Future Super KH Custodian Pty Ltd ATF Future Super Fund
	172,727	Nil	Nil	Future Super KH Pty Ltd ATF Future Super Fund
	153,000	Nil	Nil	
Mr E A Feyzeny	150,000	Nil	Nil	Emery and Judy Feyzeny ATF Pluvial Superannuation Fund
	240,000	Nil	Nil	
Mr S J Harrison	150,454	Nil	Nil	
	38,000	Nil	Nil	MSJ Capital Pty Ltd ATF Harrison Superannuation Fund
Mr A R Brown[1]	1,404,145	974,624	273,084	
	3,980,769	Nil	Nil	Brohok Investment Co Pty Ltd
Mr A Boldeman	51,282	Nil	Nil	
Ms I I Kingsmill	Nil	Nil	Nil	

Notes:

1. Mr Anthony Brown is a participant in the Performance Rights Plan (refer note 7.1(c)), from the 2018 plan that matures in 2021, 100,467 shares have accrued, of the 281,062 total share entitlements available. For the 2019 plan that matures in 2022, 69,653 shares have accrued, of the 208,064 total share entitlements available. For the 2020 plan that matures in 2023, 42,227 shares have accrued, of the 253,703 total share entitlements available. For the 2021 plan that matures in 2024, as the plan was just issued in July 2021, no shares have accrued, of the 231,795 total shares entitlements available These shares will vest in the relevant years if conditions are met over the full measurement periods.
2. Options available will only vest on the performance of specific events. Details of the options are shown in note 7.1(b).

During the financial year, the following Directors had in the normal course of business, an additional interest in the Company as set out below:

- Mr A J Boldeman, formerly Board representative of Avant. Avant is a Partner of NobleOak and all transactions have been carried out under normal commercial terms. Due to Mr Boldeman being a representative of Avant during FY21 Mr Boldeman was not considered by the Board to be independent. Mr Boldeman ceased being a representative of Avant at date of listing of NobleOak on the ASX.

COMPANY SECRETARY

Mr Anthony Brown was appointed as Company Secretary on 8 September 2017 and remained in this role until 29 June 2021.

Mr Scott Pearson was appointed as an additional Company Secretary on 25 March 2020 and remained in this role until 29 June 2021.

Ms Charisse Nortje was appointed Company Secretary on 29 June 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the manufacturing and distribution of life insurance products including death, disability, trauma, income protection and business expenses insurance.

FINANCIAL REVIEW

Insurance premium revenue increased by $64.4 million (+61%) to $169.9 million (FY20: $105.6 million). This was primarily driven by growth in in-force premium, which increased by $72.5 million (+66%) to $182.1 million (FY20: $109.5 million).

The growth in in-force premium was derived from both the Direct Channel and Strategic Partner Channel segments as follows:

- **Direct Channel segment:** in-force premium growth of $11.8 million (+26%), from $45.7 million in FY20 to $57.4 million in FY21. This was primarily driven by new business sales during the year of $11.1 million and lapse rates on average of 7.3%; and
- **Strategic Partner Channel segment:** in-force premium growth of $60.8 million (+95%), from $63.9 million in FY20 to $124.7 million in FY21. This was primarily driven by new business sales during the year of $57.9 million.

On a statutory reporting basis, NPAT decreased by $2.7 million (-36%) to $4.9 million (FY20: $7.6 million). After removing the impact of changing interest rates on the valuation of policy liabilities and non-recurring costs such as those pertaining to the Initial Public Offering (IPO), NobleOak's Underlying NPAT for FY21 was $7.0 million, up $1.2 million (+20%) from FY20 ($5.8 million) and exceeded the FY21 Prospectus forecast of $6.8 million by $0.2 million (+3%).

CAPITAL MANAGEMENT

NobleOak successfully completed a pre-IPO $15 million capital raising in December 2020, with funds contributed predominantly from institutional investor groups. The purpose of the pre-IPO capital raising was to fund growth initiatives across direct marketing strategies, new products, brand build and other areas.

As an APRA regulated Life insurer, NobleOak remains well capitalised with a solvency ratio of approximately 195% at 30 June 2021. Following the IPO NobleOak's solvency ratio will be materially strengthened.

We continue to closely monitor our capital position to ensure we remain well capitalised to support our existing customer base and invest in the business to drive further growth.

PEOPLE

NobleOak conducts an employee engagement survey on an annual basis, consisting of a number of questions across areas such as career development, work engagement and environment, remuneration and benefits, leadership, risk and workplace health and safety. Our most recent employee engagement was conducted in August 2020, with a participation rate of over 90% with very positive results. The engagement score was 86% and the risk culture score was 88%.

We continue to invest in and strengthen the leadership team to support the needs of NobleOak as a growing insurer.

ANNUAL CORPORATE GOVERNANCE STATEMENT

NobleOak is committed to achieving high corporate governance standards. In accordance with the 4th edition ASX Corporate Governance Council's Principles and Recommendations, the Company's annual Corporate Governance Statement, as approved by the Board, is published and available on the Company's website at: www.nobleoak.com.au.

CHANGES IN STATE OF AFFAIRS

During the year, the Directors launched an IPO of the Company's shares, which successfully completed on 22 July 2021. Further details are outlined below under 'Subsequent Events'.

Other than the matters disclosed above, there were no significant changes in the state of affairs of the Consolidated Group during the financial year.

SUBSEQUENT EVENTS

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.

The purpose of the IPO was 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.

For more information regarding the IPO, reference should be made to the prospectus document dated 6 July 2021 and lodged with ASIC as part of the IPO. The Prospectus is available on the Company's website.

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, 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 are subjected to escrow until 25 August 2022.

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

No other matters or circumstances, other than that referred to in the financial statements or notes thereto, have arisen subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial years.

FUTURE DEVELOPMENTS

For information regarding the likely developments in the operations of the Company in future financial years, please refer to the Outlook within the Operating Review on page 35.

REGULATORY CHANGE IMPACTS

During the year, there have been no regulatory changes that have impacted on the preparation and presentation of financial information or the capital structure of the Company.

DIVIDEND PAYMENTS

No dividends were paid or declared during the financial year (FY20: Nil). 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.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company, and its related entities against any liability which may be incurred by the Directors or Officers in carrying out their duties in good faith, to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related entities against a liability incurred as such an officer or auditor.

ENVIRONMENTAL REGULATIONS

The Consolidated Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The auditor's independence declaration is included on page 52 of the financial report.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 2.2 (iv) to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 2.2 (iv) to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services comply with the NobleOak audit independence policy and have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and reward.

ROUNDING OF AMOUNTS

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

This report is made in accordance with the resolution of the Board of Directors.

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chair

Sydney, 30 August 2021

OPERATING AND FINANCIAL REVIEW

The Board presents its FY21 operating and financial review to provide shareholders with an overview of the Company's operations, business strategies, financial position, and prospects for the future. This review complements the financial report.

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.

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.

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.

Today, NobleOak operates a diversified business model with multiple products, channels and revenue streams.

NOBLEOAK'S CORE VALUES

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 as follows:

- **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; and
- **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.

OVERVIEW OF NOBLEOAK'S OPERATIONS

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:** affordable and accessible life insurance products delivered through an omnichannel customer acquisition strategy. These products are mostly NobleOak-branded policies marketed and distributed by NobleOak, often through Alliance Partners as well as direct-to-market, and without personal financial advice;
- **Strategic Partner Channel**: tailored life insurance products designed and delivered in partnership with developers and distributors of intermediated life risk insurance policies ("Strategic Partners"); and
- **Genus:** administration business, managing insurance portfolios which are no longer issuing new policies (entirely reinsured).

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; and
- **Genus:** NobleOak earns an administration fee for administering the portfolio's life insurance books Investment income is also earned from funds held.

NOBLEOAK

Direct business

NobleOak-branded policies marketed and distributed by NobleOak, including through Alliance Partners and without personal financial advice

Direct Channel

Delivering a full suite of life insurance products:

term life, TPD, income protection, trauma, business expenses

Strategic Partner Channel

Tailored advised products

NobleOak-issued white labelled policies marketed and administered by Strategic Partners' adviser/member networks

NEOS LIFE REINVENTED | PPS | Avant mutual group

Genus

Administration business

Administration of legacy life insurance portfolios

GENUS

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.

STRATEGY & FOCUS FOR FY22

Currently, NobleOak is a small player within a very large addressable market. NobleOak views long-term drivers supporting growth in the Australian life risk insurance market to include:

- population growth;
- ageing population;
- rising household wealth, income and debt; and
- inflation.

Whilst there may be some near-term uncertainty arising from the regulatory changes across the life insurance industry and COVID-19, NobleOak expects two specific emerging trends to drive growth in the near future, including the:

- increasing level of underinsurance in the life insurance industry; and
- increasing consumer propensity to buy direct insurance.

NobleOak's focus is to continue to build and maintain a sustainable life insurance business. Its approach to business reflects a strong focus on risk management and long-term sustainable growth and operating with:

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

Overall, 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:

1. Increasing insurance risk retained by NobleOak

During its growth phase, NobleOak has reinsured the majority of its life risk insurance portfolio to manage earnings volatility and reduce regulatory capital requirements. 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. NobleOak's products are fully underwritten which 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.

2. Organic growth initiatives

NobleOak 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 the recently released FlexiCover product. FlexiCover is a life insurance policy offered by NobleOak which has the unique feature of reducing sum insured 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. Acquisition opportunities

NobleOak has successfully integrated the Genus administration portfolio. Opportunities to acquire various in-force and run-off life risk insurance portfolios are continuously assessed by management, as demonstrated by NobleOak's acquisition of the A&G Portfolio from Auto & General which was completed on 25 August 2021. As a listed entity, the Company expects to be better positioned to execute potential acquisitions going forward.

PRINCIPAL RISKS

The Company's key risks include but are not limited to:

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.

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.

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.

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.

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.

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.

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 a number of 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.

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).

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.

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.

RISK MANAGEMENT

NobleOak has in place 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.

Outlined below are the critical components of NobleOak's Risk Management structure and Internal Capital Adequacy Assessment Program (ICAAP).

Risk Appetite Statement Board risk appetite	**Risk Management Strategy** Overview of approach to risk	**Risk Management Framework** How risk is managed	**Risk & ICAAP Glossary** Common terms
ICAAP Summary Statement Overview of how ICAAP is being implemented and capital is managed		**ICAAP Annual Report** Review of current and future capital adequacy	
Business Plan 12-month plan and 3 year business strategy		**Key Risk Policies** Governance Policies that address key material risks	

Risk Review Program
Summary and review of all key risks, treatments and actions and capital management actions

Capital Position – Summary
Monthly summary of NobleOak's capital position with future forecasts

Financial Condition Report
Annual Actuary review of NobleOak and our capital position

NobleOak's objectives are to:

- provide a framework to enable the identification and management of risk at all levels of the organisation as set out in its Risk Management Framework;
- align the risk management effort to the objectives and goals of the organisation to ensure that all key risks are addressed, including new and emerging risks;
- manage identified risks within the risk appetite of the organisation and specifically within risk tolerances as set out in its Risk Appetite Statement; and
- manage its capital in accordance with its Internal Capital Adequacy Process.

These objectives are endeavoured to be met by:

- enabling a consistent and enterprise-wide risk process for adoption;
- defining risk roles and responsibilities across different levels of the organisation;
- helping embed risk management as part of the way business is undertaken;
- encouraging a culture of disclosure; and
- requiring a regular re-assessment and reporting of risk to the Board Risk Committee, Board and management.

LIFE INSURANCE AND REGULATORY ENVIRONMENT

The Life Insurance industry continues to attract regulatory focus and scrutiny. Whilst this places additional compliance, risk and reporting obligations on industry participants, we view this in a positive light and continuously monitor our business, products, processes and culture to ensure they are consistent with the regulators' objectives of a "customer first" approach and a sustainable industry. Further, given the level of investment, infrastructure and technical capabilities required to operate as a life company, we believe all of these factors materially increase the barriers to entry for potential new entrants, thus further strengthening the NobleOak market position and ability to gain market share.

Since prior to the pandemic, APRA has been particularly focused on the life insurance industry as a result of the ongoing poor performance of the retail income protection market. The heightened risk of mental health related TPD (Total and permanent disability) and income protection claims in the market continues in light of economic impacts arising from COVID-19. APRA has been seeking innovation in product design for income protection products to develop longer term, sustainable products.

Life Insurance providers are required to have redeveloped and relaunched their income protection products by 1 October 2021 (noting the restructure will impact go-forward policies only). Other key near term regulator focus areas include:

- addressing Unfair Contract Terms, which will require industry participants to review portfolio wording to ensure the products are being presented appropriately and fairly to customers (which came into effect in April 2021); and
- Design and Distribution Obligations (DDO), which are scheduled to come into effect in October 2021.

NobleOak has appropriately addressed the changes arising from Unfair Contract Terms and is well progressed in addressing DDO. NobleOak views these as positive developments which will present opportunities for niche players such as NobleOak with a strong value proposition, focussing on a fully underwritten product at competitive prices.

FY21 RESULTS OVERVIEW

As at 30 June 2021, NobleOak had over 77,000 active life insurance policies (excluding Genus), representing over $182 million of annual in-force premiums.

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.

The majority of the revenue base is generated from premiums and fees charged in respect to in-force life insurance policyholders and Strategic Partner channel.

Following its pre-IPO capital raising of $15.2 million in December 2020 and IPO (completing subsequent to year-end), NobleOak has significant strengthened its balance sheet and capital adequacy levels and is strongly positioned to continue on its growth trajectory as well as meeting its obligations to its policyholders and other stakeholders.

Like all Australian companies, NobleOak has been 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.

During the prior year, 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 has continued to employ flexible working arrangements and importantly, has 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 and have 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 FY21 continue to include additional reserves, first established in FY20, for potential COVID-19 related claims. The additional reserves reflect 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. As at 30 June 2021, no material claims development has been observed as a result of the pandemic. NobleOak reinsurance arrangements mitigate some exposure if claims experience is poorer than expected.

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 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 December 2020, as well as NobleOak's IPO post year-end raising approximately $31 million in primary capital, demonstrated investors' recognition of this prudence and growth prospects and further strengthened an already robust balance sheet.

Overall, 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.

OVERVIEW OF FINANCIAL RESULT

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%**
Basic earnings per share (cents)	7.69	13.58	(5.89)	(43%)
Diluted earnings per share (cents)	7.50	13.32	(5.82)	(44%)
Underlying Basic earnings per share (cents)	10.99	10.38	0.61	6%
Underlying Diluted earnings per share (cents)	10.72	10.18	0.54	5%

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 increased by $1.2 million (+20%), from $5.8 million in FY20 to $7 million in FY21 and exceeded the FY21 Prospectus forecast of $6.8 million by $0.2 million (+3%).

Reconciliation of Statutory NPAT to Underlying Pro Forma NPAT

The table below reconciles the statutory NPAT to the underlying pro forma NPAT, using the pro-forma adjustment methodology consistent with the Prospectus. These pro-forma adjustments are non-IFRS adjustments made to the periods prior to the IPO (which occurred in July 2022, 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.

	Consolidated FY21	Consolidated FY20
Statutory NPAT	**4,903**	**7,636**
Impact of policy liability discount rate changes (post tax)	775	(1,800)
Impact of IPO expenses (post tax)	1,330	–
Underlying NPAT	**7,008**	**5,836**
Changes in executive remuneration[1]	(572)	(729)
Listed company expenses[2]	(549)	(783)
Income tax effect[3]	336	454
Pro-forma Underlying NPAT	**6,223**	**4,778**

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 2019. 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.

Key Metrics

	Consolidated	
$'000/%	**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%
Underlying administration expense ratio	11%	21%
Investment return	(0%)	1%
Statutory NPAT	**4,903**	**7,636**
Underlying NPAT	**7,008**	**5,836**
Underlying NPAT growth	*20%*	

Net insurance premium revenue

Total net insurance premium revenue increased by $10.0 million (+27%), from $36.6 million in FY20 to $46.6 million in FY21.

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 27.4% in FY21 compared to 34.7% in FY20, 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 $72.5 million (+66%), from $109.5 million in FY20 to $182.1 million in FY21. This growth resulted from strong new business sales during the year of $69 million (FY20: $49 million) and relatively low lapse rates of 7.3% in the Direct Channel segment (FY20 8.2%).

Insurance margin (before admin expenses)

Total Underlying Gross Insurance Margin reduced from approximately 28% in FY20 to 18% in FY21.

The reduction 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 Underlying Gross Insurance Margin for the Direct and Strategic Partner Channel segments combined (i.e. Total ex Genus) reduced from 19% in FY20 to 14% in FY21. 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.

Claims expense (net of reinsurance recoveries) increased by $2.1 million (+53.6%) 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 increased by $9.1 million (+30.8%) to $38.6 million in FY21. 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.

Total administration expense ratio

Total underlying administration expense ratio decreased from 20% in FY20 to 11% in FY21. Administration expense in FY21 also included depreciation and amortisation expense of $1.2 million ($1.2 million in FY20).

The decrease 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.

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.

OPERATING SEGMENT REVIEW

OPERATING SEGMENT REVIEW

Direct

	Consolidated	
$'000/%	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**
Underlying NPAT growth	*11%*	

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 a 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.

OPERATING SEGMENT REVIEW Continued

Strategic Partner

	Consolidated	
$'000/%	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**
Underlying NPAT growth	*31%*	

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 a 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

	Consolidated	
$'000/%	FY21	FY20
In-force premium under management	32,249	34,723
Underlying NPAT	**1,306**	**978**
Underlying NPAT growth	*34%*	

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.

OUTLOOK

Despite FY21 experiencing some degree of societal health and economic recovery, with Australia (to date) having been impacted to a relatively lesser degree than most other countries with respect to the COVID-19 pandemic, globally there are a number of health, social and economic challenges that remain prevalent. Although NobleOak is exposed to these risks like most businesses, the Board and management believe its resilient business model and continued focus on risk mitigation, high degree of recurring revenues and robust balance sheet position it strongly to continue to pursue growth opportunities and service its existing customer base.

In addition to COVID-19, the Australian life insurance industry is also experiencing regulatory reform. APRA IDII Sustainability Measures will be introduced in the year ahead. These initiatives are being implemented to improve the sustainability of Income Protection products. These changes are anticipated to introduce more rational pricing in the industry and likely improve margins, allowing life insurers to provide superior Income Protection products than in the past and deliver improved profitability and return on capital metrics for life insurers.

Overall, industry dynamics have created several opportunities for NobleOak, and these aspects are anticipated to persist over the near term, including:

- **Large addressable market:** disruption provides the opportunity for NobleOak to continue to compete in sustainable market segments, with NobleOak's strengths including its individual risk products and diversified revenue streams via direct and intermediated channels, as well as administration services;
- **Customer advocacy:** NobleOak is genuinely focused on driving high customer satisfactions and outcomes, through its fully underwritten contemporary product offering and collaboration with Strategic Partners with a strong adviser proposition; and
- **Distraction of incumbents and exit of larger players**: this provides an opportunity for nimble players, such as NobleOak, who have a dedicated focus on life insurance offerings to acquire market share. NobleOak's proposition as a challenger brand with a flexible technology ecosystem and relatively low cost of acquisition and lapse rates, compared to the broader Australian life risk insurance industry, position it strongly to continue to deliver value for its customers and stakeholders.

REMUNERATION REPORT

CONTENTS

Section	Title	Description
1	Introduction	Describes the scope of the Remuneration Report and the individuals whose remuneration details are disclosed together with a summary of the key changes during the year.
2	Remuneration governance	Describes the role of the Board and the Nomination and Remuneration Committee (NRC), and the use of remuneration consultants when making remuneration decisions.
3	Non-Executive Director remuneration	Provides details regarding the fees paid to Non-Executive Directors.
4	Executive remuneration	Outlines the principles and strategy applied to executive remuneration decisions and the framework used to deliver rewards including company performance and Executive KMP remuneration linkages.
5	Key Management Personnel (KMP) equity interests	Provides details regarding shareholdings in NobleOak Life Limited of the Non-Executive Directors and Executive KMP.
6	Employment agreements	Provides details of the contractual arrangements between NobleOak Life Limited and the executives whose remuneration details are disclosed.

1. INTRODUCTION

NobleOak believes that attracting, developing, engaging and retaining talented executives and employees will provide the Company with a sustainable advantage over the long term. Building and maintaining a culture and implementing people systems to support such a belief and culture are strategic priorities for NobleOak.

Key principles of NobleOak policies are attraction, learning and development, engagement, workplace health and safety, talent and succession management, and appropriate but competitive remuneration and benefits. The Board's philosophy and approach to executive remuneration is to balance fair remuneration for skills and expertise with a risk and reward framework that supports longer-term growth and sustainability of NobleOak. The Company strives to be a leader in the life insurance business that is both caring and customer focused.

Prior to NobleOak's listing on the stock exchange, the Board had implemented a range of initiatives which will apply for FY22. These initiatives include, a benchmark review, revised executive remuneration and reward framework, including changes to the remuneration mix of fixed and 'at risk' components. The Short-term Incentive (STI) scheme had also undergone various changes including a revised Key Performance Indicator (KPI) framework and deferral of certain portions of the STI reward to ensure alignment to delivering sustainable value to shareholders. Long-Term Incentive (LTI) scheme measures were amended to better align to contemporary ASX environment measures – Total Shareholder Return (TSR) and Earnings per Share (EPS).

These initiatives will be reviewed annually and monitored to ensure their effectiveness.

The Board believes NobleOak's approach to Key Management Personnel (KMP) remuneration is a balanced, fair and equitable approach designed to reward and motivate a successful and experienced executive team to deliver ongoing business growth which is designed to meet the expectations of not only shareholders, but also other stakeholders.

Scope

This Remuneration Report sets out, in accordance with the relevant *Corporations Act 2001 (Cth)* (Corporations Act) requirements, the remuneration arrangements in place for KMP during 2021.

Key Management Personnel

KMP have authority and responsibility for planning, directing and controlling the activities of NobleOak and comprise the Non-Executive Directors (NEDs) and the Chief Executive Officer (CEO) (Executive Director), as well as the Chief Financial Officer (CFO). The CEO and CFO, for purposes of the Remuneration Report is referred to as Executive KMP. KMP are listed below, for further details on the KMP please refer to the Directors' Report.

Non-Executive Directors	Stephen Harrison – Chair Emery Feyzeny – Deputy Chair Kevin Hamman Inese Kingsmill Andrew Boldeman
Executive KMP (CEO)	Anthony Brown – Chief Executive Officer/Executive Director
Executive KMP (CFO)	Scott Pearson – Chief Financial Officer

2. REMUNERATION GOVERNANCE

This section of the Remuneration Report describes the role of the Board and the Nomination & Remuneration Committee, and the use of remuneration consultants when making remuneration decisions affecting KMP.

Role of the Board and the Nomination & Remuneration Committee

The Board is responsible for NobleOak's remuneration strategy and policies. Consistent with this responsibility, the Board has established the Nomination & Remuneration and Committee (NRC) which comprises solely NEDs, with the majority being independent.

The role of the NRC is set out in its Charter, which is reviewed annually and was last revised and approved by the Board in June 2021. In summary, the NRC's role in relation to remuneration is to:

- ensure that the appropriate procedures exist to assess the remuneration levels of the Board Committees and the Board as a whole and the CEO as well as direct reports to the CEO;
- review whether there is any gender or other inappropriate bias with respect to the remuneration for Directors, senior executives or other employees;
- ensure that NobleOak adopts, monitors and applies appropriate remuneration policies and procedures;
- ensure that reporting disclosures related to remuneration meet the Board's disclosure obligations and all relevant legal and accounting standard requirements;
- review and make recommendations to the Board on, remuneration reviews and incentive plans, in line with relevant legislation and corporate governance principles relating to remuneration practices and employment policies; and
- ensure appropriate superannuation arrangements are in place for NobleOak.

The NRC's role and interaction with the Board, internal and external advisors, is further illustrated below:

The Board
Ultimately responsible for Remuneration decisions, considering recommendations and advice from the Nomination and Remuneration Committee.

The Nomination & Remuneration Committee
The NRC operates under the delegated authority of the Board.

The NRC is empowered to source any internal resources and obtain external independent professional advice it considers necessary to enable it to make recommendations to the Board on the following:

Remuneration policy in respect of NEDs	Remuneration policy, composition, and quantum of remuneration components for Executive KMP, and performance targets	Design features of employee and executive STI and LTI plan awards, including setting of performance and other vesting and claw back conditions	Ensuring the Company has the appropriate policies and procedures in place to effectively manage talent acquisition and retention, including superannuation arrangements

External consultants

Internal resources

Further information on the NRC's role, responsibilities and terms of reference can also be viewed in the Investor Centre, Corporate Governance section of the NobleOak website.

Use of remuneration consultants

All proposed remuneration consultancy engagements were approved by the NRC in accordance with the Corporations Act.

During the 2021 financial year, NobleOak engaged Crichton & Associates Pty Limited (C&A) to assist in benchmarking Board and executive remuneration including advice in respect of STI and LTI.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

NED remuneration

Principle	Comment
Fees are set by reference to key considerations	Fees for NEDs are based on the nature of the NEDs' work and their responsibilities. The remuneration levels reflect the complexity of NobleOak's business and the extent of regulatory requirements and oversight applicable to a publicly listed Friendly Society. In determining the level of fees, survey data on comparable companies is considered. NEDs' fees are recommended by the NRC and then considered by the Board. The Board approved additional committee fees to be paid to those NEDs who served on the committee relating to the IPO. This committee was a special purpose committee and did not form part of the standing committees. The committee's work was concluded at IPO. Shareholders approve the aggregate amount available for the remuneration of NEDs.
Remuneration is structured to preserve independence whilst creating alignment	To preserve independence and impartiality, NEDs are not entitled to any form of incentive payments including options and the level of their fees is not set with reference to any measure of NobleOak performance. The Board has no approved minimum shareholding guidelines for NEDs. NEDs are encouraged to have a shareholding in NobleOak.
Aggregate Board and committee fees are approved by shareholders	The total amount of fees paid to NEDs in FY21 was within the aggregate amount approved by shareholders at the EGM held on 25 June 2021 of $1,000,000 per annum including superannuation.

Post-employment benefits	
Superannuation	Superannuation contributions have been made for NEDs who are paid through payroll at a rate of 9.5% (but only up to the Australian Government's prescribed maximum contributions limit) which satisfies the Company's statutory superannuation contribution obligations. The contribution rate will increase in future years in line with mandated legislative increases. Contributions are included in the base fee.
Retirement schemes	There are no other retirement schemes in place for NEDs, other than Statutory Superannuation as described above.
Other benefits	
Equity instruments	NEDs do not receive any performance related remuneration, options, performance rights or shares.
Other fees/benefits	NEDs receive reimbursement for costs incurred directly related to NobleOak business. No payments were made to NEDs during 2021 for travel allowances, extra services, or special exertions.

NED total remuneration paid

		Short-term benefits	Equity Based Payments	Post-employment benefits		
	Year	Fees ($)	Performance Rights ($)	Termination benefits ($)	Super-annuation benefits ($)[3]	Total ($)
Stephen Harrison (Chair)	FY21	186,000	–	–	–	186,000
	FY20	189,052	–	–	–	189,052
Emery Feyzeny	FY21	95,586	–	–	18,936	114,522
	FY20	105,458	–	–	16,589	122,047
Andrew Boldeman[1]	FY21	89,284	–	–	8,482	97,766
	FY20	–	–	–	–	–
Kevin Hamman	FY21	117,634	–	–	–	117,634
	FY20	119,751	–	–	–	119,751
Inese Kingsmill[2]	FY21	125,191	–	–	–	125,191
	FY20	45,042	–	–	–	45,042
Total	**FY21**	**613,695**	**–**	**–**	**27,418**	**641,113**
Total	**FY20**	**459,303**	**–**	**–**	**16,589**	**475,892**

1. Mr Boldeman was appointed as a Director in June 2020 and therefore did not receive any remuneration for FY20.
2. Ms Kingsmill was appointed as a Director in December 2019 and therefore her remuneration reflects the pro-rata amount received.
3. Superannuation contributions have been made for NEDs who are paid through payroll.

4. EXECUTIVE REMUNERATION

Executive KMP remuneration

NobleOak's executive remuneration policies and framework are designed to attract, motivate, and retain high performing talent with the aim of achieving the Group's strategic objectives in a manner consistent with NobleOak's values, while maximising shareholder value.

Remuneration is intended to satisfy the following key criteria:

- providing a balance between incentivising the behaviours and actions (inputs) that lead to sustainable and profitable growth, and the results (outputs) achieved;
- including economic profit, in line with APRA guidelines, as a core component of plan design;
- focusing on sustained growth in shareholder value, particularly growth in share price;
- incentivising above market return on capital in the medium to long term;
- achieving an effective balance between short and long-term strategic objectives; and
- focusing executives on non-financial drivers of value that promote sustainability, including:
  - attracting, retaining and developing high calibre personnel;
  - factors relating to our customers that drive long term customer satisfaction and customer value;
  - building and maintaining a prosperous and unique corporate culture, with a genuine focus on the customer; and
  - effectively managing risks across the organisation, such as operational, regulatory and reputational.

Fixed remuneration components are determined having regard to the specific skills and competencies of the Executive KMP with reference to both internal and external relativities, particularly local market and industry conditions.

The 'at risk' components of remuneration are strategically directed to encourage the Executive KMP to strive for superior performance on a risk-adjusted basis by rewarding the achievement of targets that are challenging, clearly defined, understood and communicated within the ambit of accountability of the relevant Executive KMP.

Executive KMP remuneration objectives are exemplified through three categories of remuneration, as illustrated below:

Executive KMP remuneration objectives			
Attract, motivate and retain competent executives across NobleOak's business.	The creation of reward differentiation to drive performance values and behaviours.	A balance between 'fixed' and 'at risk' components.	Shareholder value alignment through equity components.

Total target remuneration (TTR) is set by reference to the relevant market benchmarks		
Fixed	**At risk**	
Total fixed remuneration (TFR) TFR is set based on relevant market relativities, reflecting responsibilities, performance, qualifications, experience and geographic location.	**Short-term incentives (STI)** STI performance criteria are set by reference to NobleOak performance targets comprising both financial and non-financial measures.	**Long-term incentives (LTI)** LTI targets are linked to NobleOak Earnings and Total Shareholder Return (TSR) growth.
Remuneration will be delivered as:		
Base salary plus any fixed elements related to local markets, including superannuation or equivalents.	Cash Payment. Part will be subject to service and deferred for at least 1 year.	Equity in performance rights. All equity is held subject to service and performance for 3 years from grant date. The equity is at risk and subject to claw back provisions until vesting.
Strategic intent and market positioning		
TFR will generally be positioned at the median compared to relevant market-based data considering expertise and performance in the role.	Performance incentive is directed to achieving Board approved targets, reflective of market circumstances. TFR + @Target STI + @ Target LTI is intended to be positioned in the 3rd quartile of the relevant benchmark comparisons.	LTI is intended to reward Executive KMP for sustainable long-term shareholder growth brining alignment to shareholders' interests. TFR + @Target STI + @ Target LTI is intended to be positioned in the 3rd quartile of the relevant benchmark comparisons.

Total Targeted Remuneration (TTR)

TTR is intended to be positioned in the 3rd quartile compared to relevant market benchmark comparisons for at target performance. 4th quartile TTR may result if outperformance is achieved.

Remuneration composition mix and timing of receipt

NobleOak intends to provide an appropriate and competitive mix of remuneration balanced between fixed and 'at risk' components, with payment in the form of both cash and equity.

As noted earlier in this report, a range of initiatives had been undertaken following a review of executive remuneration in FY21. These have also been noted in our Prospectus, and in summary are a mix of fixed and 'at risk' components. These strategic remuneration decisions have been implemented to be effective from FY22.

(a) Remuneration mix – FY22

The current Remuneration packages for the CEO and CFO are shown below::

Position	TFR ($)	STI (%)	LTI (%)
CEO	$565,000	Up to 60% of TFR, (40% @ target)	Rights of 80% of TFR (Half of these vest @target)
CFO	$400,000	Up to 50% of TFR (25% @ target)	Rights of 80% of TFR (Half of these vest @target)

The 'at risk' component (STI and LTI) of this mix represents the intended remuneration opportunity for these Executive KMP assuming the performance requirements set for each component are satisfied.

(b) Total Fixed Remuneration (TFR)

NobleOak intends to position executives at between the median and 75th percentile of the market. This positioning is confirmed regularly by reference to remuneration surveys and independent benchmark assessments from time to time.

(c) Total Target Remuneration (TTR)

In the opinion of the Board, the TTR under the remuneration mix adopted by NobleOak delivers an overall risk adjusted reward opportunity which is intended to ensure both fair and market competitive remuneration is awarded.

(d) TFR explained

TFR includes all remuneration and benefits paid to an executive calculated on a total employment cost basis. In addition to base salary, superannuation and other individual specific allowances are included.

Executive KMP TFR is tested regularly for market competitiveness by reference to appropriate independent and externally sourced comparable benchmark information, including for comparable ASX-listed companies. Criteria assessed includes aspects such as (but not limited to) market capitalisation of comparable businesses, executive responsibilities, performance, qualifications, experience and location.

TFR adjustments, if any, are made with reference to individual performance, a change in job role or responsibility, changing market circumstances as reflected through independent benchmark assessments or through promotion.

Any adjustments to Executive KMP remuneration are approved by the Board, based on NRC and CEO recommendations.

(e) Variable ('at risk') remuneration explained

Variable remuneration is intended to constitute a material portion of the CEO and other Executive KMP's potential compensation package. The above percentages are at target and may increase higher if stretch targets are achieved i.e. performance above targets. Apart from being market competitive, the purpose of variable remuneration is to incentivise executives' behaviour towards optimising NobleOak's long-term performance, having regard to customer, community and other stakeholder expectations.

The key aspects are summarised below:

Short-term incentives (STI) – FY21 and FY22

Purpose	The STI arrangements at NobleOak are designed to reward executives for the achievement against annual performance targets set by the Board at the beginning of the performance period. The STI program is reviewed annually by the NRC and approved by the Board.
Performance targets	The key performance objectives of NobleOak are directed to achieving Board approved targets, with individual executives being assessed on a range of financial and non-financial measures (dependent on their role). The targets follow a balanced scorecard with key performance areas including Financial, Customer & Growth, Strategic Delivery and People & Culture, allocated across the management team. Any anomalies or discretionary elements are approved and validated by the Board. Payment of STI may be withheld if the Board determines that any specific Performance gateway or Culture and Values gateway has not been met.
Performance Gates and Modifiers Gate	Performance gates apply to the assessment of performance targets, to ensure that key minimum requirements are met in order to award incentives. Performance modifiers allow either the upward or downward adjustment of the award. Modifiers generally apply where performance was materially below the expected standard. In rare circumstances, the Board may seek to introduce an upward modifier. These performance gates and modifiers ensures appropriate award for performance and supports the prevention and mitigation of misconduct risk.
Rewarding performance	The STI performance ratings are determined under a predetermined matrix with the Board determination as final.
Mandatory deferral of STI	Effective from 1 August 2021 a deferral of a portion of STI (for selected executives) was introduced to further enhance alignment with shareholder interests. The STI awards will be determined at the end of each year and then held for one year until vesting. This achieves additional retention and alignment of executives with shareholder interests. The deferred STI component for FY22 will be calculated based on a predetermined 25% of the STI amount, above a minimum threshold, depending on the relevant position. Once the STI award has been granted, no further performance measures apply other than continued tenure for the vesting period (one year minimum).
Option for discretion	The STI is at the discretion of the Board and CEO and is subject to change or cancellation at any time.

Long-term incentives (LTI) – FY19-21 and FY20-22 FY21-23

Prior to listing NobleOak offered equity incentives under the NobleOak Life Ltd Performance Rights Plan. The LTI was designed to align employee and shareholders' interests and to provide employees with the opportunity to acquire Company shares for no cash outlay. It also aimed to aid in long-term retention of Executive KMP to maintain a stable team. Key design elements of the plan and issues made in were as follows:

		FY19-21	FY20-22	FY21-23
Tranche 1	The vesting is determined by the Total In-force Premium – Direct Business (TIPD). At the end of the 3-year Measurement Period the Company's TIPD CAGR over the Measurement Period will be calculated and compared against the vesting scale.	50%	30%	30%
Tranche 2	The vesting is determined by the Compound Annual Growth Rate (CAGR) in EBIT. At the end of the Measurement Period the Company's EBIT CAGR over the Measurement Period will be calculated and compared against the vesting scale.	50%	30%	30%
Tranche 3	The vesting is determined by the following performance measures: • Customer Net Promoter Score (NPS); • Partner Survey Score; • Staff Survey Score; and • Cost of Acquisition (FY21-23 only). At the end of the Measurement Period the Company's 3-year average of each measure will be calculated and compared against the vesting scale.	0%	40%	40%
Total Performance Rights (By Plan Year)		447,461	331,245	794,391
Total Performance Rights (for the CEO and CFO)		447,461	331,245	448,250

Long-term incentive (LTI) – FY22-24

Effective from FY22, a new LTI has been offered to selected senior managers under a new scheme known as the NobleOak Long Term Incentive Plan (LTIP). The LTIP will provide an annual opportunity for Executive KMP and other selected senior managers (based on their ability to influence and execute strategy) to receive an equity award that is intended to align a significant portion of those in the LTIP's overall remuneration to shareholder value over the longer term. All LTIP awards remain at risk and subject to 'claw back' (forfeiture or lapse) until vesting and must meet or exceed performance targets set over the vesting period.

Terms of LTIP may vary from year to year and even person to person. Grants offered in FY22 incorporate the following key terms:

Purpose	To align Executive KMP and other selected senior managers remuneration opportunity with shareholder value and provide retention stimulus.
Types of equity awarded	Performance Rights are provided under the LTIP. Under the NobleOak LTIP, selected senior managers are offered performance rights (being a nil exercise price right to fully paid ordinary shares of NobleOak Life Limited), subject to satisfying the relevant requirements.
Time of grant	For FY22 grants have already been offered as noted in our Prospectus, which coincided with the listing of NobleOak on the Australian Stock Exchange (ASX). Future equity grants will usually be made after the AGM of each year but based on values determined at the time of release of NobleOak's annual results.
Time restrictions	Equity grants awarded to the Executive KMP and other selected senior managers are tested against the performance hurdles set, at the end of the performance and service period (usually at least three years). If the performance hurdles are not met at the vesting date, performance rights lapse.
Performance hurdles and vesting schedule	The FY22 vesting of equity grants for the Executive KMP and other selected senior managers are subject to performance conditions, as follows:

Performance hurdles and vesting schedule (continued)

Prospectus Forecast Tranche (One third)

The vesting of **Rights Prospectus Forecast** Tranche will be conditional on achieving specific underlying NPAT targets set out in the Prospectus FY22 forecast (of $9.03 million) Financial Information (which, for the avoidance of doubt, will include 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 FY22 Forecast Financial Information (being approximately $106.5 million); or
- direct sales as set out in the FY22 Forecast Financial Information being $12.5 million,

The executive will also be required to remain employed with the Company for three years after the date of grant of rights.

Total Shareholder Return (TSR) Tranche (One third)

The vesting of Rights **TSR Tranche** will be conditional on achieving specific TSR targets set out below.

Compound annual growth (CAGR) in Total Shareholder Return (TSR) (3 years)	
Performance (p.a.)	**% of equity to vest**
< 8%	0%
>8% up to 12%	12.5% to 50% pro-rata
> 12% up to 16%+	50% to 100% pro-rata

Performance rights vest if the time restrictions and relevant performance hurdles are met. The Board must approve any special provisions, in accordance with Company policies, in the event of termination of employment or a change of control.

The executive will also be required to remain employed with the Company for 3 years after the date of grant of rights.

Performance hurdles and vesting schedule continued	**Earnings per Share (EPS) Tranche (One third)** The vesting of Rights **EPS Tranche** will be conditional on achieving specific EPS targets set out below.

Compound annual growth (CAGR) in Earnings per Share (EPS) (3 years)	
Performance FY24 EPS (CAGR)	**% of equity to vest**
Below Threshold level	0%
At 13 cents (equivalent to11.5% CAGR) **Threshold level**	12.5%
At 15 cents (equivalent to 17.0% CAGR) **(Target level)**	50%
At or above 17 cents (equivalent to 22.0% CAGR) **(Stretch level)**	100%

Performance rights vest if the 3-year time restrictions and relevant performance hurdles are met. The Board has the discretion to make any special provisions in the event of a change of control.

The performance period is from 1 July 2021 to 30 June 2024 and the executive will also be required to remain employed with the Company for 3 years after the date of grant of rights.

EPS for each relevant financial year will be calculated as Underlying NPAT (as defined in the Prospectus) attributable to Shareholders for that financial year, adjusted to exclude the costs of servicing equity (other than dividends but not including franking credits), divided by the weighted average number of ordinary shares, adjusted for any bonus elements. The Board will receive a report from independent auditor on the Non-IFRS adjustment to assess the efficacy of the underlying NPAT.

The Implied Annual Compound Growth Rate in Earnings per Share is an estimate based on the expected Pro-forma FY21 Earnings Per Share at the date of issue of the grants (i.e., 9.38 cents, which has been adjusted to take into account one-off and ongoing costs items associated with the IPO).

The Board will make other adjustments as required by item (2) in paragraph 11 of ASX Guidance Note 19.

Dividends	No dividends are attached to performance rights.
Voting rights	There are no voting rights attached to performance rights.
Retesting	There will be no retesting of performance hurdles.
LTI allocation	The size of individual LTI grants for the Executive KMP and other selected senior managers are determined in accordance with the Board approved remuneration strategy mix. The allocation methodology for performance rights is to determine the target LTI dollar value for each executive and divide it by the 'face value' of the right without discounting for service or performance hurdles.

Other remuneration elements and disclosures relevant to Executive KMP

Claw Back

The Board has claw back arrangements in place for Executive KMP for both the STI and LTI where there has been material misconduct by the executive.

Hedging and margin lending prohibition

Under the NobleOak Securities Trading Policy and in accordance with the Corporations Act, equity granted under NobleOak equity incentive schemes must remain at risk until vested if they are performance rights. It is a specific condition of grant that no schemes are entered into, by an individual or their associates that specifically protect the unvested value of performance rights allocated.

NobleOak also prohibits the CEO or other 'Designated Persons' (including Executive KMP) providing NobleOak securities in connection with any margin loan or similar financing arrangement unless that person has received a specific notice of no objection in compliance with the policy from the Board.

NobleOak, in line with good corporate governance, has a formal policy setting down how and when employees of NobleOak may deal in NobleOak securities.

NobleOak's Securities Trading Policy is available on the NobleOak website under Investor Centre, Corporate Governance.

Relationship between NobleOak performance and Executive KMP remuneration

FY21 was another strong year for NobleOak with the business achieving significant growth across the Direct and Strategic Partner channels. Key FY21 prospectus forecast measures were exceeded including:

- Delivering strong Underlying NPAT of $7 million representing 20% growth over prior year;
- Active policies in place at 30 June 2021 now exceed 77,000, (66% growth);
- New Business during the year of $69 million across all channels, (42% growth);
- In-force premiums at 30 June 2021 is over $182 million (66% growth); and
- Insurance premium revenue is up to $169.9 million (61% growth).

These results were achieved while also:

- Maintaining our high customer service quality standards, evidenced by third party awards from Canstar (Direct Life and Income Protection products), Plan for Life (Overall Excellence Award), Feefo Gold Trusted service award, Mozo (Life insurer on the Year) amongst other awards;
- Continuing investment in our people, processes and systems to improvement scalability;
- Continuing to enhance our insurance and partner governance frameworks and capability;
- Progressing in updating our insurance products, including income protection (in response to an industry-wide APRA directive), to ensure long term sustainability; and
- Completing the successful Initial Public offering (IPO) and ASX listing.

The COVID 19 pandemic made FY21 a challenging year, with a key focus during the year being providing support for our customers, staff and other stakeholders.

The performance of the Group is summarised in the table below:

Financial Performance	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Insurance premium revenue	169,932	105,568	71,675	56,620	34,342
Net insurance premium revenue	46,611	36,638	27,237	21,366	13,453
Net Profit After Tax	4,903	7,636	5,233	3,256	1,658
Underlying net profit after tax	7,008	5,836	3,350	2,206	1,308
Basic EPS (cents)	7.69	13.58	10.03	7.17	4.07
Diluted EPS (cents)	7.50	13.32	9.78	7.31	4.05
Underlying Basic EPS (cents)	10.99	10.38	6.42	4.86	3.21

LTI Performance Outcomes	2021	2020	2019	2018	2017
LTI Vested (% of grant) (Target = 50%)	38.6%	30.1%	N/A	N/A	N/A
Total Performance Rights Vested	172,570	57,733	N/A	N/A	N/A
Total Performance Rights Vested (For CEO & CFO)	172,570	57,533	N/A	N/A	N/A

Tracking Unvested LTI Awards

LTI Award	Vesting Date	Tracking (50% of Rights vest at Target)	Total Performance Rights	Total Performance Rights (For CEO & CFO)
2019	30-Jun-22	Close to Target	331,245	331,245
2020	30-Jun-23	Close to Target	794,391	448,250
2021	29-Jun-24	Just issued	789,736	395,898

Short Term Incentive Outcomes

Each Executive KMP has corporate and individual targets and objectives, including sound risk management practices as well as demonstrating NobleOak's core values and corporate culture, which are key factors in the assessment.

Taking into account the Company and the individual goals achieved, the resultant potential STI awards for Executive KMP for FY21 are as follows:

Key Management Personnel	Target STI %	Minimum – Maximum STI %	Actual STI Achieved %
Anthony Brown (CEO)	35%	0% – 70%	45.5%
Scott Pearson (CFO)	25%	0% – 50%	32.5%

Executive KMP remuneration table

The remuneration of each Executive KMP for the year ended 30 June 2021 is set out below:

		Short-Term Benefits			Equity-Based Payments			Other		
		Base Salary ($)	Cash STI ($)	Other Cash Benefits ($)	Deferred STI Rights ($)	LTI Performance Rights ($)	LTI Options ($)	Long Service Leave ($)	Super -annuation ($)	Total ($)
Anthony Brown	**FY21**	**465,897**	**224,447**	**-**	**-**	**264,747**	**31,961**	**-**	**21,786**	**1,008,838**
	FY20	447,801	129,067	–	–	146,638	–	–	21,161	744,667
Scott Pearson	**FY21**	**354,906**	**123,000**	**-**	**-**	**171,838**	**24,509**	**-**	**21,786**	**696,039**
	FY20	349,054	80,000	–	–	59,406	–	–	21,161	509,621
Total	**FY21**	**820,803**	**347,447**	**-**	**-**	**436,585**	**56,470**	**-**	**43,572**	**1,704,877**
Total	FY20	796,855	209,067	–	–	206,044	–	–	42,322	1,254,288

5. KMP EQUITY INTERESTS

The tables below set out the equity interests held by NEDs and Executive KMP.

Shares	Opening Balance (1 July 2020)	Shares Acquired	Shares Sold	Closing Balance (30 June 2021)
Directors of NobleOak Life Limited				
Stephen Harrison[1]	188,454	–	–	188,454
Emery Feyzeny[2]	390,000	–	–	390,000
Kevin Hamman[3]	1,126,366	–	–	1,126,366
Inese Kingsmill	–	–	–	–
Andrew Boldeman	–	–	–	–
KMP of NobleOak Life Limited				
Anthony Brown[4]	5,020,000	98,247	–	5,118,247
Scott Pearson	25,000	–	–	25,000

1. 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).
2. 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.
3. 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 136,364 Shares are held in the name of KH Investments Pty Ltd as trustee for the KH Development Trust (an entity associated with Mr Hamman).
4. 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).

6. EMPLOYMENT AGREEMENTS (AUDITED)

The Executive KMP operate under employment agreements.

The following sets out details of the employment agreements relating to the CEO and CFO. The terms for the CEO and CFO are similar but do, on occasion, vary to suit different needs.

Length of contract	The CEO and CFO are on permanent contracts, which is an ongoing employment contract until notice is given by either party.
Notice periods	In order to terminate the employment arrangements, the CEO and CFO are required to provide NobleOak with six months' written notice.
Resignation	On resignation, unless the Board determines otherwise, all unvested STI or LTI benefits are forfeited.
Termination on notice by NobleOak	NobleOak may terminate employment of the CEO and CFO by providing six months' written notice. The Company may make payment in lieu of the notice period based on TFR. On termination on notice by NobleOak, unvested STI or LTI benefits may be varied, terminated, suspended or may be exercised, in the absolute discretion of the Board (subject to the listing rules of the ASX).
Death or total and permanent disability	On death or total and permanent disability, the Board has discretion to allow all unvested STI and LTI benefits to vest.
Termination for serious misconduct	NobleOak may immediately terminate employment at any time in the case of serious misconduct, and Executive KMP will only be entitled to payment of TFR up to the date of termination. On termination without notice by NobleOak in the event of serious misconduct: • all unvested STI or LTI benefits will be forfeited; and • any ESS instruments provided to the employee on vesting of STI or LTI awards that are held in trust, will be forfeited.
Statutory entitlements	Payment of statutory entitlements of long service leave and annual leave applies in all events of separation.
Post-employment restraints	The CEO's contract includes a post-employment restraints around working for a competitor direct insurer of 6 months. The CFO is also subject to post-employment restraints for up to 6 months.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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www.deloitte.com.au

The Board of Directors
NobleOak Life Limited
66 Clarence Street
SYDNEY NSW 2000

30 August 2021

Dear Board Members,

Auditor's Independence Declaration to NobleOak Life Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of NobleOak Life Limited.

As lead audit partner for the audit of the financial report of NobleOak Life Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants

FINANCIAL REPORT CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Consolidated		The Company	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Continuing Operations					
Insurance premium revenue	2.1	169,932	105,568	156,872	96,065
Reinsurance expenses	2.1	(123,321)	(68,930)	(123,321)	(68,930)
Net insurance premium revenue		46,611	36,638	33,551	27,135
Investment income	2.1	(207)	580	779	1,546
Net commissions	2.1	13,046	9,427	13,046	9,427
Fees & other revenue	2.1	4,044	8,681	9,916	6,852
Claims expense – net of reinsurance recoveries	2.2	(5,922)	(3,855)	(5,922)	(3,855)
Policy acquisition costs	2.2	(38,549)	(29,479)	(35,669)	(26,868)
Change in net policy liabilities (before discount rate movement)	5.3	10,617	7,669	10,617	7,669
Change in net policy liabilities (discount rate movement)		(1,108)	2,571	(1,108)	2,571
Administration expenses	2.2	(19,356)	(21,485)	(16,932)	(14,172)
IPO expenses	2.2	(1,900)	–	(1,900)	–
Operating Profit		**7,276**	**10,747**	**6,378**	**10,305**
Lease interest expense		(88)	(126)	(64)	(92)
Profit Before Tax		**7,188**	**10,621**	**6,314**	**10,213**
Income tax expense	2.6	(2,285)	(2,985)	(1,723)	(2,554)
Profit After Tax		**4,903**	**7,636**	**4,591**	**7,659**
Other Comprehensive Income		**–**	**–**	**–**	**–**
Total Comprehensive income attributable to Owners of the Company		**4,903**	**7,636**	**4,591**	**7,659**
Earnings per share					
Basic (cents per share)	2.4	7.69	13.58		
Diluted (cents per share)	2.4	7.50	13.32		

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Consolidated		The Company	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Assets					
Cash and cash equivalents	7.3	31,842	28,517	29,058	24,220
Receivables	3.1	14,037	11,780	12,725	12,642
Financial assets	3.3	20,486	11,858	20,500	11,872
Gross policy liabilities ceded under reinsurance	5.3	35,444	32,945	35,444	32,945
Plant and equipment	4.1	517	827	228	214
Right-of-use assets	4.2	1,344	2,193	976	1,592
Deferred tax asset	2.6	2,932	1,789	2,344	1,156
Intangibles	4.3	1,458	150	1,308	–
Total assets		**108,060**	**90,059**	**102,583**	**84,641**
Liabilities					
Payables	3.2	29,027	23,294	25,809	19,634
Current tax liabilities	2.6	2,104	3,933	2,104	3,933
Lease liabilities	4.2	1,455	2,281	1,060	1,660
Provisions	4.4	1,283	868	–	–
Gross policy liabilities	5.3	(10,429)	(4,337)	(10,429)	(4,337)
Total liabilities		**23,440**	**26,039**	**18,544**	**20,890**
Net assets		**84,620**	**64,020**	**84,039**	**63,751**
Equity					
Issued share capital	6.1(a)	62,451	47,120	62,451	47,120
Accumulated profits	6.2	21,298	16,395	20,717	16,126
Share-based payment reserve	6.1(b)	871	505	871	505
Total equity		**84,620**	**64,020**	**84,039**	**63,751**

The above Statement of Financial Position
should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

CONSOLIDATED

	Note	Issued share capital $'000	Accumulated profits $'000	Share-based payment reserve $'000	Total equity $'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	6.1	**62,451**	**21,298**	**871**	**84,620**

THE COMPANY

	Note	Issued share capital $'000	Accumulated profits $'000	Share-based payment reserve $'000	Total equity $'000
Balance as at 1 July 2019		37,122	8,467	206	45,795
Share capital net of transaction cost		9,998	–	–	9,998
Profit for the year		–	7,659	–	7,659
Recognition of share-based payments		–	–	299	299
Balance at 30 June 2020		47,120	16,126	505	63,751
Share capital net of transaction cost		15,331	–	–	15,331
Profit for the year		–	4,591	–	4,591
Recognition of share-based payments		–	–	366	366
Balance at 30 June 2021	6.1	**62,451**	**20,717**	**871**	**84,039**

The above Statement of Changes in Equity
should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Consolidated		The Company	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash flows from operating activities					
Premium received		170,818	104,250	158,056	94,747
Reinsurance premium payments		(119,597)	(63,832)	(119,597)	(63,832)
Reinsurance recoveries received		27,386	14,005	27,386	14,005
Claims paid		(33,175)	(21,723)	(33,175)	(21,723)
Interest received		140	320	127	287
Dividends received		–	–	1,000	1,000
Fees and other income received		112,506	71,770	119,475	67,499
Marketing and policy acquisition costs		(131,717)	(64,575)	(128,817)	(61,964)
Payments to other suppliers and employees		(27,081)	(33,622)	(23,911)	(26,507)
Net cash from/(used in) operating activities	7.3(b)	(720)	6,593	544	3,512
Cash flows from investing activities					
Purchase of plant and equipment		(96)	(101)	(96)	(101)
Purchase of intangible assets		(1,356)	–	(1,356)	–
Sale/(purchase) of financial assets		(8,920)	1,399	(8,920)	1,399
Net cash from/(used in) investing activities		(10,372)	1,298	(10,372)	1,298
Cash flows from financing activities					
Repayment of leasing liabilities		(826)	(761)	(601)	(550)
Lease interest paid		(88)	(126)	(64)	(92)
Amounts received from issue of shares	6.1(a)	15,377	10,154	15,377	10,154
Cost of issue of shares	6.1(a)	(46)	(155)	(46)	(155)
Net cash from financing activities		14,417	9,112	14,666	9,357
Net increase/(decrease) in cash and cash equivalents held		**3,325**	**17,003**	**4,838**	**14,167**
Cash and cash equivalents at the beginning of the financial year		**28,517**	**11,514**	**24,220**	**10,053**
Cash and cash equivalents at the end of the financial year	7.3(a)	**31,842**	**28,517**	**29,058**	**24,220**

The above Statement of Cash Flows
should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1 ABOUT THIS REPORT

(a) General Information

NobleOak Life Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The Company's registered office is Level 7, 66 Clarence Street, Sydney NSW, 2000. These consolidated financial statements comprise the Company, its subsidiaries and controlled entities (together referred to as the "Group").

The Group is a for-profit entity and is primarily involved in the sale and management of life insurance products.

The financial report was authorised for issue by the Directors on 30 August 2021. The Company has the power to amend and reissue the Financial Report.

The financial statements are prepared by combining the financial statements of the Group's Benefit Funds and Management Fund. A list of Benefit Funds appears in note 5.2 of the financial statements.

(b) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group and the separate financial statements of the parent entity. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards comprise Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

(c) Basis of preparation

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.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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 in note 3.3. Assets that are not Level 1 assets are valued by using discounted cashflow techniques based on market observable inputs.

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.

(d) Controlled Entities

Controlled entities, which make up the Group are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. A list of controlled entities is summarised in note 7.2.

(e) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(f) Change in accounting policy

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 *'Financial instruments'* – The Group is taking the deferral approach and will implement at the same time as AASB 17 *'Insurance contracts'*.	1 January 2021	30 June 2024
AASB 17 *'Insurance contracts'* will replace AASB 1038.	1 January 2023	30 June 2024

Impact of changes to Australian Accounting Standards and Interpretation

AASB 17 *'Insurance Contracts'* – 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.

The Group intends to first apply AASB 17 on 1 July 2023. There is a project in place supported by the engagement of a professional advisor to implement the new standard with the systems, data and process changes currently being determined. The project is currently on schedule to meet the implementation timeline.

AASB 9 *'Financial Instruments'* – replaces AASB 139 *Financial Recognition and Measurement*. AASB 9 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 the Group.

The majority of the Group's assets are assets backing policyholder liabilities and are currently designated at fair value through the profit or loss. The Group's other financial instruments (i.e. receivables and payables) are held at amortised cost. The standard is now in effect, however the Group is taking the deferral approach that is to implement the standard at the same time as AASB 17. The Group has measured those liabilities which are within the scope of AASB 4 *Insurance Contracts*, and these are greater than the 90% threshold of total liabilities required to take the deferral option available as an insurer. AASB 9 is currently being evaluated by the Group to consider the impact and implementation alongside AASB 17.

(g) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NobleOak Life Limited) and the subsidiaries. A 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 subsidiaries are provided in note 7.2.

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.

(h) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(i) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible, right-of-use and intangible 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.

Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are contained in the notes to the financial statements to which they relate. All accounting policies have been consistently applied to the current year and comparative period, unless otherwise stated.

(k) Critical accounting judgements and estimates

The following items are covered in note 5.6:

- Life insurance policy liabilities, including the actuarial methods and assumptions.
- Assets arising from reinsurance contracts.
- Further details on the potential impacts of COVID-19.

2 RESULTS FOR THE YEAR

2.1 Revenue items

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(i) Net Insurance Premium Revenue				
Premium revenue from insurance contracts*	169,932	105,568	156,872	96,065
Less: Outward reinsurance expense	(123,321)	(68,930)	(123,321)	(68,930)
	46,611	36,638	33,551	27,135

* NobleOak's in-force premium as at 30 June 2021 in active benefit funds was $182,077,356 ($109,546,568 as at 30 June 2020). In-force premiums in closed benefit funds as at 30 June 2021 was $17,628,636 ($18,856,993 as at 30 June 2020). From 1 June 2020, NobleOak generated revenue from the closed benefit funds to support the administration cost of managing the run-off to these policies.

There is a difference between in-force premiums and the revenue recognised in the profit or loss statement due to timing of policy start dates (earned premium) and sales incentives offered with the policies (premium free periods). For core life insurance business, the gross premium (including base premium and fees) is collected by NobleOak Services Limited (the subsidiary company and the administrator). The base premium is paid to NobleOak Life Limited (the parent company and the insurer) which is recognised as insurance premium revenue in the Company's statement of profit or loss. The fee component of the gross premium retained in the subsidiary company is recognised within the insurance premium revenue in the consolidated profit or loss statement.

Premium income

Premium income is recognised on a due basis subject to the rules governing each Benefit Fund.

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.

Outward reinsurance expense

Premiums ceded to reinsurers under reinsurance contracts are recorded as an outward reinsurance expense and are recognised over the period of indemnity of the reinsurance contract.

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(ii) Investment Income				
Interest revenue	146	303	132	269
(Decrease)/Increase in market value of investments	(353)	277	(353)	277
Dividends received	–	–	1,000	1,000
	(207)	580	779	1,546

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(iii) Net commissions				
Commissions received from reinsurers	112,246	67,739	112,246	67,739
Commissions paid to distributors	(99,200)	(58,312)	(99,200)	(58,312)
	13,046	9,427	13,046	9,427

Commission revenue

Commission revenue is recognised when all service obligations are complete and revenue is received from reinsurers.

Commission expenses

Commission expense is recognised when all service obligations are complete and expense is payable to distributors.

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(iv) Fees & other revenue				
Management fees & administration fees	4,044	8,681	9,916	6,852
	4,044	8,681	9,916	6,852

Management fee revenue

Management fee revenues are recognised in the period in which the services are performed and obligations satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

2.2 Expense items

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(i) Claims Expenses				
Claims payments	33,254	21,839	33,254	21,839
Claims expense reserve	1,626	1,349	1,626	1,349
Less: Reinsurance claims recovery	(28,958)	(19,333)	(28,958)	(19,333)
	5,922	3,855	5,922	3,855

Claim payments are recognised when the liability to a policyholder under a life insurance contract has been established or upon notification of the insured event. Claims are separated into their expense and withdrawal components. Claims on risk business are treated as an expense and are recognised when a liability to the policyholder is established.

Reinsurance claims recovery is recognised for claims ceded to reinsurers under reinsurance contracts.

Claim expense reserve is an actuarial estimate for future claim payments.

	Consolidated		The Company	
	2021 $('000)	2020 $('000)	2021 $('000)	2020 $('000)
(ii) Policy Acquisition Costs				
Commission	10,970	8,747	8,091	6,135
Marketing & promotion	12,001	9,243	12,001	9,243
Salary & employee costs	5,919	5,653	5,919	5,653
Other variable costs	9,659	5,836	9,658	5,837
	38,549	29,479	35,669	26,868
Policy acquisition costs comprise the costs of acquiring new business, including commission, advertising, policy issue and underwriting costs, agency expenses and direct and indirect other sales costs.				
(iii) Administration expenses				
Administration expenses include the following expenses:				
Salary & employee costs (incl Board costs)	10,256	11,037	7,110	4,671
Marketing & Promotion – Brand and non-lead	932	1,855	932	1,855
Management fees	95	87	3,898	3,746
Conduct remediation cost*	–	1,000	–	–
Depreciation & amortisation	1,240	1,214	683	646
Other expenses	6,833	6,292	4,309	3,254
	19,356	21,485	16,932	14,172

* The Remediation expenses provision relates to cost associated with the activities being undertaken to remediate policies following poor sales practices of Freedom Insurance Group, which were insured by NobleOak through the Freedom and Rewards benefit funds between April 2014 and June 2017.

	Consolidated		The Company	
	2021 $('000)	2020 $('000)	2021 $('000)	2020 $('000)
(iv) IPO expenses				
IPO expenses	1,900	–	1,900	–
	1,900	–	1,900	–

Costs that relate to the stock market listing, or otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive income in the period incurred.

Basis of expense apportionment

All operating expenses in respect of life insurance or life investment contracts have been apportioned between policy acquisition, policy maintenance and investment management expenses with regard to the objective when incurring the expense and the outcome achieved.

The apportionment process is adopted by applying the following methodology:

- Expenses that can be directly identifiable and attributable to a particular class of business are allocated directly to that class of business. Expenses directly attributable to the ordinary and superannuation participating and non-participating classes of business that cannot be directly allocated to a particular class of business are apportioned based upon the appropriate cost drivers;
- Commission expenses that cannot be allocated to a class of business, for example volume bonuses, are apportioned on the basis of new business and renewal commissions of each class, allowing for limits implied by the basis of adviser remuneration;
- Investment expenses are apportioned to the classes of business on the mean balance of assets under management; and
- Other expenses that cannot be allocated to a particular class of business are apportioned to the classes of business based on appropriate cost drivers, including number of new policies issued and related premiums, number of new units issued, mean balance of assets under management, average number of policies in-force and time and activity-based allocations.

(v) Remuneration of auditors

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Auditor of the parent entity				
Audit and review of financial reports	318	165	269	120
Audit of APRA and ASIC regulatory return	39	30	29	23
Total remuneration for audit services	357	195	298	143
Other non-audit services – investigative accountants report	513	–	513	–
Other non-audit services – taxation due diligence	213	–	213	–
Total remuneration for non-audit services	726	–	726	–
Total remuneration	1,083	195	1,024	143

The auditor of the Group is Deloitte Touche Tohmatsu.

2.3 Segment Information

AASB 8 requires disclosure of operating segments that engage in business activities and whose results are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess performance.

The information reported to the Group's Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance is focused on the products and services of each reporting segment.

The principal operating segments within the insurance operations of NobleOak are as follows:

(a) Direct Business

The term 'Direct' reflects the life insurance protection products that are sold directly to customers under the NobleOak brand. This segment also includes the results of the management fund, whose function is to recognise the expenses incurred and investment income of the Group (net of allocation to the other segments), as well as two small closed funds which are held for the Druids members, including the Funeral Benefit Fund and the Blue Chip Endowment Assurance Fund which was closed by resolution of the Board of Directors in accordance with Benefit Fund Rule on 26 June 2019. The payment of the maturity surrender value was made to all remaining members by December 2020. On 1 March 2021, the Company applied for approval of amendments to the approved benefit fund rules of the Blue Chip Endowment Assurance Fund to give effect to the termination of the same in accordance with section 16Q of the *Life Insurance Act 1995* (the Act) and this was approved by Australian Prudential Regulation Authority (APRA) on 21 May 2021 and the Fund was terminated on that date.

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

(b) Partnerships

The term 'Strategic Partnerships' reflects the life insurance protection products which are sold to customers primarily through advisors under our partner brands. Currently, NobleOak is the issuer of life insurance policies for PPS Mutual (established 2016), Avant Mutual (established 2017) and NEOS (established 2018).

(c) Genus

The term 'Genus' refers to life insurance administration services performed by the Group company Genus Life Insurance Services Pty Ltd. Genus took on the administration of the run-off of life and funeral insurance protection products written through Freedom Insurance Group following it ceasing operations in 2019.

Genus provides administration services to the policyholders of the portfolios and receives revenue from the insurer/reinsurer to. The segment also includes the residual results of the Freedom and Reward Benefit Funds.

	Direct		Strategic Partnerships		Genus		Consolidated	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Insurance premium revenue	50,346	39,439	101,893	46,892	17,693	19,237	169,932	105,568
Reinsurance expenses	(23,061)	(18,842)	(86,902)	(36,941)	(13,358)	(13,147)	(123,321)	(68,930)
Net insurance premium revenue	27,285	20,597	14,991	9,951	4,335	6,090	46,611	36,638
Investment income	(250)	495	35	57	8	28	(207)	580
Net commissions	6,035	6,891	7,128	3,258	(117)	(722)	13,046	9,427
Fees & other revenue	(38)	(55)	–	–	4,082	8,736	4,044	8,681
Claims expense – net of reinsurance recoveries	(5,284)	(3,582)	(638)	(273)	–	–	(5,922)	(3,855)
Policy acquisition costs	(24,220)	(20,154)	(14,126)	(7,819)	(203)	(1,506)	(38,549)	(29,479)
Change in net policy liabilities (before discount rate movement)	13,234	9,387	(2,630)	(1,735)	13	17	10,617	7,669
Change in net policy liabilities (discount rate movement)	(2,215)	2,571	1,107	–	–	–	(1,108)	2,571
Administration expenses	(11,363)	(9,120)	(1,741)	(1,132)	(6,252)	(11,233)	(19,356)	(21,485)
IPO expenses	(1,900)	–	–	–	–	–	(1,900)	–
Operating Profit	**1,284**	**7,030**	**4,126**	**2,307**	**1,866**	**1,410**	**7,276**	**10,747**
Lease Interest Expense	(88)	(126)	–	–	–	–	(88)	(126)
Profit Before Tax	**1,196**	**6,904**	**4,126**	**2,307**	**1,866**	**1,410**	**7,188**	**10,621**
Income Tax expense	(487)	(1,861)	(1,238)	(692)	(560)	(432)	(2,285)	(2,985)
Profit After Tax	**709**	**5,043**	**2,888**	**1,615**	**1,306**	**978**	**4,903**	**7,636**
Impact of policy liability discount rate changes (post tax)	1,550	(1,800)	(775)	–	–	–	775	(1,800)
Impact of IPO expenses (post tax)	1,330	–	–	–	–	–	1,330	–
Underlying NPAT	**3,589**	**3,243**	**2,113**	**1,615**	**1,306**	**978**	**7,008**	**5,836**

Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact of changes in policy liability discount rates and IPO expenses. 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 and non-recurring costs such as those pertaining to the IPO, 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).

2.4 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 Group ($'000)	4,903	7,636
Earnings used in the calculation of basic earnings per share ($'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 Group ($'000)	4,903	7,636
Earnings used in the calculation of total diluted earnings per share ($'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

2.5 Dividends

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 would be paid out of the Company's pre-existing cash reserves (prior to the IPO). The aggregate dividend amount of $8.2 million was paid to holders of ordinary shares in the Company (as at the Record Date of 9 June 2021) on 20 July 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.

Dividend franking account

	Consolidated and Company	
	2021 $'000	2020 $'000
Amount of franking credit available for use in subsequent financial years	5,643	822

The Company's ability to utilise the franking account credits depends on meeting *Corporations Act 2001 (Cth)* requirements to declare dividends. Franked dividends are franked at a tax rate of 30%. The dividend paid post balance date has utilised $3.5 million of the franking credit account.

2.6 Taxes

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(a) The components of tax expense comprise:				
Current tax	3,428	3,577	2,911	2,647
Deferred tax	(1,143)	(592)	(1,188)	(93)
	2,285	2,985	1,723	2,554
(b) The prima facie tax on profit from operations before income tax is reconciled to income tax as follows:				
Prima facie tax expense on profit from operations before income tax at 30% (2020: 30%)	2,156	3,186	1,894	3,064
Add:				
Tax effect of:				
Members Liability	(8)	(137)	(8)	(137)
Non-deductible depreciation & amortisation	122	377	24	207
Non-deductible capital loss	–	0	–	–
Non-deductible expenses	27	25	27	15
Under/(over) provision of prior year income tax	–	–	–	–
	141	265	43	85
Less:				
Tax Effect of:				
Deductible expenses	121	377	24	207
Non-assessable other income	(109)	89	190	388
	12	466	214	595
Income tax expense attributable to profit for the year	2,285	2,985	1,723	2,554

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.

Current tax liabilities

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Provision for income tax	2,104	3,933	2,104	3,933
Maturity analysis:				
Current	2,104	3,933	2,104	3,933
Non-current	–	–	–	–
	2,104	3,933	2,104	3,933

The tax currently payable (or receivable) is based on taxable profit for the year less tax instalments paid. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax asset

The balance comprises temporary difference attributable to:	Consolidated		The Company	
Amounts recognised in profit & loss:	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Asset impairments	555	555	555	555
Accrued expenses	1,384	765	1,218	427
Employee entitlement provision	385	260	–	–
Prior year tax losses	29	29	–	–
Intangibles	509	84	501	78
Share capital issue costs	70	96	70	96
	2,932	1,789	2,344	1,156
Movement:				
Opening balance as at beginning of year	1,789	1,197	1,156	1,063
Charged to income statement	1,143	592	1,188	93
Closing balance as at end of year	**2,932**	**1,789**	**2,344**	**1,156**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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:

(i) current tax balances arising from external transactions recognised by entities in the tax consolidated group which occurred after implementation date; and

(ii) 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.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Service Tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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.

3 RECEIVABLES, PAYABLES AND INVESTMENTS

3.1 Receivables

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables	8,986	8,817	7,559	8,431
GST receivable	2,513	2,070	3,054	2,266
Other receivables – related party	–	–	213	1,415
Prepayments	2,538	893	1,899	530
	14,037	11,780	12,725	12,642
Maturity analysis:				
Current	14,037	11,780	12,725	12,642
Non-current	–	–	–	–
	14,037	11,780	12,725	12,642

Trade receivables

Trade accounts receivable are carried at amounts due and are generally settled within 30 days.

3.2 Payables

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Payables – Related parties	–	–	1,382	1,212
Sundry creditors	20,161	17,729	19,374	16,838
Accruals	6,263	3,025	5,023	1,338
Deferred revenue	2,568	2,239	–	–
Other payables	35	301	30	246
	29,027	23,294	25,809	19,634
Maturity analysis:				
Current	29,027	23,294	25,809	19,634
Non-current	–	–	–	–
	29,027	23,294	25,809	19,634

Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Accruals

Accruals are recognised when the Group 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.

Deferred revenue

Deferred revenue is generated when the administration fee is received in advance. Revenue is only recognised when it is earned.

3.3 Investment

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 Group 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 shareholders' assets. Financial assets are measured at fair value through profit or loss and include bank bills and term deposits, and Australian fixed interest bonds.

Financial liabilities

The Group 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 Group's documented investment strategy.

Financial assets	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets held at cost:				
Shares in Subsidiaries	–	–	151	151
Financial assets held at fair value through profit or loss:				
Bank bills and term deposits	20,486	7,865	20,349	7,728
Fixed interest investment	–	3,993	–	3,993
	20,486	11,858	20,500	11,872
Maturity analysis:				
Current	20,486	7,865	20,349	7,728
Non-current	–	3,993	151	4,144
	20,486	11,858	20,500	11,872
Level 1 Bank bills and term deposits	20,486	7,865	20,349	7,728
Level 2 Fixed interest Investment	–	3,993	–	3,993
Level 3	–	–	–	–
	20,486	11,858	20,349	11,721

The bond held in fixed interest investment was sold during the financial year, no level 2 financial asset was held at the end of the financial year.

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:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) 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).

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

3.4 Financial risk management

The Board of Directors has established an investment policy to ensure that assets are adequately protected and invested in accordance with the Group's primary objectives of safety, liquidity and yield. The principal goal of the investment policy is to maximise investment returns while growing the Group's asset base without putting at risk the capital adequacy and solvency obligation requirements stipulated by relevant laws and standards (such as those imposed by the APRA the APRA). To assist with the implementation and management of the investment policy, the Board has established a Finance and Investment Committee (FIC).

The Group's financial instruments consist mainly of deposits with banks, fixed interest investments, accounts receivable and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are set out below in the interest rate risk note at 3.4(e).

(a) Interest rate risk

The following table details the Consolidated Group's exposure to interest rate risk at 30 June 2021 and 2020:

2021	Weighted average effective rate	Less than 1 year	Between 1 & 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	1%	31,842	–	–	31,842
Bank bills and term deposits	2%	20,486	–	–	20,486
Fixed interest investments	5%	–	–	–	–
Receivables	0%	13,211	–	–	13,211
		65,539	–	–	65,539
Financial Liabilities					
Payables	0%	29,027	–	–	29,027
		29,027	–	–	29,027

2020	Weighted average effective rate	Less than 1 year	Between 1 & 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	1%	28,517	–	–	28,517
Cash on term deposit	2.5%	7,865	–	–	7,865
Fixed interest investments	5%	–	–	3,993	3,993
Receivables	0%	11,780	–	–	11,780
		48,162	–	3,993	52,155
Financial Liabilities					
Payables	0%	23,294	–	–	23,294
		23,294	–	–	23,294

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amounts of financial assets recorded in the Group's financial statements represent the Group's maximum exposure to credit risk in relation to these assets.

The Group's investment policy sets out a minimum investment counter party grade (as measured by Standard & Poor's) for fixed interest and cash investments of at least BBB or better. The Group's Risk Appetite Statement sets out a minimum Financial Strength Rating (as measured by Standard & Poor's) for reinsurers of at least A or better.

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to receivables from outstanding premiums receivable, GST receivables and prepayments.

(c) Fair value of financial instruments

The net fair value of financial assets and liabilities approximates the amounts recorded in the financial statements. The fair value has been determined in accordance with the accounting policies disclosed in note 3 to the financial statements.

The fair value for the government bonds are determined using valuation models based on market observable inputs. These instruments are included in level 2.

(d) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Funeral Fund held a 30-year zero coupon bond maturing in 2035, as per the Appointed Actuary's advice, the bond was sold and replaced with short term deposits during the financial year.

A maturity analysis for the contractual remaining life of financial liabilities has been included in the interest rate risk note at 3.4(a).

(e) Sensitivity analysis – Interest rate risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis

At 30 June 2021, the effect on net profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2021 $'000	2020 $'000
Change in net profit		
• Increase in interest rate by 2%	146	374
• Decrease in interest rate by 2%	(146)	(374)
Change in Equity		
• Increase in interest rate by 2%	146	374
• Decrease in interest rate by 2%	(146)	(374)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Group has no exposure to fluctuations in foreign currency.

Sensitivities relating to Actuarial calculations in regards to insurance products is listed in note 5.5.

(f) Capital risk management

The Group manages its capital requirements by assessing capital levels on a regular basis. Its objectives are to maintain an optimal capital structure to reduce the cost of capital whilst providing security, returns and benefits to policyholders and members.

Life companies are subject to externally imposed minimum capital requirements set and monitored by APRA. These requirements are in place to ensure sufficient solvency margins for the protection of policyholders and members.

(g) Life insurance risk

Life insurance risk consists of all aspects of the risk arising from the underwriting of insurance risk. The Group ensures that the insurance risk is controlled through the use of underwriting procedures, appropriate premium rating methods and approaches, effective claims management procedures and sound product terms and conditions due diligence.

The Group purchases reinsurance to limit its exposure to accepted insurance risk. It cedes to specialist reinsurance companies a proportion of its portfolio for certain types of insurance risk. This serves primarily to reduce the net liability on large individual risks and provides protection against large losses. The reinsurers used are regulated by the APRA and are members of large international groups with sound credit ratings.

4 OTHER ASSETS AND LIABILITIES

4.1 Plant and equipment

	Consolidated	The Company
	$'000	$'000
Gross carrying amount		
Balance at 1 July 2020	1,432	482
Additions	96	96
Balance at 30 June 2021	**1,528**	**578**
Accumulated depreciation		
Balance at 1 July 2020	(605)	(268)
Depreciation expense	(406)	(82)
Balance at 30 June 2021	**(1,011)**	**(350)**
Net book value		
As at 30 June 2020	827	214
As at 30 June 2021	517	228

Plant and equipment is recorded at cost less any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated using the straight-line method over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Useful lives range between 3 to 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

4.2 Right-of-use assets and Lease Liabilities

Right-of-use assets

	Consolidated	The Company
	$'000	$'000
Gross carrying amount		
Balance at 1 July 2020	3,042	2,209
Additions	–	–
Balance at 30 June 2021	**3,042**	**2,209**
Accumulated depreciation		
Balance at 1 July 2020	(849)	(616)
Depreciation expense	(849)	(617)
Balance at 30 June 2021	**(1,698)**	**(1,233)**
Net book value		
As at 30 June 2020	2,193	1,592
As at 30 June 2021	1,344	976

Lease Liabilities

	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Lease liabilities	1,455	2,281	1,060	1,660
Maturity analysis:				
Current	899	826	655	600
Non-current	556	1,455	405	1,060
	1,455	2,281	1,060	1,660

The Group has leases for its office facility on Level 1 and 7, 66 Clarence Street Sydney. With the exception of short-term leases and leases of low value, each lease is reflected on the balance sheet as a right-of-use assets and a lease liability. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases have an option to extend to a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases of office facilities, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure aspects of the right-of-use asset and incur maintenance fees on such items in accordance with the lease contracts.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss on a straight-line basis over the lease term.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet.

Right-of-use asset	No of right-of-use assets leased	Range of remaining terms	Average remaining lease term	No of leases within extension options	No of leases with option to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Office facilities	2	1.5 years	1.5 years	2	–	2	–

The lease liabilities are secured by the related underlying assets and the bank guarantees listed as Contingent Liabilities in note 7.6. Future minimum lease payments as 30 June 2021 were as follows.

30 June 2021	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	After 5 years $'000	Total $'000
Lease Payments	946	563	–	–	–	–	1,509
Finance Charges	(47)	(7)	–	–	–	–	(54)
Net present value	899	556	–	–	–	–	1,455

30 June 2020	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	After 5 years $'000	Total $'000
Lease Payments	914	946	563	–	–	–	2,423
Finance Charges	(88)	(47)	(7)	–	–	–	(142)
Net present value	826	899	556	–	–	–	2,281

Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentive received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payment that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

4.3 Intangibles

	Consolidated			The Company	
	Software Development and Implementation	Goodwill – NobleOak Services Limited	Total – Intangible	Software Development and Implementation	Total – Intangibles
Gross carrying amount					
Balance at 1 July 2020	–	150	150	–	–
Additions	1,356	–	1,356	1,356	1,356
Disposal	–	–	–	–	–
Balance at 30 June 2021	**1,356**	**150**	**1,506**	**1,356**	**1,356**
Accumulated depreciation					
Balance at 1 July 2020	–	–	–	–	–
Disposal	–	–	–	–	–
Amortisation expense	(48)	–	(48)	(48)	(48)
Balance at 30 June 2021	**(48)**	**–**	**(48)**	**(48)**	**(48)**
Net book value					
As at 30 June 2020	–	150	150	–	–
As at 30 June 2021	1,308	150	1,458	1,308	1,308

Goodwill and other intangibles are initially recorded at the amounts by which the purchase price exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisitions. Goodwill and other intangibles are tested annually for impairments and carried at cost less accumulated impairment losses.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 2.2. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

The goodwill represents goodwill in NobleOak Services Limited.

4.4 Provisions

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Employee benefits	1,283	868	–	–
Maturity analysis:				
Current	923	603	–	–
Non-current	360	265	–	–
	1,283	868	–	–

Employee benefits

Provision is made for the Group'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.

5 LIFE INSURANCE CONTRACTS

5.1 Accounting for life insurance contracts

Principles underlying the conduct of life insurance business

The life insurance operations of the Group are conducted within separate benefit funds as required by the *Life Insurance Act 1995* (Life Act) and are reported in aggregate with the management fund in the Consolidated and Company statement of profit or loss and other comprehensive income, consolidated statement of financial position, Consolidated and Company statement of changes in equity and Consolidated and Company statement of cash flows. The life insurance operations consist of the provision of life insurance. Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if, and only if, an insured event could cause an insurer to pay significant benefits in any scenario, excluding scenarios that lack commercial substance. Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is not linked to the market value of the investments held by the Group, and the financial risks are substantially borne by the Group. In accordance with AASB 1038 *'Life Insurance Contracts'*, financial assets backing policy liabilities are designated at fair value through profit and loss. NobleOak has determined that all assets held within the statutory funds back policy liabilities. Financial assets backing policy liabilities consist of high quality investments. The management of financial assets and policy liabilities is closely monitored to ensure that investments are appropriate given the expected pattern of future cash flows arising from the policy liabilities.

Premium revenue

Premium revenue only arises in respect of life insurance contracts. Premiums with a regular due date are recognised as revenue on a due basis. Premiums with no due date are recognised as revenue on a cash received or receivable basis.

Unpaid premiums are only recognised as revenue during the days of grace and are included as Premiums Receivable (part of Receivables) in the statement of financial position.

Premiums due after, but received before, the end of the financial year are shown as Life Insurance Premium in Advance (part of Payables) in the statement of financial position.

Claims

Claims incurred relate to life insurance contracts and are treated as expenses. Claims are recognised upon notification of the insured event. The liability in respect of claims includes an allowance (estimate) for incurred but not reported claims and an allowance (estimate) for expected declinature of notified claims.

Claims are shown gross of reinsurance recoverable. Any reinsurance recoveries applicable to the claims are included in receivables.

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.

Basis of expense apportionment

All operating expenses in respect of life insurance or life investment contracts have been apportioned between policy acquisition, policy maintenance and investment management expenses with regard to the objective when incurring the expense and the outcome achieved.

The apportionment process is adopted by applying the following methodology:

(i) Expenses that can be directly identifiable and attributable to a particular class of business are allocated directly to that class of business;

(ii) Commission expenses that cannot be allocated to a class of business, for example volume bonuses, are apportioned on the basis of new business and renewal commissions of each class, allowing for limits implied by the basis of adviser remuneration;

(iii) Investment expenses are apportioned to the classes of business on the mean balance of assets under management; and

(iv) Other expenses that cannot be allocated to a particular class of business are apportioned to the classes of business based on appropriate cost drivers, including number of new policies issued and related premiums, number of new units issued, mean balance of assets under management, average number of policies in-force and time and activity-based allocations.

Life insurance Policy 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.

As at 30 June 2021, with the exception of the Freedom Fund, Reward Fund and Funeral Fund, policy liabilities for all other Benefit Funds were calculated using the projection method.

With effect from 1 July 2020, the Appointed Actuary is progressively transitioning the policy liability calculation from the accumulation to the projection method. As at 31 December 2020 the transition was complete for Risk Fund No 1 (Direct Portfolio), and as at 30 June 2021 the transition was complete for Avant Fund, PPS Fund and Neos Fund (Partnerships 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.

The assumptions used in the calculation of the insurance contract policy liabilities are reviewed at each reporting date. Details of Specific actuarial policies and methods are set out in note 5.5.

5.2 Disaggregated information by Benefit Fund

Details of Benefit Funds' income statements for the year ended 30 June 2021	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Blue Chip Endowment Assurance Fund	Management Fund	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Premium revenue											
Insurance premium revenue	37,286	31,333	5,514	65,046	15,562	2,131	–	–	–	–	156,872
Less reinsurance payment	(23,061)	(19,468)	(2,766)	(64,668)	(11,749)	(1,609)	–	–	–	–	(123,321)
Net premium revenue	**14,225**	**11,865**	**2,748**	**378**	**3,813**	**522**	**–**	**–**	**–**	**–**	**33,551**
Investment income	58	23	6	7	1	–	(366)	–	1,050	–	779
Net commissions from reinsurers	6,035	637	–	6,491	(104)	(13)	–	–	–	–	13,046
Other revenue	–	–	–	–	–	–	–	–	12,436	(2,520)	9,916
Claim expense – net of reinsurance recoveries	(5,254)	(197)	(178)	(263)	–	–	(30)	–	–	–	(5,922)
Acquisition costs	(21,340)	(8,042)	(2,045)	(4,039)	(184)	(19)	–	–	–	–	(35,669)
Change in gross policy liabilities – Before Discount Rate	13,206	(2,432)	(346)	148	12	1	(75)	103	–	–	10,617
Change in gross policy liabilities – Discount Rate Movement	(2,215)	958	79	70	–	–	–	–	–	–	(1,108)
Fees to management fund	(1,176)	(1,295)	–	–	–	–	(49)	–	–	2,520	–
Other expenses	–	(176)	(41)	(124)	(3,536)	(491)	–	(108)	(14,420)	–	(18,896)
Profit/(loss) before tax	**3,539**	**1,341**	**223**	**2,668**	**2**	**–**	**(520)**	**(5)**	**(934)**	**–**	**6,314**
Income tax expense	(1,061)	(403)	(67)	(801)	–	–	–	–	609	–	(1,723)
Profit/(loss) after tax	**2,478**	**938**	**156**	**1,867**	**2**	**–**	**(520)**	**(5)**	**(325)**	**–**	**4,591**
Unallocated surplus at 30 June 2020	**47,368**	**417**	**550**	**580**	**26**	**3**	**1,252**	**–**	**(34,070)**	**–**	**16,126**
Transfer to Benefit Funds	8,500	1,000	–	2,250	–	–	–	5	(11,755)	–	–
Unallocated surplus at 30 June 2021	**58,346**	**2,355**	**706**	**4,697**	**28**	**3**	**732**	**–**	**(46,150)**	**–**	**20,717**

Details of Benefit Funds' income statements for the year ended 30 June 2020	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Blue Chip Endow-ment Assurance Fund	Manage-ment Fund	Inter Fund Elimin-ations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Premium revenue											
Insurance premium revenue	29,937	20,562	4,027	22,302	17,004	2,233	–	–	–	–	96,065
Less reinsurance payment	(18,842)	(12,740)	(2,027)	(22,174)	(11,653)	(1,494)	–	–	–	–	(68,930)
Net premium revenue	**11,095**	**7,822**	**2,000**	**128**	**5,351**	**739**	**–**	**–**	**–**	**–**	**27,135**
Investment income	143	35	14	8	4	1	295	1	1,045	–	1,546
Net commissions from reinsurers	6,890	591	–	2,668	(719)	(3)	–	–	–	–	9,427
Other revenue	–	–	–	–	–	–	–	–	10,020	(3,168)	6,852
Claim expense – net of reinsurance recoveries	(3,544)	(83)	(97)	(92)	–	–	(39)	–	–	–	(3,855)
Acquisition costs	(17,543)	(4,769)	(1,547)	(1,503)	(1,220)	(286)	–	–	–	–	(26,868)
Change in gross policy liabilities – Before Discount Rate	8,891	(1,878)	158	(16)	17	1	497	(1)	–	–	7,669
Change in gross policy liabilities – Discount Rate Movement	2,571	–	–	–	–	–	–	–	–	–	2,571
Fees to management fund	(920)	(1,587)	(205)	(403)	(3)	–	(50)	–	–	3,168	–
Other expenses	–	(117)	(25)	(39)	(3,426)	(451)	–	–	(10,206)	–	(14,264)
Profit/(loss) before tax	**7,583**	**14**	**298**	**751**	**4**	**1**	**703**	**–**	**859**	**–**	**10,213**
Income tax expense	(2,275)	(5)	(89)	(225)	(1)	–	–	–	41	–	(2,554)
Profit/(loss) after tax	**5,308**	**9**	**209**	**526**	**3**	**1**	**703**	**–**	**900**	**–**	**7,659**
Unallocated surplus at 30 June 2019	**34,410**	**328**	**341**	**454**	**23**	**2**	**549**	**–**	**(27,640)**	**–**	**8,467**
Transfer to Benefit Funds	7,650	80	–	(400)	–	–	–	–	(7,330)	–	–
Unallocated surplus at 30 June 2020	**47,368**	**417**	**550**	**580**	**26**	**3**	**1,252**	**–**	**(34,070)**	**–**	**16,126**

Details of Benefit Funds' balance sheet as at 30 June 2021	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Blue Chip Endow-ment Assurance Fund	Manage-ment Fund	Inter Fund Elimin-ations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets											
Cash and cash equivalents	5,611	5,827	1,494	6,759	1,355	173	117	–	7,722	–	29,058
Receivables	1,081	3,567	160	5,191	270	57	1	–	10,278	(7,880)	12,725
Other assets	–	–	–	–	–	–	–	–	5,006	–	5,006
Bank Bills and Term Deposits	7,020	2,486	542	100	237	54	4,500	–	5,411	–	20,350
Fixed Interest Investment	–	–	–	–	–	–	–	–	–	–	–
Gross policy liabilities ceded under reinsurance	3,341	13,239	2,970	12,636	2,784	474	–	–	–	–	35,444
Total assets	**17,053**	**25,119**	**5,166**	**24,686**	**4,646**	**758**	**4,618**	**–**	**28,417**	**(7,880)**	**102,583**
Liabilities											
Payables	8,610	6,009	1,571	7,356	1,789	273	2	–	8,079	(7,880)	25,809
Other liabilities	–	–	–	–	–	–	–	–	3,164	–	3,164
Gross policy liabilities	(49,903)	16,758	2,889	12,631	2,830	482	3,884	–	–	–	(10,429)
Total liabilities	**41,293**	**22,767**	**4,460**	**19,987**	**4,619**	**755**	**3,886**	**–**	**11,243**	**(7,880)**	**18,544**
Net assets	**58,346**	**2,352**	**706**	**4,699**	**27**	**3**	**732**	**–**	**17,174**	**–**	**84,039**
Members' funds											
Issued capital	–	–	–	–	–	–	–	–	62,451	–	62,451
Share-based payment reserve	–	–	–	–	–	–	–	–	871	–	871
Unallocated surplus	58,346	2,352	706	4,699	27	3	732	–	(46,148)	–	20,717
Total benefit members' funds	**58,346**	**2,352**	**706**	**4,699**	**27**	**3**	**732**	**–**	**17,174**	**–**	**84,039**

Details of Benefit Funds' balance sheet as at 30 June 2020	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Blue Chip Endow-ment Assurance Fund	Manage-ment Fund	Inter Fund Elimin-ations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets											
Cash and cash equivalents	6,076	3,376	950	1,884	2,038	151	34	104	9,607	–	24,220
Receivables	617	5,936	39	3,587	279	77	4	–	9,366	(7,792)	12,113
Other assets	1	–	–	–	–	–	–	–	3,641	–	3,642
Bank Bills and Term Deposits	4,000	1,304	539	103	236	54	1,084	–	408	–	7,728
Fixed Interest Investment	–	–	–	–	–	–	3,993	–	–	–	3,993
Gross policy liabilities ceded under reinsurance	3,436	10,570	2,162	12,023	4,211	543	–	–	–	–	32,945
Total assets	**14,130**	**21,186**	**3,690**	**17,597**	**6,764**	**825**	**5,115**	**104**	**23,022**	**(7,792)**	**84,641**
Liabilities											
Payables	6,954	7,517	1,449	4,839	2,469	270	54	–	3,874	(7,792)	19,634
Other liabilities	–	–	–	–	–	–	–	–	5,593	–	5,593
Gross policy liabilities	(40,192)	13,252	1,691	12,178	4,269	552	3,809	104	–	–	(4,337)
Total liabilities	**(33,238)**	**20,769**	**3,140**	**17,017**	**6,738**	**822**	**3,863**	**104**	**9,467**	**(7.792)**	**20,890**
Net assets	**47,368**	**417**	**550**	**580**	**26**	**3**	**1,252**	**–**	**13,555**	**–**	**63,751**
Members' funds											
Issued capital	–	–	–	–	–	–	–	–	47,120	–	47,120
Share-based payment reserve	–	–	–	–	–	–	–	–	505	–	505
Unallocated surplus	47,368	417	550	580	26	3	1,252	–	(34,070)	–	16,126
Total benefit members' funds	**47,368**	**417**	**550**	**580**	**26**	**3**	**1,252**	**–**	**13,555**	**–**	**63,751**

5.3 Policy & member liabilities

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Opening balance	(37,282)	(27,835)	(37,282)	(27,835)
Increase in outstanding claims	1,626	1,349	1,626	1,349
Decrease in net policy liabilities reflected in the income statement (pre tax)	(9,509)	(10,240)	(9,509)	(10,240)
Decrease in net policy liabilities reflected in the income statement (tax in relation to Profit Share)	(708)	(556)	(708)	(556)
Closing balance	(45,873)	(37,282)	(45,873)	(37,282)
Gross policy Liabilities				
Policy liabilities reserve	(63,094)	(41,800)	(63,094)	(41,800)
Claims reserve	48,421	34,868	48,421	34,868
Profit share reserve	4,244	2,595	4,244	2,595
Total Gross Policy Liability/(Asset)	(10,429)	(4,337)	(10,429)	(4,337)
Policy Liabilities – Ceded to Reinsurers				
Policy liabilities reserve	8,743	(683)	8,743	(683)
Claims reserve	(44,187)	(32,262)	(44,187)	(32,262)
Profit share reserve	–	–	–	–
Total Gross Policy Liability/(Asset)	(35,444)	(32,945)	(35,444)	(32,945)
Net Policy Liabilities				
Policy liabilities reserve	(54,351)	(46,292)	(54,351)	(46,292)
Claims reserve	4,234	6,415	4,234	6,415
Profit share reserve	4,244	2,595	4,244	2,595
Total Net Policy Liability/(Asset)	(45,873)	(37,282)	(45,873)	(37,282)

5.4 Capital Adequacy

NobleOak is subject to minimum capital regulatory capital requirements in accordance with APRA Life Insurance Prudential Standards. NobleOak is required to maintain adequate capital against the risks associated with its business activities and measure its capital to the 'Prudential Capital Requirement' (PCR).

NobleOak has in place an Internal Capital Adequacy Assessment Process (ICAAP), approved by the Directors, to ensure it maintains required levels of capital within each of its benefit and management funds. The capital adequacy position at balance date for NobleOak, in accordance with the APRA requirements, is as follows:

Capital position of the Company	2021 $'000	2020 $'000
(a) Capital Base	18,609	13,893
(b) Prescribed capital amount[1]	9,533	6,000
Capital in excess of prescribed capital amount = (a) – (b)	9,076	7,893
Capital adequacy multiple (%) (a)/(b)	195.2%	231.6%
Capital Base comprises:		
Common Equity Tier 1 Capital	84,039	63,751
Regulatory adjustment applied in calculation of Tier 1 capital	(65,430)	(49,858)
(A) Common Equity Tier 1 Capital	18,609	13,893
Additional Tier 1 Capital		
Regulatory adjustment applied in calculation of Additional Tier 1 capital	–	–
(B) Total Additional Tier 1 Capital	–	–
Tier 2 Capital		
Regulatory adjustment applied in calculation of Tier 2 capital	–	–
(C) Total Tier 2 Capital	–	–
Total capital base	18,609	13,893

Explanatory Notes:

1. The minimum level of assets required to be held in each statutory fund, prescribed by the solvency standard referred to in part 5 of the *Life Insurance Act 1995*.

Capital position of Benefit and Management Funds

2021	Risk Fund No. 1 $'000	PPS Mutual Benefit Fund $'000	Avant Benefit Fund $'000	NEOS Benefit Fund $'000	Freedom Insurance Benefit Fund $'000	Reward Insurance Benefit Fund $'000	Funeral Benefit Fund $'000	Blue Chip Endow-ment Bond Fund $'000	Total Benefit Funds $'000	Manage-ment Fund $'000
(a) Capital Base	2,040	1,300	1,085	4,626	277	53	737	–	10,118	8,489
(b) Prescribed capital amount	414	712	86	1,869	44	8	–	–	3,133	6,401
Capital in excess of prescribed capital amount = (a) – (b)	1,626	588	999	2,757	233	45	737	–	6,985	2,088
Capital adequacy multiple (%) = (a)/(b)	493%	183%	1266%	248%	630%	663%	–	–	323%	133%
Capital Base comprises:										
Net Assets (including Seed Capital)	61,109	2,407	1,456	4,797	277	53	731	–	70,830	17,174
Regulatory adjustment applied in calculation of Tier 1 capital	59,069	1,107	371	171	–	–	(6)	–	60,712	8,685
(A) Net assets after applying any regulatory adjustments	2,040	1,300	1,085	4,626	277	53	737	–	10,118	8,489
Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Regulatory adjustment applied in calculation of Tier 2 capital	–	–	–	–	–	–	–	–	–	–
(B) Total Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Total capital base	2,040	1,300	1,085	4,626	277	53	737	–	10,118	8,489
Prescribed capital amount comprises:	–	–	–	–	–	–	–	–	–	–
(C) Insurance Risk Charge	211	499	65	–	–	–	–	–	775	–
(D) Asset Risk Charge	317	–	44	319	44	8	–	–	732	456
(E) Asset Concentration Risk Charge	–	–	–	1,550	–	–	–	–	1550	–
(F) Operational Risk Charge	–	–	–	–	–	–	–	–	–	5,945
(G) Aggregation benefit	114	–	23	–	–	–	–	–	137	–
(H) Combined scenario adjustment	–	213	–	–	–	–	–	–	213	–
(I) APRA approved transition amount under capital adequacy standards	–	–	–	–	–	–	–	–	–	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	414	712	86	1,869	44	8	–	–	3,133	6.401

Capital position of Benefit and Management Funds

2020	Risk Fund No. 1 $'000	PPS Mutual Benefit Fund $'000	Avant Benefit Fund $'000	NEOS Benefit Fund $'000	Freedom Insurance Benefit Fund $'000	Reward Insurance Benefit Fund $'000	Funeral Benefit Fund $'000	Blue Chip Endow-ment Bond Fund $'000	Total Benefit Funds $'000	Manage-ment Fund $'000
(a) Capital Base	2,488	469	690	756	276	53	1,253	–	5,985	7,906
(b) Prescribed capital amount	124	–	33	204	65	9	–	–	435	4,102
Capital in excess of prescribed capital amount = (a) – (b)	2,364	469	657	552	211	44	1,253	–	5,550	3,804
Capital adequacy multiple (%) = (a)/(b)	2006%		2091%	371%	425%	589%			1379%	193%
Capital Base comprises:										
Net Assets (including Seed Capital)	50,133	467	1,300	680	276	53	1,252	–	54,161	13,556
Regulatory adjustment applied in calculation of Tier 1 capital	(47,645)	2	(610)	76	–	–	1	–	(48,176)	(5,650)
(A) Net assets after applying any regulatory adjustments	2,488	469	690	756	276	53	1,253	–	5,985	7,906
Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Regulatory adjustment applied in calculation of Tier 2 capital	–	–	–	–	–	–	–	–	–	–
(B) Total Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Total capital base	2,488	469	690	756	276	53	1,253	–	5,985	7,906
Prescribed capital amount comprises:										
(C) Insurance Risk Charge	68	–	–	–	–	–	–	–	68	–
(D) Asset Risk Charge	92	–	33	204	65	9	–	–	403	628
(E) Asset Concentration Risk Charge	–	–	–	–	–	–	–	–	–	–
(F) Operational Risk Charge	–	–	–	–	–	–	–	–	–	3,474
(G) Aggregation benefit	36	–	–	–	–	–	–	–	36	–
(H) Combined scenario adjustment	–	–	–	–	–	–	–	–	–	–
(I) APRA approved transition amount under capital adequacy standards	–	–	–	–	–	–	–	–	–	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	124	–	33	204	65	9	–	–	435	4,102

5.5 Summary of Significant Actuarial Methods and Assumption

The effective date of the Actuarial Valuation Report on policy liabilities and solvency reserves calculation is 30 June 2021. The actuarial report was prepared by Ms. B. Cummings BEc (Hons) FIAA. The Actuarial Valuation Report indicates that Ms. B. Cummings is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

Valuation of Policy Liabilities

Policy liabilities for life insurance business have been determined in accordance with Life Prudential Standard 340 issued by the Australian Prudential Regulation Authority. The standard requires that the policyholder liabilities be calculated on the basis of best estimate assumptions and in a way that allows for the systematic release of planned margins as services are provided to policyholders or premiums are received.

The policy liabilities for the Freedom Fund, the Reward Fund and the Funeral Fund have been calculated using an accumulation method. Under this method the policy liability is equal to the policies' Termination Value. There are no deferred acquisition cost assets which require an Acquisition Expense Recovery Component.

The Termination Value has been calculated as the sum of the amount of unearned premium (where the policyholders continue to pay premiums upon renewal), the value of incurred claim liabilities and the face value of guaranteed and discretionary policyholder benefits not recognised elsewhere within the Balance Sheet. No explicit actuarial assumptions are required for the accumulation method except to estimate a provision for incurred but not reported claims and outstanding claim payments for Group Salary Continuance. The use of the accumulation method will result in profits emerging in proportion to premium.

The Acquisition Expense Recovery Component (also known as Deferred Acquisition Cost or DAC) refers to the costs incurred in order to acquire new business. As the benefits obtained from these costs are expected to be long term in nature, it is reasonable to defer the recognition of these costs to align with the benefits obtained. These acquisition costs are allocated to Risk Fund No. 1 and the Avant Benefit Fund in line with NobleOak's DAC Policy.

A Liability Adequacy Test (LAT) is required to ensure that future investment earnings and premium income are expected to exceed future benefit payments and expenses. The expenses of the benefit fund include management fees paid to the Management Fund, stamp duty whenever a premium is collected and the amortisation of the DAC (which was described previously).

The policy liability for Risk Fund No. 1, the PPS Mutual Benefit Fund, the Avant Benefit Fund, and Neos Benefit Fund has been calculated using the projection method. The projection method uses expected cash flows (premium, investment income, redemptions or benefit payments and expenses) to establish the value of policy liability based upon a range of actuarial assumptions including lapse, mortality, morbidity and expense assumptions. The policy liabilities held reflect:

- The value of expected future premiums is deducted from the value of expected future benefit and expense payments to determine the net obligation to policy owners over the life of the contract (allowing for guaranteed renewability); plus
- The value of expected future profits such that no profit or loss arises when a life insurance contract is issued; plus
- The value of incurred claim liabilities not recognised elsewhere within the Balance Sheet.

Where a DAC exists, this method results in the DAC being implicit within the cash-flows and thus the DAC is not explicitly held on the balance sheet. The LAT is also implicit within the projection method of determining policy liabilities. A deficiency reserve is required only if the projected future value of premiums and investment income are not sufficient to meet the projected future value of benefit and expense payments. The application of the projection method for Risk Fund No. 1, the PPS Mutual Benefit Fund, the Avant Benefit Fund and the Neos Benefit Fund will result in profits emerging in line with proportion to premiums.

Disclosure of Material Assumptions

The following table summarises the 30 June 2021 best estimate assumptions adopted for determining policy liabilities.

30 June 2021 Best Estimate Assumptions	RF1	PPS	Avant	Neos
Lump Sum Industry Standard Table	**ALS 2014-18**	**ALS 2014-18**	**ALS 2014-18**	**ALS 2014-18**
Death Standalone	85%	85%	90%	90%
Death with Rider	85%	85%	90%	90%
TPD	100%	85%	100%	100%
Trauma	100%	80%	90%	100%
IDII Industry Standard Table	**ADI 2014-18**	**ADI 2014-18**	**ADI 2014-18**	**ADI 2014-18**
Incidence	85%	85%	90%	100%
Terminations	100%	120%	115%	100%
Lapse Assumptions				
Stepped premium: lapses under age 55	6% to 15%	6% to 15%	7% to 12%	2% to 12%
Stepped premium: lapses over age 55	6% to 24%	12% to 28%	17% to 28%	10% to 20%
Level premium: lapses under age 55	N/A	5% to 12%	7% to 12%	1% to 7%
Level premium: lapses over age 55	N/A	11% to 28%	11% to 28%	6% to 12%
Discount Rates	**0% to 3%**	**0% to 3%**	**0% to 3%**	**0% to 3%**
Shock lapses for repricing	**+1-3%**	**100%**	**N/A**	**N/A**
Maintenance expense ratio	**6%**	**42% to 51%**	**28% to 42%**	**45%**

Sensitivities

NobleOak conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results and best estimate of future performance are calculated using certain assumptions about these variables. The movement in any key variable may impact the reported results. The table below illustrates how outcomes during the financial year ended 30 June 2021 in respect of the key variables would have impacted on the net profit.

	Change in Profit after Tax $'000	Change in Equity $'000
Claims Reserves		
Increase by 10%	(1,421)	(1,421)
Decrease by 10%	–	–
Lapse Rate		
Increase by 10%	(44)	(44)
Decrease by 10%	–	–
Policy Liability Discount Rate		
Increase of 0.3%	(817)	(817)
Decrease of 0.3%	695	695

1. The discount rate sensitivity reflects a 30bps parallel shift of the 30 June 2021 yield curve, and is thus dependent upon the shape of the yield curve at the valuation date. The shape of the yield curve will differ in comparison to both prior and future periods. The impact of discount rate changes are recognised as profit or loss in the current period.
2. The impact of non-economic assumption changes (such as claims and lapses) do not impact current period profit or loss, but are instead recognised in future periods where benefits are not in loss recognition (or have not become loss making as a result of the assumption change). If benefits are in loss recognition (or have become loss making) as a result of changes to non-economic assumptions, the impact of these non-economic assumption changes are capitalised in current period profit or loss.

5.6 Critical accounting judgements and estimates

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. 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. Details of specific actuarial policies and methods are set out in note 5.5.

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.

COVID-19

In response to COVID-19, with the support of our appointed actuary, NobleOak has prepared scenarios which consider the implications of unfavourable claims experience, reduced sales and increased lapses on the portfolio. In line with the rest of the industry, NobleOak expects increases to income protection and mental health claims from the indirect effects of the pandemic.

The calculated stress testing scenarios which have been used are based on two possibilities. Scenario one is that the Federal Government's measures are highly successful, with the economy having a relatively swift return to strength, with Scenario Two being a more material impact to the economy.

The results for the year ended 30 June 2021 include additional best estimate reserves for potential COVID-19 related claims. The implications of the pandemic however, remain highly uncertain.

6 CAPITAL STRUCTURE

6.1 Share capital

(a) Issued share capital

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fully paid ordinary shares	62,451	47,120	62,451	47,120

Movement in issued share capital

	Company & Consolidated		
Ordinary Shares	**Number of Shares**	**Issue Price**	**$ Value ('000)**
Opening Balance 1 July 2019	52,840,780		37,122
Ordinary Share – Sophisticated investors – Nov 19[i]	3,877,735	1.55	6,009
Ordinary Shares – Staff share scheme – Feb 20[ii]	68,370	1.55	106
Ordinary Shares – Sophisticated investors – Feb 20[iii]	2,580,645	1.55	4,000
Ordinary Shares – Employee Options – Exercised March 2020[iv]	50,000	0.75	38
Less Transaction cost			(155)
Balance 30 June 2020	**59,417,530**		**47,120**
Ordinary Shares – Employee Options – Exercised July 2020[v]	15,000	1.05	16
Ordinary Shares – Long-Term Incentives – 1 September 2020[vi]	57,733	1.55	89
Ordinary Share – Sophisticated investors – Dec 20[vii]	8,434,028	1.80	15,181
Ordinary Shares – Staff share scheme – Jan 21[ii]	50,505	1.80	91
Less Transaction cost			(46)
Balance 30 June 2021	**67,974,796**		**62,451**

(i) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in November 2019.

(ii) Ordinary Shares issued to employees under the Employee Share Purchase Plan, the shares were issued at the then market rate. A new Employee Share Plan issue was undertaken in Jan 2021, in addition to the issue in Feb 2020.

(iii) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in February 2020.

(iv) Options issued to employees in the 2015 Premium Options Plan (staff) have been exercised.

(v) Options issued to employees in the 2016 Premium Options Plan (staff) have been exercised.

(vi) Ordinary Shares issued to CEO with performance criteria under the 2017 Long-Term incentive plan.

(vii) Ordinary Shares issued to sophisticated investors from capital raising activities undertaken in December 2020.

(b) Share-based payment reserve

	Number of Options/ Rights	$ Value ('000)
Opening Balance 1 July 2019	1,407,690	206
2015 Premium Option Plan (Staff) exercised(i)	(50,000)	(2)
Option Plan 2019 – IPO(ii)	(294,808)	150
Ordinary Shares – 2017 Long-Term Incentive Rights(iii)	19,424	20
Ordinary Shares – 2018 Long-Term Incentive Rights(iv)	34,570	40
Ordinary Shares – 2019 Long-Term Incentive Rights(v)	58,710	91
Balance 30 June 2020	**1,175,586**	**505**
2016 Premium Option Plan (Staff) exercised(vi)	(35,000)	–
Option Plan 2019 – IPO(ii)	(930,660)	(179)
Ordinary Shares – 2017 Long-Term Incentive Rights(iii)	(58,313)	(90)
Ordinary Shares – 2018 Long-Term Incentive Rights(iv)	66,847	168
Ordinary Shares – 2019 Long-Term Incentive Rights(v)	52,059	125
Ordinary Shares – 2020 Long-Term Incentive Rights(vii)	132,046	256
Option Plan 2021 – IPO(viii)	731,312	86
Balance 30 June 2021	**1,133,877**	**871**

Options/rights plan	Number	Grant date	Expiry date	Exercise price ($)
Exercised/Expired				
(1) 2015 Premium Option Plan (Staff)(i)	50,000	18/03/2015	11/03/2020	0.75
(2) 2016 Premium Option Plan (Staff)(vi)	35,000	01/12/2016	01/07/2020	1.045
(3) 2017 Performance Rights Plan(iii)	58,313	03/11/2017	N/A	Nil
(4) Option Plan 2019 – IPO(ii)	1,225,468	01/06/2019	31/12/2022 & 31/12/2023	1.30
Current				
(5) 2018 Performance Rights Plan(iv)	159,750	23/06/2019	N/A	Nil
(6) 2019 Performance Rights Plan(v)	110,769	20/12/2019	N/A	Nil
(7) 2020 Performance Rights Plan(vii)	132,046	20/12/2019	N/A	Nil
(8) Option Plan 2021 – IPO(viii)	731,312	26/02/2021	01/11/2022 & 01/11/2023	1.80

(i) Options issued under the 2015 Premium Option Plan have been exercised and the plans have now expired.

(ii) Options issued on 1 June 2019 to executives and senior management were forfeited as the planned objectives were not achieved.

(iii) A 2017 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2020. During the 2021 year ordinary shares were issued to CEO with performance criteria and the plan has been finalised.

(iv) A 2018 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2021. This reserve is a provision for the potential shares earned to date based on current year's results. During the 2021 year the expected rights issue increased from that estimated in 2020.

(v) A 2019 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2022. This reserve is a provision for the potential shares earned to date based on current year's results. During the 2021 year the expected rights issue increased from that estimated in 2020.

(vi) Options issued under the 2016 Premium Option Plan have been exercised and the plans have now expired.

(vii) A 2020 Long-term incentive plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2023. This reserve is a provision for the potential shares earned to date based on current year's results.

(viii) Options issued on the 26 February 2021 to executives and senior management and vest in 2022 and 2023 are dependent on achieving the planned objectives.

Share-based payment arrangements

Equity-settled share-based payments to Directors and employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

6.2 Accumulated profits

	Consolidated		The Company	
	2021	2020	2021	2020
Balance at beginning of financial year	16,395	8,759	16,126	8,467
Net profit from operation after income tax	4,903	7,636	4,591	7,659
Balance at end of financial year	21,298	16,395	20,717	16,126

7 OTHER DISCLOSURES

7.1 Related party disclosures

(a) Key management personnel remuneration

The compensation of the Directors and Key Personnel is set out below:

	Consolidated	
	2021 $'000	2020 $'000
Non-Executive Directors		
Short-term employee benefits	614	459
Post-employment benefits	27	17
Share-based payments	–	–
	641	476
Executive Directors and Key Personnel		
Short-term employee benefits	1,168	1,006
Post-employment benefits	44	42
Share-based payments	493	207
	1,705	**1,255**
Total	**2,346**	**1,731**

(b) Options issued to Directors

Anthony Brown was a participant in the 2019 option plan dated 1 June 2019 established for key personnel and is based on the achievement of specific goals, Anthony Brown was issued with 351,327 options under this plan that vest on achieving the specific events in 2020 and 2021. The options issued to Anthony Brown were forfeited during the year as the specific goals were not achieved.

A new option plan dated 26 February 2021 was established for key personnel and is based on the achievement of specific goals, Anthony Brown was issued with 273,084 options under this plan that vest on achieving the specific events in 2022 and 2023.

(c) Performance Rights Plan

In November 2017, the Board established a Performance Rights Plan as a long-term incentive program to align key management personnel to the performance of the Group. This program issues performance rights each year to eligible personal with each issue based on achieving the business plan objectives (inforce premium and earning) over a 3-year period. Issues under this program to Anthony Brown have been:

Year	Full Entitlement	Accrued to balance date
2018	281,062	100,467
2019	208,064	69,653
2020	253,703	42,227
2021	231,795	N/A

(d) Other transactions with Directors

There has been no other revenue or expense that has arisen from transactions with any of the Directors or their related entities.

7.2 Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation or registration.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2021 %	2020 %
NobleOak Services Limited	Sydney, Australia	100%	100%
Genus Life Insurance Services Pty Ltd	Sydney, Australia	100%	100%
NobleOak Aspire Pty Ltd	Sydney, Australia	100%	100%

Subsidiaries financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

7.3 Notes to the consolidated statement of cash flow

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and cash in money market accounts, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash and cash equivalents(i)	31,842	28,517	29,058	24,220

(i) The Consolidated balance includes restricted cash held in the trust account of the subsidiary, as a Trustee of My Protection Plan of $435,961 (2020: $423,302)

(b) Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Profit after tax	4,903	7,636	4,591	7,659
Depreciation and amortisation of non-current assets	1,240	1,258	683	689
Expense related to Share-based Payment Reserve	366	298	366	298
Decrease/(increase) in market value of investments	353	(277)	353	(277)
(Decrease) in policy liabilities	(8,591)	(9,447)	(8,591)	(9,447)
Lease interest expense	88	126	64	92
Decrease in assets:				
Receivables	314	(4,781)	1,435	(8,103)
Other assets	(2,788)	(937)	(2,558)	(303)
Increase in liabilities:				
Payables	3,580	9,633	4,801	10,461
Provisions	(185)	3,084	(600)	2,443
Net cash from operating activities	(720)	6,593	544	3,512

7.4 Information on the Group's operations

The Group operates primarily in life insurance industry. The Group's operations are located in New South Wales and its customers are located in each State and Territory of Australia.

7.5 Additional information

NobleOak Life Limited is a public company limited by shares, incorporated in Australia. If the Group is wound up, shareholders will not be required to contribute further equity other than the balance of any partially paid shares.

Principal Place of Business & Registered Office
Level 7, 66 Clarence Street
SYDNEY, NSW 2000
Tel: 1300 041 494

7.6 Contingent liabilities

The Group has provided a bank guarantee of $520,998 to support the commercial lease on its office premises at Level 1 and Level 7, 66 Clarence Street, Sydney NSW 2000.

The Company has provided indemnity in favour of the insurer or reinsurer if its subsidiary Genus breaches the Freedom administration arrangements (other than those relating to remediation) and the insurer or reinsurer suffers loss. The indemnity is 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.

7.7 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.

DIRECTORS' DECLARATION

The Directors of the Group declare that the attached financial statements and notes are in accordance with the *Corporations Act 2001* and:

(a) comply with Accounting Standards and other mandatory professional reporting requirements, the Corporations Regulations 2001 and as stated in Note 1 to the financial statements, compliance with International Financial Reporting Standards (IFRS);

(b) give a true and fair view of the financial position as at 30 June 2021 and the performance for the year ended on that date;

(c) in the opinion of the Directors there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(d) the allocation and distribution of the surplus of the Benefit Funds of the Group have been made in accordance with Division 5 of Part 4 of the *Life Insurance Act 1995* and the Benefit Fund Rules of each Benefit Fund; and

(e) no assets of the Benefit Funds of the Group have been applied or invested in contravention of any relevant laws.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chair

Sydney, 30 August 2021

INDEPENDENT AUDITOR'S REPORT

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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225 George Street
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Independent Auditor's Report to the Members of NobleOak Life Limited

Report on the Audit of the Financial Reports

Opinion

We have audited the financial reports of NobleOak Life Limited (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's statements of financial position as at 30 June 2021, the statements of profit or loss and other comprehensive income**,** the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies**,** and the directors' declaration.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group and the Company's financial position as at 30 June 2021 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the Group for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Insurance policy liabilities As at 30 June 2021 the Group's life insurance policy liabilities totalled \$(10.4) million, calculated based of recognised actuarial methods and assumptions, as disclosed in Note 5.1. There is a high degree of management judgment and estimation uncertainty associated with the valuation of the policy liabilities. Key areas of judgement include: • Lapse rates; • Discount rates; • Expense allocation assumptions; • Economic assumptions – inflation and indexation; and • Ongoing impact of COVID-19.	In conjunction with our actuarial specialists our procedures included, but were not limited to: • Assessing the appropriateness of valuation methodology, valuation process and valuation model used to determine the insurance policy liabilities to ensure compliance with APRA's Life Prudential Standard 340, "Valuation of Policy Liabilities"; • Evaluating the design and operating effectiveness of relevant controls relating to the policy valuations; • Assessing the impact of the change in modelling approach from the accumulation method in the prior year to the projection method; • Testing on a sample basis, the accuracy of outstanding claims by tracing claims estimate and claims payments to third party evidence; • Testing on a sample basis, the reasonableness of the valuation model output; • Assessing the valuation methodology and key assumptions (including interest rates, lapse rates, mortality, morbidity and expense ratios and the ongoing impact of COVID-19); • Comparing model outputs to results of experience studies for reasonableness; • Reviewing the reasonableness of the year's changes in reserves and analysis of profit conducted by management; and • Assessing the appropriateness of the disclosures in Note 5.1 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group and Company's annual report for the year ended 30 June 2021, but does not include the financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Reports

The directors are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are

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responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 51 the Directors' Report for the year ended 30 June 2021**.**

In our opinion, the Remuneration Report of NobleOak Life Limited, for the year ended 30 June 2021**,** complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants

Sydney, 30 August 2021

SHAREHOLDERS' INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 25 August 2021, the following entities have notified NobleOak that they are substantial holders with holdings reflected below as per their respective notices.

Rank	Name	No. of shares as per notice	% of issued capital
1	Samuel Terry Asset Management Pty Ltd as Trustee for Samuel Terry Absolute Return Fund	14,173,978	16.90%
2	Private Portfolio Managers Pty Limited (PPM) & Subsidiary Portfolio Nominees Pty Limited on behalf of clients	7,378,446	8.85%
3	Anthony Brown and associate Brohok Investment Co Pty Ltd	5,384,914	6.42%
4	Gordon Group	5,363,718	6.39%
5	Ethical Partners Funds Management Pty Ltd	4,758,600	5.67%
6	Scott Gant	4,638,168	5.53%
7	Magellan Financial Group Limited and its related bodies corporate	4,223,603	5.03%
8	Perpetual Limited and its related bodies corporate	4,210,997	5.02%

TWENTY LARGEST SHAREHOLDERS (AS AT 25 AUGUST 2021)

Rank	Name	No. of shares as per notice	% of issued capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,530,838	15.81%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,607,470	10.06%
3	PORTFOLIO NOMINEES PTY LTD	6,968,190	8.14%
4	CITICORP NOMINEES PTY LIMITED	5,315,916	6.21%
5	BROHOK INVESTMENT CO PTY LTD	3,980,769	4.65%
6	ES GORDON PTY LIMITED <GORDON FAMILY NO 2 A/C>	3,620,865	4.23%
7	FF OKRAM PTY LTD <THE FF OKRAM TRUST>	3,102,439	3.63%
8	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,066,086	3.58%
9	ASSET RESOLUTION LIMITED	2,580,645	3.02%
10	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	2,512,821	2.94%
11	MONERIS PTY LTD	2,400,000	2.81%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,947,157	2.28%
13	GANT SUPER PTY LTD <QUAY SUPER FUND A/C>	1,910,000	2.23%
14	NATIONAL NOMINEES LIMITED	1,715,300	2.00%
15	INNOVATION HOLDINGS AUSTRALIA PTY LTD	1,641,025	1.92%
16	EVANIC INVESTMENTS PTY LIMITED	1,611,807	1.88%
17	GREENWICH CAPITAL PARTNERS PTY LTD	1,597,793	1.87%
18	TREVOR AND JODIE GROENEVELD <T GROENEVELD SUPER FUND>	1,441,427	1.68%
19	ANTHONY R BROWN	1,403,376	1.64%
20	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,399,777	1.64%

ORDINARY SHARE CAPITAL

There are 85,562,596 fully paid ordinary shares held by 2,283 shareholders. All the shares carry one vote per share.

DISTRIBUTION OF SHAREHOLDERS

The distribution of Shareholders as at 25 August 2021 is as follows:

Range	Total holders	Units	% of issued capital
1 – 1,000	1,380	819,249	0.96%
1,001 – 5,000	751	1,303,221	1.52%
5,001 – 10,000	27	198,243	0.23%
10,001 – 100,000	64	2,652,949	3.10%
100,001 and over	61	80,588,934	94.19%
Total	**2,283**	**85,562,596**	**100.00%**

SHARES UNDER VOLUNTARY ESCROW

Shares subject to voluntary escrow as at 25 August 2021 are as follows:

NobleOak Directors and Executives:	
Anthony R Brown (and his controlling entities)	5,384,914
Kevin Hamman (and his controlling entities)	1,100,002
Stephen Harrison (and his controlling entities)	188,454
Emery Feyzeny (and his controlling entities)	390,000
Andrew Boldeman	51,282
Scott Pearson	50,641
Auto & General:	
Auto & General (and its controlling entities)	1,641,025

DIRECTORY

Registered Office and Contact Details

NOBLEOAK LIFE LIMITED
ABN 85 087 648 708
AFSL No 247302

Level 7
66 Clarence Street
Sydney NSW 2000, Australia

Telephone: +61 2 8123 2622
Email: companysecretary@nobleoak.com.au
Website: www.nobleoak.com.au

Current Directors

Stephen Harrison
Emery Feyzeny
Kevin Hamman
Andrew Boldeman
Inese Kingsmill
Anthony Brown

Chief Executive Officer

Anthony Brown

Company Secretary

Charisse Nortje

Appointed Actuary

Briallen Cummings

Chief Risk Officer

Matthew Wilson

Auditors

Deloitte Touche Tohmatsu

Stock Listing

NobleOak Life Limited is listed on the Australian Securities Exchange (ASX) under the ASX code 'NOL'

Share Registry

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registry:

AUTOMIC PTY LTD
Level 5, Deutsche Bank Tower
126 Phillip Street
Sydney NSW 2000, Australia

Telephone: 1300 288 664
Email: hello@automic.com.au
www.automicgroup.com.au

NobleOak

The smarter way to insure your life

www.nobleoak.com.au