

NobleOak FY22 Half Year Results

Strong growth in premiums and profits continue, FY22 Prospectus profit forecasts reaffirmed

NobleOak Life Limited (ASX: NOL) (**NobleOak** or **the Company**), an independent, award-winning specialist Australian life insurer, today announces its half year results for the six months ended 31 December 2021 (**HY22**).

Highlights¹:

- **Active policies² up 54%% to over 94,000**
- **In-force premium² growth of 59% to \$226.5 million**
- **Insurance premium revenue up 55% to \$114.5 million**
- **Underlying NPAT up 47% to \$4.6 million**
- **New business premium growth of 27% to \$40.2 million**
- **Lapse rates remain materially below industry average**
- **New IDII product successfully launched ahead of 1 October 2021 deadline**
- **Successful IPO and Auto & General run-off portfolio acquisition completed**
- **Well capitalised and committed to investing for growth**
- **Key HY22 Prospectus forecasts achieved, reaffirms FY22 Prospectus profit forecasts**

Commenting on the result, NobleOak Chief Executive Officer Anthony Brown, said: "The NobleOak team did an outstanding job in our first trading period as a listed company to deliver strong growth in in-force premiums, active policies and underlying profits, while working hard to develop and roll out our new Individual Disability Income Insurance (IDII) product in time for the 1 October industry deadline set by APRA.

"The market is going through a period of adjustment following the introduction of the new IDII policies, as insurers benchmark their products and pricing to ensure they fit with their individual strategies and risk appetites. While we don't expect market activity to significantly normalise during FY22, we are supportive of the regulatory efforts to improve industry sustainability. We think that over the long-term, the industry will be more profitable and continue to favour nimble players like NobleOak that provide good value, fully underwritten products for customers.

"Our in-force premium growth was 12% ahead of the Prospectus forecast, driven by a good sales performance, particularly in the Strategic Partner Segment, and continued low lapse rates across both our Direct and Strategic Partner segments. Our Direct strategy continues to deliver great results and we are taking market share from the incumbents by investing in the direct market and growing our brand."

Group performance

NobleOak delivered strong growth in premiums and profits in HY22, achieving key Prospectus forecast measures for the period.

¹ All comparisons relate to the prior corresponding period (pcp) unless otherwise stated.

² Excludes Genus.

In-force premiums, the key value driver of NobleOak's business, grew by 59% to \$226.5 million, exceeding the Prospectus forecast by 12%. This growth was driven by a strong sales performance and continued low lapse rates.

New business sales for the half were \$40.2 million, up 27% on the prior corresponding period (pcp), as NobleOak continued to achieve strong market share gains in both direct and intermediated business. Sales in both channels benefited from higher customer activity in the lead up to the 1 October 2021 deadline for insurers to launch new Individual Disability Income Insurance (IDII) products in accordance with new regulatory standards.

NobleOak's underlying net profit after tax (NPAT) grew by 47% to \$4.6 million, outperforming the Prospectus forecast by 11% and driven by strong premium growth, disciplined underwriting and expense management. While the Company expects its expenses to grow due to ongoing investment in building capability across the business, the administration expense ratio is expected to remain consistent as premiums grow.

The Company reported a favourable claims experience, with the 2% reduction in the group underlying gross insurance margin driven largely by changing business mix, as the Strategic Partner Channel grew faster than the Direct Channel, in line with expectations. NobleOak has not observed any material adverse claims experience.

Direct Channel

In the Direct Channel, NobleOak's strategy continues to deliver results, with ongoing investment in digital marketing and brand continuing to drive market share gains when many larger competitors have contracted.

In HY22, NobleOak's Direct policy count increased by 23%, with gross in-force premiums in the Direct Channel increasing by 24% to \$63.7 million. Lapse rates remain low as they have since the onset of COVID-19, and while they did increase slightly during the period to 8.2%, are still well below the industry average. Underlying NPAT rose by 52% to \$2.6 million.

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, and the FlexiCover product continues to be particularly 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 Partner Channel

The Strategic Partner Channel continues to deliver strong growth, with in-force premiums up by 79% to \$162.8 million in HY22, 15% ahead of the Prospectus forecast and driven by strong sales and continuing low lapse rates. The Strategic Partner Channel delivered Underlying NPAT of \$1.4 million for HY22, an increase of 98% on the pcp and 30% ahead of the Prospectus forecast.

With the market being reshaped following the introduction of the new IDII products, and with two contracts nearing the end of their term, NobleOak is currently reviewing the commercial arrangements with each of its Strategic Partners to ensure ongoing alignment. The Company values its relationships with its Strategic Partners and the outcome of the reviews will have a limited financial impact in FY22.

The advised market in Australia continues to change as an outcome of the Royal Commission, with the number of advisers decreasing. The Strategic Partner Channel remains an important part

of the business, however the diversification provided by the Direct Channel is an important differentiator for NobleOak.

Genus

In-force Premium under management by Genus, NobleOak's administration business, decreased by 8% in HY22 to \$30.8 million. This was due to the conduct remediation program on the Freedom portfolio which commenced during the period and is scheduled to complete in April 2022.

The decline in the in-force premium under management was partially offset by the acquisition of the Auto & General administration run-off portfolio ahead of schedule in late October 2021. This added \$4.1 million to the in-force premium under management.

Underlying NPAT was \$0.6 million in HY22, exceeding the Prospectus forecast by 18%.

Operational update

NobleOak has remained operationally resilient through the most recent COVID-19 restrictions impacting Australia and continues to work hard to minimise the impact on its employees and customers.

The commitment of the NobleOak team to live the core values of nobility, simplicity, adaptability and delivery has meant sales have remained robust and customer service levels high over the period. This is evidenced by NobleOak's high customer satisfaction ratings, including 95% of existing clients rating the Company's customer service as 'good' or 'excellent', and the maintenance of strong ratings on Feefo and Google.

NobleOak was again the most awarded direct Life insurer in 2021, winning 19 awards from for the quality of its products and service, including the prestigious Plan for Life Overall Direct Life Insurance Excellence Award for the fourth year in a row.

Trading update and outlook

Following increased customer activity in the lead up to 1 October 2021, industry-wide customer purchasing activity has remained subdued across all products, as fewer customers switch insurers. While this continues to benefit lapse rates, it also limits sales opportunities in the medium-term.

In the Direct Channel for NobleOak, the launch of new distribution agreements is expected to partially offset this impact, with the Royal Automobile Club of Western Australia (RAC WA) distribution channel launched in October showing positive early signs and the Budget Direct distribution channel launched in February 2022 expected to contribute immediate incremental revenue.

In the Strategic Partner Channel, a material reduction in new business sales has been partially offset by a continuation of lower lapse rates.

NobleOak does not expect the market to normalise during FY22 and anticipates sales to be lower than its Prospectus forecast as a result. However, given the strong start to the year and the continued lower lapse experience, in-force premiums are expected to be above the Prospectus forecast and the Company is pleased to reaffirm its FY22 profit forecasts.

The long-term opportunity for all segments remains significant and attractive for NobleOak. 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.

Anthony Brown concluded: "While the sales experience in the early part of the second half has not yet rebounded, our strong underwriting approach and the launch of our new partnerships gives us the confidence to reaffirm our FY22 Prospectus profit forecasts. With our nimble operating model, service-driven culture, trusted brand and modern digital platform, we are confident in our ability to grow sustainably over the long-term."

This announcement has been authorised by the Board of NobleOak Life Limited.

Ends

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About NobleOak (ASX: NOL)

NobleOak is an independent, multi award-winning APRA-regulated Australian life insurance provider which 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: nobility, simplicity, adaptability and delivery, are grounded in the values of the Druids and are embedded deeply in its culture. Following its demutualisation in 2011, NobleOak repositioned its business model, launching direct-to-consumer life insurance products through its modern and intuitive digital platform. Since then, NobleOak has diversified its business by manufacturing white-labelled tailored products for strategic partners which are mostly offered to customers through advisers. NobleOak's strategy is underpinned by a commitment to offer customers high value, easy to understand and competitive life risk insurance products. NobleOak has achieved success by participating across the life insurance value chain, by manufacturing, underwriting and distributing its own life insurance products.