NOBLEOAK

2021 Half-Year Condensed Consolidated Financial Report

For the half-year ended
31 December 2021

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DIRECTORS' REPORT

The Directors of NobleOak Life Limited (ASX: NOL, NobleOak or the Company) submit herewith the financial report of NobleOak Life Limited and its subsidiaries (the Group) for the half-year ended 31 December 2021 (HY22). In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of Directors of the Company during the half-year ended 31 December 2021 and up to the date of this report are:

- Andrew Boldeman
- Sarah Brennan (appointed 8 December 2021)
- Anthony Brown (CEO)
- Kevin Hamman
- Stephen Harrison (Chairman)
- Inese Kingsmill
- Emery Feyzeny (retired 1 December 2021)

The above-named Directors held office during and since the end of the half-year unless otherwise stated above.

Company Secretary

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

Principal Activities

The principal activities of the Group during the period were the manufacture and distribution of Life Insurance products (including death, total and permanent disability, trauma, income protection and business expenses insurance) through both its Direct and Strategic Partnership (Advised) channels. NobleOak also provides administration services for run-off Life Insurance portfolios through its subsidiary Genus Life Insurance Services Pty Ltd.

OPERATING AND FINANCIAL REVIEW

The Board presents its HY22 operating and financial review to provide shareholders with an overview of the Group's operations, business strategies, financial position, and prospects for the future. This review complements the half-year financial report and has been prepared to provide useful and meaningful information.

As an APRA-regulated friendly society, NobleOak manufactures and distributes life risk insurance products (including death, total and permanent disability, trauma, income protection and business expenses insurance) through both its Direct and Strategic Partnership (Advised) channels. NobleOak also provides administration services for run-off Life Insurance portfolios through its subsidiary Genus Life Insurance Services Pty Ltd. NobleOak is a challenger brand to the more traditional life risk insurance market incumbents and operates in the approximately $10 billion Australian individual life risk insurance market.

OVERVIEW OF NOBLEOAK'S OPERATIONS

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

- 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, direct-to-market and through Alliance Partners, 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") on an advised basis; and
- Genus: administration business, managing insurance portfolios which are no longer issuing new policies (entirely reinsured).

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

Genus

Administration business

Administration of legacy life insurance portfolios

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

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:

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

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.

Overall, the Directors believe that there are significant growth opportunities for the Group in the short, medium and long term, which can be broadly placed in the following three categories as outlined in our 30 June 2021 Annual Report:

- increasing insurance risk retained by NobleOak;
- organic growth initiatives; and
- acquisition opportunities.

IPO AND ASX LISTING

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. This was a significant milestone for NobleOak and the Directors would like to thank everyone who was involved in the process, including our supportive new and existing shareholders.

The Company's shares were offered at $1.95 each, with total proceeds (before transaction costs) of $63 million. NobleOak received $31 million for the issue of new shares and the selling shareholder, Avant, receiving $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. The Prospectus is available on the Company's website.

ACQUISITION OF RUN-OFF ADMINISTRATION PORTFOLIO

On 22 July 2021, NobleOak (via its wholly-owned subsidiary, Genus Life Insurance Services Pty Ltd) 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 entered into a distribution agreement with Auto & General. The transaction successfully completed on 25 August 2021, with integration anticipated to be completed by April 2022.

The total consideration payable by Genus for the A&G Portfolio is $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 was launched in February 2022, for an initial three-year term.

DIVIDEND PAYMENTS

In June 2021, 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 $8.2 million was paid to holders of ordinary shares in the Company as at the Record Date of 9 June 2021.

As outlined in the Prospectus document, Noble Oak's current priority is to reinvest cash flows into the business to support its ongoing growth. Accordingly, no dividend has been declared for the first half of FY22.

REGULATORY ENVIRONMENT AND MARKET RESPONSE

The Life Insurance industry continues to attract regulatory focus and scrutiny. Whilst this places additional compliance, risk and reporting obligations on industry participants, NobleOak supports the developments as it aligns well with the Company's culture to ensure a "customer first" approach and a sustainable industry.

Over the past few years, there has been a particular focus on the poor performance of the retail income protection market. Industry regulators have challenged all Life Insurance providers to evolve the design of income protection products to ensure they are sustainable over the long-term.

On 1 October 2021, all Life Insurance providers relaunched their income protection products and removed previous products from the market. As expected, NobleOak observed an increase in applications before the 1 October closure of the old products and a material reduction in new business following the launch of the new products, in line with the industry. NobleOak does not expect market activity to normalise in FY22 as insurers continue to benchmark their products and pricing to ensure they fit with their respective strategies and risk appetites.

NobleOak continues to support the regulatory developments designed to improve industry sustainability and views these as positive developments which will present opportunities for niche players such as NobleOak which have a strong value proposition, focussed on providing a fully underwritten product at competitive prices.

RISK MANAGEMENT

NobleOak has systems in place 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 Group's Risk Management Framework.

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

Enterprise Risk Appetite Statement
Product 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

Recovery Plan
A contingency plan which interacts with ICAAP to restore

Key Risk Policies
Governance Policies that address key material risks

Business Plan
12-month plan and 2 year business strategy

Strategic Partner Governance Framework
Oversight rhythms for partnership business 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 Statement and Product Risk Appetite Statement of the organisation and specifically within risk tolerances as set out in its Enterprise 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.

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

- failure to comply with, and adverse changes to, applicable laws and regulations;
- industry and regulatory compliance investigations;
- additional regulatory capital requirements;
- governance and risk management practices may not be effective;
- insurance risk;
- reinsurance risk;
- distribution risks including risks relating to Strategic Partner relationships;
- operational risk;
- discontinuance risk;
- concentration of insurance risk.

More detailed commentary of NobleOak's key risks by category are outlined in the 30 June 2021 Annual Report.

HY22 RESULTS OVERVIEW

NobleOak's strong growth continued over the last six months. As at 31 December 2021, NobleOak had over 94,000 (30 June 2021: 77,000) active Life Insurance policies (excluding Genus), representing over $226 million (30 June 2021: $182 million) of annual in-force premiums.

NobleOak has developed a trusted brand in the Australian life risk insurance market, combining contemporary Life Insurance products with a digital technology platform and service-driven business model. During the half year NobleOak announced new direct distribution partner arrangements which will see its products marketed and distributed to more than 2.2 million potential customers Australia-wide. The new partners are:

- Royal Automobile Club of Western Australia (RAC WA), which was launched ahead of schedule in October 2021,
- Budget Direct, which was launched in February 2022, and
- Qudos Bank, launched in December 2021.

Across the business, underwriting performance remains strong with no material claims deterioration, and while expenditure was elevated in the first half of the year due to investment in new Individual Disability Income Insurance (IDII) product development and onboarding new partnerships, this is not expected to continue beyond the short-term. The half year results also included IPO related expenses which have been excluded from the underlying results, this allows the users of financial information to better assess the underlying performance of the business.

Following its successful Initial Public Offering (IPO) in July 2021, NobleOak has strengthened its balance sheet and capital adequacy levels significantly, and is strongly positioned to continue its growth trajectory as well as meet its obligations to its policyholders and other stakeholders.

NobleOak achieved the following results for the half-year ended 31 December 2021:

After Tax Results by Segment $'000	Consolidated HY22	Consolidated HY21	Variance %
Direct	2,576	1,693	52%
Strategic Partners	1,449	730	98%
Genus	555	684	(19%)
Group Underlying NPAT[1]	**4,580**	**3,107**	**47%**
Impact of policy liability discount rate changes (post tax)	(637)	(434)	47%
Impact of IPO expenses (post tax)	(1,965)	–	–
Reported NPAT	**1,978**	**2,673**	**(26%)**
Reported Diluted earnings per share (cents)	2.56	4.38	(42%)
Underlying Diluted earnings per share (cents)	5.92	5.09	16%

1 Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact of changes in policy liability discount rates and IPO expenses. 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*).

Underlying net profit after tax grew to $4.6 million (HY21: $3.1 million) an increase of 47% on the prior corresponding period and 12% ahead of the HY22 Pro forma (Underlying) Prospectus forecast of $4.1 million.

After allowing for the impact of changing interest rates on the valuation of policy liabilities and non-recurring costs pertaining to the IPO, NobleOak's Reported NPAT decreased by (26%) to $2.0 million (HY21: $2.7 million).

The Company is pleased with the performance of all business segments, each of which has contributed positively during the period and exceeded its respective HY22 Pro forma (Underlying) Prospectus forecasts.

KEY METRICS

	Consolidated	
$'000 / %	HY22	HY21
In-force premiums (ex-Genus) at period end	226,472	142,389
New business Sales (annualised premium)	40,177	31,645
Net insurance premium revenue	30,845	21,306
Net insurance premium revenue growth	45%	28%
Underlying gross insurance margin	15%	18%
Underlying administration expense ratio	10%	12%
Investment return	0.1%	0.2%

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

IN-FORCE PREMIUM AND NEW BUSINESS

In-force premiums are the key value driver of NobleOak's business, and the Company was pleased to deliver strong in-force premium growth of 59% on the prior corresponding period to $226.5 million, which is 12% ahead of the Prospectus forecast. This growth was driven by a good sales performance, particularly in the Strategic Partner Segment and continued low lapse rates across both the Direct and Strategic Partner Segment.

New business sales for the six months were $40.2 million, up 27% on the prior corresponding period, as NobleOak continued to achieve strong market share gains in both the direct and intermediated channels. In HY22, sales also benefited from heightened customer activity in the lead up to the 1 October 2021 deadline by which all insurers were required to launch new IDII products in accordance with new regulatory standards. This effectively brought insurance sales forward.

Customer insurance purchasing activity has decreased across the industry since the introduction of the new IDII products. For NobleOak, this has resulted in a reduction in new business sales, which has been offset by a continuation of lower lapse rates. While the outcome for the IDII market is not yet clear, NobleOak anticipates sales in the second half of FY22 to be lower than its Prospectus forecasts which will likely offset the above prospectus forecast sales in the first half of FY22. Importantly, however, the Company expects in-force premiums to be above its Prospectus forecast due to a continuation of lower than expected lapse rates. The Company will remain nimble in its approach until market activity normalises, ensuring it is competitive while managing within its risk appetite.

NET INSURANCE PREMIUM REVENUE

Total net insurance premium revenue increased by 45% to $30.8 million in HY22 (HY21: $21.3 million), benefiting from the strong growth in annual in-force premiums and low lapse rates across the Direct and Strategic Partner Channels.

UNDERLYING GROSS INSURANCE MARGIN (BEFORE ADMIN EXPENSES)

Total Underlying Gross Insurance Margin reduced from 18% in HY21 to 15% in HY22 in line with Prospectus forecast.

Both the Direct and Strategic Partner segments reported slightly improved Underlying Gross Insurance Margins, driven primarily by favourable claims experience in HY22. The reduction in the total Group Underlying Gross Insurance Margin was driven largely by a change in mix of the Group portfolio, with the Strategic Partner segment growing faster than the Direct segment, as expected.

UNDERLYING ADMINISTRATION EXPENSE RATIO

NobleOak continues to grow its expense base as it invests in building capability in line with the growth in business volumes. This disciplined approach has seen the underlying administration expense ratio fall by 2% in HY22 to 10% (HY21: 12%) despite total expenses increasing by 24% in absolute terms.

In HY22, significant one-off investments were made towards the development of new IDII product across all channels for launch on 1 October 2021, the establishment of new processes to support the launch of the new distribution arrangements with RAC WA and Budget Direct, and the migration of data and systems development to support the administration of the recently acquired A&G run-off portfolio. $1.5 million of these costs were capitalised during the period.

Administration expense in HY22 included depreciation and amortisation expense of $0.6 million (HY21: $0.4 million).

INVESTMENT RETURNS

Investment returns remained low in line with the current low interest rate environment. Whilst NobleOak's investment strategy is not expected to generate material profits in the near-term, in December 2021 the Board approved amendments to the investment strategy including an asset allocation to short-duration fixed interest asset classes, which are projected to enhance returns while retaining the portfolio's overall low risk profile.

OPERATING SEGMENT REVIEW

We are pleased with the performance of all of our business segments, each of which has contributed positively during the period and exceeded its respective HY22 Pro forma (Underlying) Prospectus forecast.

	Direct		Strategic Partners		Genus		Consolidated	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000
Gross Insurance premium	30,299	24,129	76,035	40,500	8,151	9,023	114,485	73,652
Reinsurance expenses	(13,676)	(11,238)	(63,718)	(34,943)	(6,246)	(6,165)	(83,640)	(52,346)
Net insurance premium	16,623	12,891	12,317	5,557	1,905	2,858	30,845	21,306
Investment income	71	115	21	20	2	5	94	140
Net commissions	3,039	2,986	4,134	3,451	–	(79)	7,173	6,358
Fees & other revenue	–	–	–	–	2,128	1,913	2,128	1,913
Claims expense – net of reinsurance recoveries	(3,267)	(2,049)	(715)	(350)	–	–	(3,982)	(2,399)
Policy acquisition costs	(12,322)	(11,046)	(9,417)	(5,829)	(54)	(702)	(21,793)	(17,577)
Change in net policy liabilities (before discount rate movement)	5,299	4,509	(2,104)	(978)	(2)	(26)	3,193	3,505
Administration expenses	(5,704)	(5,003)	(2,093)	(829)	(3,186)	(2,975)	(10,983)	(8,807)
Underlying Profit Before Tax	**3,739**	**2,403**	**2,143**	**1,042**	**793**	**994**	**6,675**	**4,439**
Income Tax expense	(1,163)	(710)	(694)	(312)	(238)	(310)	(2,095)	(1,332)
Underlying Profit After Tax[1]	**2,576**	**1,693**	**1,449**	**730**	**555**	**684**	**4,580**	**3,107**
Change in net policy liabilities (discount rate movement)	(678)	(434)	41	–	–	–	(637)	(434)
IPO expenses (unallocated corporate costs)	–	–	–	–	–	–	(1,965)	–
Reported NPAT	**1,898**	**1,259**	**1,490**	**730**	**555**	**684**	**1,978**	**2,673**

1 Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact of changes in policy liability discount rates and IPO expenses. 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*).

RECONCILIATION OF UNDERLYING NPAT TO FORECAST UNDERLYING PRO FORMA NPAT IN PROSPECTUS

The table below reconciles the underlying NPAT to the forecast underlying pro forma NPAT in the prospectus, 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 2021). 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.

	Direct		Strategic Partners		Genus		Consolidated	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000
Statutory NPAT	**1,898**	**1,259**	**1,490**	**730**	**555**	**684**	**1,978**	**2,673**
Change in net policy liabilities (discount rate movement)	678	–	(41)	–	–	–	637	–
IPO expenses (unallocated corporate costs)	–	434	–	–	–	–	1,965	434
Underlying NPAT	**2,576**	**1,693**	**1,449**	**730**	**555**	**684**	**4,580**	**3,107**
Executive remuneration[1]	–	(307)	–	–	–	–	–	(307)
Listed company expenses[2]	–	(240)	–	–	–	–	–	(240)
Income tax effect[3]	–	164	–	–	–	–	–	164
Pro Forma Underlying NPAT	**2,576**	**1,310**	**1,449**	**730**	**555**	**684**	**4,580**	**2,724**

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 2021. 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.

OPERATING SEGMENT REVIEW

Direct

$'000/%	HY22	HY21
In-force premiums at period end	63,696	51,444
New business sales (annualised premium)	5,603	5,342
Lapse rate	8.2%	7.5%
Net insurance premium revenue	16,623	12,891
Net insurance premium revenue growth	29%	58%
Underlying gross insurance margin	31%	28%
Administration expense ratio	19%	21%
Underlying NPAT	**2,576**	**1,693**
Underlying NPAT growth	*52%*	

NobleOak's Direct strategy continues to deliver strong results, with ongoing investment in the direct market, particularly in digital marketing, driving market share gains at a time when many larger competitors have contracted. In HY22, NobleOak's policy count increased by 23%, with gross in-force premiums in the Direct Channel growing by 24% to $63.7 million (HY21: $51.4 million).

Lapse rates have remained low since the onset of COVID-19, and while they did increase slightly during the period to 8.2%, they remain well below the industry average.

Since the 1 October 2021 launch of new IDII products across the industry, fewer customers are switching insurers, which continues to support a lower lapse experience for the industry but also limits sales opportunities. For NobleOak, the launch of new distribution agreements is expected to partially offset this impact, with the RAC WA distribution channel launched in October showing positive early signs and the Budget Direct distribution channel launched in February 2022 anticipated to contribute immediate additional revenue.

Normalised profit generated from Direct activities rose to $2.6 million in HY22, a 52% increase from the prior corresponding period and exceeding Prospectus forecast.

The Underlying Insurance Margin remains strong with a slightly improved performance over the prior year driven by a favourable claims experience.

The Administration Expense ratio fell by 2% to 19%, with economies of scale more than offsetting an increase in expenses associated with building resource capability, IDII product development and ongoing investment in digital.

Delivery on NobleOak's core values of nobility, simplicity, adaptability and delivery has seen:

- 95% of existing clients rate customer service as 'good' or 'excellent';
- 4.7/5 Feefo customer rating as at 31 December 2021, with a second Platinum Trusted Service award for maintaining a Gold Trusted Service Award standard for three consecutive years in 2020;
- 4.5/5 Google customer satisfaction rating as at 31 December 2021; and
- NobleOak being the most awarded direct Life insurer again in 2021, having won numerous awards from Canstar, Plan for Life, Experts Choice and Finder over multiple years for the quality of our Life Insurance and Income Protection products.

NobleOak continues to grow its network of distribution partners in the Direct Channel and has recently signed distribution agreements with the Illawarra Credit Union and BlueRock Private Wealth, while the FlexiCover product continues to be well received by financial institutions. The Company is in advanced commercial discussions with a number of other potential distribution partners and expects to provide an update in the second half.

Strategic Partners

$'000/%	HY22	HY21
In-force premiums at period end	162,776	90,945
New business Sales (annualised premium)	34,574	26,302
Lapse rate	4.0%	4.0%
Net insurance premium revenue	12,317	5,557
Net insurance premium revenue growth	122%	46%
Underlying gross insurance margin	6%	5%
Administration expense ratio	3%	2%
Underlying NPAT	**1,449**	**730**
Underlying NPAT growth	*98%*	

The Strategic Partner Channel continues to deliver strong growth. This channel comprises three key Strategic Partners: Neos, PPS Mutual, and Avant Mutual.

In-force Annual Premiums grew by 79% to $162.8 million in HY22 to be 15% ahead of the Prospectus forecast, driven by both strong sales and continuing low lapse rates.

New Business Sales were up 31% on the prior corresponding period to $34.6 million and exceeded the Prospectus forecast by 30%. HY22 Sales also benefited from heightened customer activity in the lead up to the 1 October 2021 deadline by which all insurers were required to launch new IDII products in accordance with new regulatory standards. This effectively brought insurance sales forward.

Customer insurance purchasing activity has decreased across the industry since the introduction of the new IDII products. For NobleOak, this has resulted in a reduction in new business sales, which has been offset by a continuation of lower lapse rates. While the outcome for the IDII market is not yet clear, NobleOak anticipates sales in the second half of FY22 to be lower than its Prospectus forecasts which will likely offset the above prospectus forecast sales in the first half of FY22. Importantly however, the Company expects in-force premium to be above its Prospectus forecast due to a continued lower lapse experience.

The Strategic Partner Channel delivered Underlying NPAT of $1.4 million for HY22, an increase of 98% on the prior corresponding period and 30% ahead of the Prospectus forecast. The Underlying Insurance Margin improved in HY22, driven by a favourable claims experience. The Administration Expense ratio remains low, with one-off expenditure relating to the new IDII product pushing it slightly higher.

With the market being reshaped following the introduction of the new IDII products, and with two contracts past or nearing the end of their initial term, NobleOak is currently reviewing the commercial arrangements with each of its Strategic Partners to ensure the balance of return and risk continues to meet our requirements:

Avant – The existing product closed to new business from 1 October 2021. A reinsurer has expressed interest in launching a new product and NobleOak is currently working with Avant to assess its options going forward.

PPS – A New IDII Product was launched on 1 October 2021. NobleOak continues to work with PPS to ensure the product features and market positioning meets its risk appetite. While the original five-year term of the partnership agreement ended in FY21, NobleOak's partnership with PPS remains strong with both companies' objectives closely aligned. NobleOak continues to work with PPS to review the commercial terms to ensure they meet its requirements going forward.

Neos – A new IDII product was launched on 1 October 2021 and NobleOak continues to work with Neos to ensure the product features and market positioning meets its risk appetite. With the original five-year term of this partnership agreement due to end in FY23, NobleOak has commenced a review of the commercial terms and operational arrangements with Neos to ensure alignment. This review is expected to be complete by the end of FY22.

Genus

$'000/%	HY22	HY21
In-force premiums under management	30,771	33,317
Administration Expenses	3,186	2,975
Amortisation of Portfolio Acquisition Cost Included in Administration Expenses	112	–
Underlying NPAT	**555**	**684**
Underlying NPAT growth	*(19%)*	

In-force premiums under management by Genus decreased materially in HY22, driven by the conduct remediation program on the Freedom portfolio which commenced during the period. The remediation program is scheduled to complete in April 2022. The decline in the In-force premium under management was partially offset by the acquisition of the A&G administration run-off portfolio, which added $4.1 million to the in-force premium under management.

Genus generated $0.6 million Underlying NPAT in HY22, exceeding the Prospectus forecast by 18%, primarily driven by the acquisition of the A&G portfolio.

Whilst the transition of the administration of the A&G portfolio will not be complete until April 2022, both revenues and expenses for Genus exceed the Prospectus forecast due to the introduction of this portfolio ahead of schedule in late August 2021.

OUTLOOK

While market activity in the early part of the second half remained subdued following the launch of new IDII products, NobleOak has continued its positive momentum underpinned by its trusted brand, valued products, modern digital platform and service-driven business model.

Across the business, NobleOak's underwriting performance remains strong, with no material claims deterioration due to the Company's disciplined underwriting approach. While administration expenses were elevated in the first half following investment in new IDII product development and onboarding new partnerships, this is a short-term phenomenon and the Company expects to see further economies of scale emerge as its portfolio grows.

The review of commercial arrangements with each of NobleOak's Strategic Partners is an important initiative, with the objective to ensure ongoing alignment. The Company values its relationships with its Strategic Partners and while the outcome of the respective reviews will have a limited financial impact in FY22, they will be an important driver of future financial performance.

The Genus business continues to provide high-quality service to the market and with the Auto & General portfolio acquisition now complete, revenue is flowing as anticipated. This revenue will naturally reduce as the portfolio runs off over time.

The outlook for the IDII market remains uncertain following the introduction of new products since 1 October 2021 and is not expected to normalise during FY22. NobleOak expects overall new business sales in the second half of FY22 to be lower than its Prospectus forecasts as a result. However, in-force premiums remain the key long-term value driver for the business.

NobleOak expects in-force premiums to exceed its Prospectus forecast due to a continued favourable lapse experience, and with stable underwriting and expense ratios expected to continue, the Company is pleased to reaffirm its Prospectus profit forecasts for FY22.

The opportunity for NobleOak remains significant and attractive. As a small player in a large addressable market with many structural growth drivers, the Company remains well positioned to take advantage of market dislocation, with the balance sheet, strategy and customer-first mindset to succeed.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 17 of the half-year report.

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 half-year financial report, are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chair

Sydney, 28 February 2022

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
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The Board of Directors
NobleOak Life Limited
66 Clarence Street
SYDNEY NSW 2000

28 February 2022

Dear Board of Directors

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 directors of NobleOak Life Limited.

As lead audit partner for the review of the financial statements of NobleOak Life Limited for the financial half-year ended 31 December 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 review; and

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray

Partner

Chartered Accountants

Sydney

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		Consolidated	
		Half-year ended	
	Note	31/12/21 $'000	31/12/20 $'000
Continuing Operations			
Insurance premium revenue	2.1	114,485	73,652
Reinsurance expenses	2.1	(83,640)	(52,346)
Net insurance premium revenue		30,845	21,306
Investment income	2.1	94	140
Net commissions	2.1	7,173	6,358
Fees & other revenue	2.1	2,128	1,913
Claims expense – net of reinsurance recoveries	2.2	(3,982)	(2,399)
Policy acquisition costs	2.2	(21,793)	(17,577)
Change in net policy liabilities (before discount rate movement)	5	3,193	3,505
Change in net policy liabilities (discount rate movement)		(910)	(619)
Administration expenses	2.2	(10,954)	(8,759)
IPO expenses	2.2	(2,807)	–
Operating Profit		**2,987**	**3,868**
Lease interest expense		(29)	(49)
Profit Before Tax		**2,958**	**3,819**
Income tax expense		(980)	(1,146)
Profit After Tax		**1,978**	**2,673**
Other Comprehensive Income		**–**	**–**
Total Comprehensive income attributable to Owners of the Company		**1,978**	**2,673**
Earnings per share			
Basic (cents per share)		2.62	4.49
Diluted (cents per share)		2.56	4.38

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Consolidated	
	Note	31/12/21 $'000	30/06/21 $'000
Assets			
Cash and cash equivalents		42,910	31,842
Receivables		17,259	14,037
Financial assets	3	41,516	20,486
Gross policy liabilities ceded under reinsurance	5	17,212	35,444
Plant and equipment		340	517
Right-of-use assets		920	1,344
Deferred tax asset		3,820	2,932
Intangibles	4	5,647	1,458
Total assets		**129,624**	**108,060**
Liabilities			
Payables		26,223	29,027
Current tax liabilities		2,686	2,104
Lease liabilities		1,018	1,455
Provisions		1,721	1,283
Gross policy liabilities	5	(13,910)	(10,429)
Total liabilities		**17,738**	**23,440**
Net assets		**111,886**	**84,620**
Equity			
Issued share capital	7	95,435	62,451
Accumulated profits		15,119	21,298
Share-based payment reserve		1,332	871
Total equity		**111,886**	**84,620**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Issued share capital	Share-based payment reserve	Accumulated profits	Total equity
		$'000	$'000	$'000	$'000
Balance as at 1 July 2020		47,120	505	16,395	64,020
Profit for the half-year		–	–	2,673	2,673
Share capital net of transaction cost		15,151	–	–	15,151
Recognition of share-based payments		–	19	–	19
Share issue under Long Term Incentive Plan		89	(89)	–	–
Balance at 31 December 2020		62,360	435	19,068	81,863
Balance as at 1 July 2021		62,451	871	21,298	84,620
Profit for the half-year		–	–	1,978	1,978
Share capital net of transaction cost	7	32,648	–	–	32,648
Dividend payment	2.4	–	–	(8,157)	(8,157)
Recognition of share-based payments		–	797	–	797
Share issue under Long Term Incentive Plan	7	336	(336)	–	–
Balance at 31 December 2021	**7**	**95,435**	**1,332**	**15,119**	**111,886**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		Consolidated	
		Half-year ended	
	Note	31/12/21 $'000	31/12/20 $'000
Cash flows from operating activities			
Premiums received		115,877	72,374
Reinsurance premium payments		(85,170)	(51,232)
Reinsurance recoveries received		36,868	16,948
Claims paid		(26,490)	(14,306)
Interest received		81	92
Fees and other income received		70,759	46,783
Marketing and policy acquisition costs		(76,831)	(59,928)
Payments to other suppliers and employees		(21,790)	(11,811)
Net cash from/(used in) operating activities		13,304	(1,081)
Cash flows from investing activities			
Purchase of plant and equipment		(32)	(24)
Purchase of intangible assets		(1,187)	(420)
Sale/(purchase) of financial assets		(21,030)	(1,136)
Net cash used in investing activities		(22,249)	(1,580)
Cash flows from financing activities			
Repayment of leasing liabilities		(437)	(401)
Lease interest paid		(29)	(49)
Amounts received from issue of shares	7	30,991	15,286
Cost of issue of shares	7	(2,355)	(47)
Dividend paid to Shareholders	2.4	(8,157)	–
Net cash from financing activities		20,013	14,789
Net increase in cash and cash equivalents held		**11,068**	**12,128**
Cash and cash equivalents at the beginning of the half-year		**31,842**	**28,517**
Cash and cash equivalents at the end of the half-year		**42,910**	**40,645**

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 HALF-YEAR ENDED 31 DECEMBER 2021

1. SIGNIFICANT ACCOUNTING POLICIES

General Information

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

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, NobleOak received $31 million for the issue of 15,946,775 new shares (refer note 7).

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 manufacture and distribution of Life Insurance products.

The financial report was authorised for issue by the Directors on 28 February 2022. 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.

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB *134 Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements by the Company during the half-year in accordance with continuous disclosure obligations under the Corporations Act and the ASX Listing Requirements.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historic cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 Corporations Instrument, amounts in the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2021. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Use of estimates, assumptions and judgements

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The Board believes that the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported and it is therefore reasonably possible, on the basis of existing knowledge, that outcomes within the next financial period that are different from the Consolidated Entity's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

(a) New Australian Accounting Standards and amendments to Accounting Standards that are effective in the current period

There has been no new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) New accounting standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by NobleOak in the half-year financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Group, other than as set out below:

AASB 17 *'Insurance Contracts'*

AASB 17 *'Insurance Contracts'* is based on IFRS 17 *Insurance Contracts*, and 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.

2 RESULTS FOR THE HALF-YEAR

2.1 Revenue items

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
i) Net Insurance Premium Revenue		
Premium revenue from insurance contracts*	114,485	73,652
Less: Outward reinsurance expense	(83,640)	(52,346)
	30,845	21,306

* NobleOak's in-force premiums as at 31 December 2021 in active benefit funds were $226,472,000 ($143,028,000 as at 31 December 2020). In-force premiums in closed benefit funds as at 31 December 2021 were $15,261,000 ($18,201,000 as at 31 December 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.

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
ii) Investment Income		
Interest revenue	94	85
Increase in market value of investments	–	55
	94	140

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
iii) Net commissions		
Commissions received from reinsurers	67,167	49,945
Commissions paid to distributors	(59,994)	(43,587)
	7,173	6,358

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
iv) Fees & other revenue		
Management fees & administration fees	2,128	1,913
	2,128	1,913

2.2 Expense items

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
i) Claims Expenses		
Claims payments	30,477	14,299
Claims expense reserve	739	197
Less: Reinsurance claims recovery	(27,234)	(12,097)
	3,982	2,399

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
ii) Policy Acquisition Costs		
Commission	6,556	5,231
Marketing & promotion	5,381	4,995
Salary & employee costs	3,645	3,063
Stamp duty	3,110	1,957
Underwriting & medical costs	2,293	1,588
Other variable costs	808	743
	21,793	17,577

	Consolidated	
	Half-year ended	
	31/12/21 $'000	31/12/20 $'000
iv) IPO expenses		
IPO expenses	2,807	–
	2,807	–

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.

2.3 Segment Information

AASB 8 *Operating Segments* 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 one small closed fund – Funeral Benefit Fund which is held for the Druids members.

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) Strategic Partners

The term 'Strategic Partners' 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. The segment also includes the residual results of the Freedom and Reward Benefit Funds.

	Direct		Strategic Partners		Genus		Consolidated	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000	31/12/21 $'000	31/12/20 $'000
Insurance premium revenue	30,299	24,129	76,035	40,500	8,151	9,023	114,485	73,652
Reinsurance expenses	(13,676)	(11,238)	(63,718)	(34,943)	(6,246)	(6,165)	(83,640)	(52,346)
Net insurance premium revenue	16,623	12,891	12,317	5,557	1,905	2,858	30,845	21,306
Investment income	71	115	21	20	2	5	94	140
Net commissions	3,039	2,986	4,134	3,451	–	(79)	7,173	6,368
Fees & other revenue	–	–	–	–	2,128	1,913	2,128	1,913
Claims expense – net of reinsurance recoveries	(3,267)	(2,049)	(715)	(350)	–	–	(3,982)	(2,399)
Policy acquisition costs	(12,322)	(11,046)	(9,417)	(5,829)	(54)	(702)	(21,793)	(17,577)
Change in net policy liabilities (before discount rate movement)	5,299	4,509	(2,104)	(978)	(2)	(26)	3,193	3,505
Change in net policy liabilities (discount rate movement)	(968)	(619)	58	–	–	–	(910)	(619)
Administration expenses	(5,683)	(4,968)	(2,093)	(829)	(3,178)	(2,962)	(10,954)	(8,759)
IPO expenses (unallocated corporate costs)	–	–	–	–	–	–	(2,807)	–
Operating Profit	**2,792**	**1,819**	**2,201**	**1,042**	**801**	**1,007**	**2,987**	**3,868**
Lease Interest Expense	(21)	(36)	–	–	(8)	(13)	(29)	(49)
Profit Before Tax	**2,771**	**1,783**	**2,201**	**1,042**	**793**	**994**	**2,958**	**3,819**
Income Tax expense	(873)	(524)	(711)	(312)	(238)	(310)	(980)	(1,146)
Profit After Tax	**1,898**	**1,259**	**1,490**	**730**	**555**	**684**	**1,978**	**2,673**
Impact of policy liability discount rate changes (post tax)	678	434	(41)	–	–	–	637	434
Impact of IPO expenses – unallocated corporate costs (post tax)	–	–	–	–	–	–	1,965	–
Underlying NPAT[1]	**2,576**	**1,693**	**1,449**	**730**	**555**	**684**	**4,580**	**3,107**
Total Assets	**58,240**	**48,316**	**62,373**	**54,970**	**12,531**	**7,168**	**129,623**	**108,060**
Total Liabilities	**(43,217)**	**(28,097)**	**55,847**	**47,210**	**8,629**	**6,721**	**17,738**	**23,440**

1 Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact of changes in policy liability discount rates 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 Dividends

During FY21, 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 $8.2 million was paid to holders of ordinary shares in the Company as at the Record Date of 9 June 2021.

	Consolidated			
	Half-year ended			
	31/12/21		31/12/20	
	Cents per share	$'000	Cents per share	$'000
Dividend	12	8,157	–	–

No interim dividend has been declared.

Dividend franking account

	Consolidated	
	31/12/21 $'000	30/06/21 $'000
Amount of franking credit available for use in subsequent financial years	6,220	5,643

3 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 shareholder's assets. Financial assets are measured at fair value and include bank bills and term deposits, and Unit Trusts.

	Fair Value		Fair Value Hierarchy
	31/12/21 $'000	30/06/21 $'000	
Bank bills and term deposits	31,600	20,486	Level 2
Unit Trusts	9,916	–	Level 2
	41,516	20,486	

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).

4 INTANGIBLES

	Consolidated			
	Product and Software Development	Goodwill – NobleOak Services Limited	A&G Admin-istration Rights[1]	Total – Intangibles
Gross carrying amount				
Balance at 1 July 2021	1,356	150	–	1,506
Additions	1,153	–	3,200	4,353
Balance at 31 December 2021	**2,509**	**150**	**3,200**	**5,859**
Accumulated depreciation				
Balance at 1 July 2021	(48)	–	–	(48)
Amortisation expense	(52)	–	(112)	(164)
Balance at 31 December 2021	**(100)**	**–**	**(112)**	**(212)**
Net book value				
As at 30 June 2021	1,308	150	–	1,458
As at 31 December 2021	2,409	150	3,088	5,647

1 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). The transaction successfully completed on 25 August 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 as disclosed in note 7.

To align with the expected run off experience, the unit of production method has been chosen whereby yearly amortisation is determined based on the expected run off pattern of the business.

5 POLICY LIABILITIES

	Consolidated	
	31/12/21 $'000	30/6/21 $'000
Gross Policy Liabilities		
Policy liabilities reserve	(73,151)	(63,094)
Claims reserve	53,800	48,421
Profit share reserve	5,441	4,244
Total Gross Policy Liability (Asset)	**(13,910)**	**(10,429)**
Policy Liabilities – Ceded to Reinsurers		
Policy liabilities reserve	14,809	8,743
Claims reserve	(32,021)	(44,187)
Profit share reserve	–	–
Total Gross Policy Liability (Asset)	**(17,212)**	**(35,444)**
Net Policy Liabilities (Gross net of reinsurance)		
Policy liabilities reserve	(58,342)	(54,351)
Claims reserve	21,799	4,234
Profit share reserve	5,441	4,244
Total Net Policy Liability (Asset)	**(31,122)**	**(45,873)**
Opening balance	(45,873)	(37,282)
Increase in outstanding claims	17,547	1,626
Decrease in net policy liabilities reflected in the income statement (pre-tax)	(2,283)	(9,509)
Decrease in net policy liabilities reflected in the income statement (tax in relation to Profit Share)	(513)	(708)
Closing balance	**(31,122)**	**(45,873)**

6 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	31/12/21 $'000	30/06/21 $'000
(a) Capital Base	39,759	18,609
(b) Prescribed capital amount	10,180	9,533
Capital in excess of prescribed capital amount = (a) – (b)	29,579	9,076
Capital adequacy multiple (%) (a)/(b)	390.6%	195.2%
Capital Base comprises:		
Common Equity Tier 1 Capital	111,050	84,039
Regulatory adjustment applied in calculation of Tier 1 capital	(71,291)	(65,430)
(A) Common Equity Tier 1 Capital	39,759	18,609
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	39,759	18,609

7 SHARE CAPITAL

	Consolidated	
	31/12/21 $'000	30/06/21 $'000
Issued share capital		
Fully paid ordinary shares	94,728	62,451

Movement in issued share capital

Ordinary Shares	Number of Shares	Issue Price	Value ($'000)
Opening Balance 1 July 2020	59,417,530	–	47,120
Ordinary Shares – Employee Options (i)	15,000	1.05	16
Ordinary Shares – Long Term Incentives (ii)	57,733	1.55	89
Ordinary Share – Sophisticated investors (iii)	8,434,028	1.80	15,181
Ordinary Shares – Staff share scheme (iv)	50,505	1.80	91
Less Transaction cost			(46)
Balance 30 June 2021	**67,974,796**		**62,451**
Ordinary Shares – IPO (v)	15,893,527	1.95	30,991
Ordinary Shares – IPO – Employee Gift Offer (vi)	53,248	1.95	105
Ordinary Shares – Auto & General (vii)	1,641,025	1.95	3,200
Ordinary Share – Long Term Incentives (viii)	172,570	1.95	336
Less Transaction cost (post tax)			(1,648)
Balance 31 December 2021	**85,735,166**		**95,435**

(i) Options issued to employees in the 2016 Premium Options Plan (staff) have been exercised in July 2020.

(ii) Ordinary Shares issued to CEO with performance criteria under the 2017 Long Term Incentive Plan on 1 September 2020.

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

(iv) Ordinary Shares issued to employees under the Employee Share Plan in January 2021.

(v) Ordinary Shares issued to shareholders under IPO on 22 July 2021.

(vi) Ordinary Shares issued to employees under the IPO Employee Gift Offer on 22 July 2021.

(vii) Ordinary Shares issued to Auto & General (A&G) as consideration for the acquisition of the administration rights from A&G with respect to a portfolio of Budget Direct and Ozicare branded Life Insurance policies in run-off. In accordance with AASB 2 Share-Based Payments, the equity-settled share-based payment transaction was measured at grant date (22 July 2021), and shares are subject to escrow for 12 months from the date of issue (25 August 2021). Refer note 4.

(viii) Ordinary Shares issued to CEO and CFO with performance criteria under the 2018 Long Term incentive plan on 25 October 2021.

8 KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half-year, shares were issued on the exercise of performance rights under the 2018 LTIP as outlined on page 49 of the 2021 Annual Report. The following table sets out the details of the exercise of the performance rights by KMP during the half-year:

KMP to which the performance rights relate	Note	No. performance rights exercised	Fair value at vesting date ($'000)
Anthony Brown		108,396	211
Scott Pearson		64,174	125
Total	7	172,570	336

9 SUBSEQUENT EVENTS

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

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 on the business.

DIRECTORS' DECLARATION

The Directors declare that:

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

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Anthony R Brown	**Stephen Harrison**
Director	Chair

Sydney, 28 February 2022

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Review Report to the Members of NobleOak Life Limited

Conclusion

We have reviewed the half-year financial report of NobleOak Life Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 18 to 34.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NobleOak Life Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of NobleOak Life Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of NobleOak Life Limited in accordance with the ethical requirements of the Accounting Professional and 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 annual financial report 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 NobleOak Life Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

DIRECTORY

Registered Office and Contact Details

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AFSL No 247302

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66 Clarence Street
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Website: www.nobleoak.com.au

Current Directors

Andrew Boldeman
Sarah Brennan (appointed 8 December 2021)
Anthony Brown
Kevin Hamman
Stephen Harrison
Inese Kingsmill
Emery Feyzeny (retired 1 December 2021)

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:

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