NOBLEOAK

APPENDIX 4E 2023

Audited Preliminary Final Report
For the year ended 30 June 2023

NobleOak Life Limited
ACN 087 648 708

APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

NobleOak's Underlying NPAT for FY23 was $10.3 million, up 9% from FY22 ($9.5 million).

On a statutory basis, NPAT increased by 374% to $8.0 million (FY22: $1.7 million), after including the impact of changes in economic assumptions on the valuation of policy liabilities and non-recurring costs such as those relating to the implementation of the new accounting standard AASB 17 *Insurance Contracts*.

	30 June 2023	30 June 2022	Movement	Movement
Consolidated	**$'000**	**$'000**	**$'000**	**%**
In force premiums (ex Genus) at period end	315,949	254,592	61,357	24.1%
New business sales (annualised premium)	46,232	60,885	(14,653)	(24.1%)
Net insurance premium revenue	77,637	63,701	13,936	21.9%
Net profit after tax	7,993	1,685	6,308	374.4%
Underlying net profit after tax	10,310	9,476	834	8.8%
Basic earnings per share (cents)	9.31	2.00	7.31	365.3%
Diluted earnings per share (cents)	9.08	1.95	7.13	365.6%
Underlying basic earnings per share (cents)	12.00	11.22	0.78	7.0%
Underlying diluted earnings per share (cents)	11.71	10.98	0.73	6.7%

Net tangible assets per share:

Consolidated	**30 June 2023**	**30 June 2022**
Net tangible assets per share:	$1.31	$1.23

Dividends

	Amount per security	**Franking amount per security**
Dividend paid	–	–

The NobleOak Board believes the best returns on capital in the near term will be achieved by reinvesting operating cash flows into the business to support its ongoing growth. Accordingly, no dividend has been declared in FY23.

RESULTS OF OPERATIONS

NobleOak has developed a trusted brand in the Australian life risk insurance market, combining contemporary Life Insurance products with a modern digital technology platform and service-driven business model.

In 2023, another year marked by economic change, the impact of COVID-19 gradually receded as rising inflation and subsequent interest rate increases emerged as the primary economic concerns. Amid this evolving landscape, NobleOak has further solidified its reputation as a trusted brand within the Australian life insurance market.

The business continued to deliver strong growth in in-force premium and market share in its core Direct and Strategic Partner segments in a challenging environment.

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At period end, NobleOak had more than 120,000 active Life Insurance policies (excluding Genus) (30 June 2022: 103,000), representing over $315 million of annual in-force premiums (30 June 2022: $255 million). This represents strong growth of 24% over the last 12 months, during which the insurance sector grew by just 5%[1].

As a result NobleOak's market share of in-force premium grew from 2.3% to 2.7%[1].

NobleOak continues to focus on its financial disciplines to maintain stable margins. Underwriting performance remains strong across the business, and although year end actuarial assumption changes on long-term income protection claims have negatively impacted the underwriting margin, this impact was significantly mitigated by NobleOak's conservative reinsurance strategy (where we transfer a majority of our insurance risk exposure to reinsurers) and significantly higher investment returns, as rising interest rates provided a profit tailwind for the Company. This positive investment return impact is likely to be more substantial in the 2024 financial year. Importantly, NobleOak's claims experience remains better than the market and the Company's own long-term expectations.

While lapse rates have continued to trend up as anticipated, they remain in line with expectations and below the industry average, for both our Direct and Strategic Partner business.

NobleOak has continued to invest towards building business capability, particularly in its digital technology, actuarial, risk and claims teams. The business also experienced costs associated with implementation of the new insurance accounting standard AASB 17 *Insurance Contracts* and project "OakBranch", our technology upgrade initiative to transform our IT environment. The OakBranch Project will transition our administration platform to a versatile cloud-based system with new processes, automated forms, and enhanced client access capabilities. This initiative represents a significant investment spanning the years 2023 and 2024. These costs and the future costs associated with the AASB 17 compliance project are excluded from the underlying results, to enable a more accurate assessment of the underlying business performance.

The key growth metrics are outlined below:

- Underlying[2] NPAT of $10.3 million, up 9% on the prior year;
- Active policies in place at 30 June 2023 now exceed 120,000, (16% growth);
- In-force premium at 30 June 2023 grew by 24% to $315.9 million;
- Net Insurance premium revenue increased by 22% to $77.6 million; and
- Administration expense ratio improved by 2% to 7% (FY22: 9%).

These results were achieved while:

- maintaining high customer service quality standards, as evidenced by third party awards from Canstar (Direct Life and Income Protection products), Feefo (Platinum Service Award) Plan for Life (Customer Service Award), Mozo (Life Insurer on the Year), and WeMoney (Life Insurer of the Year) amongst other awards and favourable product review scores;
- maintaining our ongoing investment in people, processes and systems to improve scalability;
- further enhancing insurance and partner governance frameworks and capability, including our governance processes in response to the prudential standards breach experienced during the year; and
- growing our alliance partnerships with RAC WA, Budget Direct and adding new professional association partners.

NobleOak's balance sheet remains strong, with a sound regulatory capital position as at 30 June 2023.

1. APRA Data as at 31 Dec 2022
2. Underlying NPAT is reconciled to Reporting NPAT on page 04.

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NobleOak achieved the following results for the years ended 30 June 2023.

$000	Consolidated FY23	Consolidated FY22	Variance $	Variance %
Insurance premium revenue	330,336	248,401	81,935	33%
Reinsurance expenses	(252,699)	(184,700)	(67,999)	37%
Net insurance premium revenue	77,637	63,701	13,936	22%
Investment income	3,823	181	3,642	2012%
Net commissions	18,248	15,097	3,151	21%
Fees & other revenue	3,797	4,422	(625)	(14%)
Claims expense – net of reinsurance recoveries	(17,421)	(9,485)	(7,936)	84%
Policy acquisition costs	(52,575)	(45,170)	(7,405)	16%
Change in net policy liabilities (before economic assumption changes)	5,820	7,000	(1,180)	(17%)
Change in net policy liabilities (economic assumption changes)	(635)	(8,321)	7,686	(92%)
Administration expenses	(24,395)	(21,969)	(2,426)	11%
AASB 17 expenses	(2,193)	–	(2,193)	100%
IPO expenses	–	(2,808)	2,808	(100%)
IT transformation project expenses	(481)	–	(481)	100%
Operating Profit before interest expense	11,625	2,648	8,977	339%
Lease interest expense	(280)	(47)	(233)	496%
Profit Before Tax	**11,345**	**2,601**	**8,744**	**336%**
Income tax expense	(3,352)	(916)	(2,436)	266%
NPAT	**7,993**	**1,685**	**6,308**	**374%**
Impact of policy liability economic assumption changes (post tax)	445	5,825	(5,380)	(92%)
Impact of AASB 17 expenses (post taxes)	1,535	–	1,535	100%
Impact of IPO expenses (post tax)	–	1,966	(1,966)	(100%)
IT transformation project expenses	337	–	337	100%
Underlying NPAT[1]	**10,310**	**9,476**	**834**	**9%**

1. Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact on the valuation of policy liability from changes in economic assumptions and other material one-off items considered by the board to not reflect underlying performance of the business, disclosing an underlying measure of profitability enables 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).

NobleOak's Underlying NPAT for FY23 was $10.3 million, up 9% from FY22 ($9.5 million).

NobleOak's Reported NPAT was $8.0 million for the year, an increase of 374% from $1.7 million in FY22, a year that was impacted by IPO expenses and rising bond yield rates.

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After Tax Results by Segment $'000	Consolidated FY23	Consolidated FY22	Variance $	Variance %
Direct	5,551	5,386	165	3%
Strategic Partners	3,961	3222	739	23%
Genus	798	868	(70)	(8%)
Group Underlying NPAT	**10,310**	**9,476**	**1,473**	**16%**

KEY METRICS

	Consolidated		
$'000/%	**FY23**	**FY22**	**Variance**
Inforce premiums (ex Genus) at period end	315,949	254,592	+24%
New business	46,232	60,885	–24%
Net insurance premium revenue	77,637	63,701	+22%
Underlying gross insurance margin	11%	14%	(3 ppts)
Underlying administration expense ratio	7%	9%	+2 ppts
Investment return (% insurance premium)	1.2%	0.1%	+1.1 ppts
Underlying[3] NPAT	**10,310**	**9,476**	**+9%**

The following section provides an overview of some of the Group's 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 premium is the key value driver of NobleOak's business. In FY23, the Company achieved strong in-force premium growth of 24% on the prior year to $315.9 million, with the market growing by just 5%.

The Australian Life Insurance industry experienced a decline in sales volumes over the reporting period due to increased economic pressures, such as high inflation, and the reduction in active financial advisers. This is in contrast with the prior year where market sales surged in the first half surged due to high demand for now-discontinued Income Protection (IP) products.

As required by APRA, these products were replaced by new Individual Disability Income Insurance (IDII) products which have higher prices and fewer features, with the intention of driving sustainable industry profitability.

While NobleOak's new business sales declined relative to FY22, the Company continued to outperform the market and gain a high market share of new business sales, while reporting lower than industry average lapse rates across both the Direct and Strategic Partner channels.

NobleOak's share of new business sales remained above our target of 10%, and was approximately 13.0% over the 12 months to December 2022, driving in-force premium market share up to approximately 2.7% at 31 December 2022 (Dec 2021: 2.3%) according to the most recent industry data published by APRA.

The Company will remain disciplined in its pursuit of new business, ensuring its products remain competitive, while operating within its risk appetite.

3. Underlying NPAT is reconciled to Reporting NPAT on page 04.

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Net insurance premium revenue

Total net insurance premium revenue increased by 22% to $77.6 million in FY23 (FY22: $63.7 million), benefiting from the strong growth in annual in-force premium and continued favourable lapse rates across the Direct and Strategic Partner channels.

Underlying gross insurance margin (before admin expenses)

The Company reported a slightly reduced Gross Insurance Margin in the Direct and Strategic Partner segments in FY23, following actuarial assumptions changes to strengthen reserves and increase confidence in adequacy of claims reserving. On the advice our Appointed Actuary, NobleOak has increased income protection claims reserves to provide further financial security to policyholders, ensure long-term stability, and demonstrate responsible financial management, when the industry continues to experience higher than expected claims. This proactive approach helps us be prepared for future claims and uncertainties.

The Total Underlying Gross Insurance Margin reduced from 14% in FY22 to 11%, driven by:

- an expected change in the Group portfolio mix, with the structurally lower margin Strategic Partner segment growing faster than the Direct segment;
- Strengthening of prior period income protection claims reserves, noting NobleOak claims experience remains lower than industry averages; and
- lapse rates increasing in line with expectations, while also remaining below industry averages.

Underlying administration expense ratio

NobleOak continues to invest in building capability to deliver sustainable growth, and as a result, its expense base continues to grow in line with business volumes.

The Company's disciplined approach to investing in building capability also continues to deliver operating leverage, as strong premium growth outpaces growth in the expense base. This has seen the underlying administration expense ratio to improve by 2% in FY23 to 7% (FY22: 9%).

Significant one-off investments are being made towards the preparation and implementation of the new accounting standard AASB 17 *Insurance Contracts*, which the business will implement effective 1 July 2023. The project is expected to cost approximately $4.5 million over FY23 and FY24, of which $2.1 million has been incurred in FY23 and excluded from the underlying administration expenses and the associated ratios for the period.

NobleOak has also commenced project "OakBranch", our technology transformation initiative. This project is expected to cost approximately $2 million and be completed during FY24. $0.5 million of these costs were incurred in FY23 and disclosed separately and excluded from the underlying administration expenses and the associated ratios for the period.

Administration expenses in FY23 include depreciation and amortisation expense of $1.6 million (FY22: $1.6 million).

Investment returns

Investment returns have increased materially in the period, with the average return on invested assets increasing to 3.2% (FY22: 0.3%). This increase reflects the impact of higher market interest rates and the diversification of the strategic investment asset allocation to short-duration fixed interest asset classes, which are projected to continue to enhance returns while retaining the portfolio's overall low risk profile.

Investment returns have also benefited from increased assets held through the deposit back arrangements supporting reinsurance exposures. However, returns have been offset by commission and fees paid to reinsurers to support these arrangements.

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Capital Management

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) that sets out how NobleOak manages its capital. The ICAAP determines the level of capital to be maintained within each benefit fund including regulatory prescribed capital amounts, Pillar 2 capital requirements and a target level of surplus to reduce the likelihood of falling below regulatory capital requirements and is approved by the Directors.

In late March 2023, NobleOak received a notification from APRA in connection with its calculation and reporting of reinsurance asset exposures under APRA's prudential standards. APRA advised that NobleOak's approach was inconsistent with APRA's interpretation and was in breach of the prudential standards.

At the time of the notification, and as disclosed in the half year financial report, NobleOak was already working with its reinsurers to manage the way it operates its reinsurance arrangements to mitigate asset concentration risk. NobleOak subsequently confirmed to the market (in July 2023) that it has changed the way it operates its reinsurance arrangements, and that APRA has confirmed that the new arrangements meet its prudential standards.

The capital adequacy position at balance date for NobleOak, in accordance with the APRA requirements, is set out in the following table. The prior year comparative has been restated from what was disclosed in the 30 June 2022 financial statements to correct for the inconsistent interpretation of the prudential standards.

NobleOak is well capitalised with a regulatory solvency ratio of approximately 191% at 30 June 2023. NobleOak continues to prudently monitor its capital position to ensure the business remains well capitalised to support its existing customers and invest in the business to drive further growth.

Capital position of the Company	**2023 $'000**	**Restated 2022 $'000**	**Impact of restatement 2022 $'000**	**As reported 2022 $'000**
(a) Capital Base	40,323	41,773	–	41,773
(b) Prescribed capital amount	21,125	97,999	84,778	13,221
Capital in excess of/(below) prescribed capital amount = (a) – (b)	19,198	(56,226)	(84,778)	28,552
Capital adequacy multiple (%) (a)/(b)	190.88%	42.63%	(273.37%)	316.00%
Capital Base comprises:				
Common Equity Tier 1 Capital	119,486	111,158	–	111,158
Regulatory adjustment applied in calculation of Tier 1 capital	(79,163)	(69,385)	–	(69,385)
(A) Common Equity Tier 1 Capital	40,323	41,773	–	41,773
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	40,323	41,773	–	41,773

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While the disclosure above is at the Company level the capital adequacy position is also calculated and monitored at the benefit fund level in accordance with APRA's capital management standards.

APRA's capital management standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge provides concentration of counterparty risk limits.

NobleOak's successful growth continues to increase its reinsurance assets concentration exposures. This growth along with the changing prudential standards requires a continual reassessment of mitigating measures.

The mitigation arrangements in place and being monitored and updated on an ongoing basis include:

- Claims Settlement Terms – this represents changes to reinsurance arrangement so that the funds from the reinsurer are provided to the Company on a 'claims reserved' basis for certain claims categories, rather than on a 'claims paid' basis.
- Deposit Back Arrangement – this represents changes to reinsurance arrangement so that the reinsurer provides assets to the Company in support of and as security over estimated reinsurance exposures.
- Letter of credits (LOC's) – this represents obtaining a guarantee from an APRA approved financial institution that provides security to NobleOak against the default risk of its reinsurance asset exposure.

These arrangements, whilst effective, have varying levels of efficiency and cost, therefore NobleOak is also considering alternative structures that may be more efficient and cost effective over the longer term.

Transition to AASB 17 *Insurance Contracts*

On 1 January 2023 AASB 17 Insurance Contracts ("the Standard") replaced AASB 1038. This standard became effective for NobleOak on 1 July 2023 on the commencement of the new financial year. The new Standard makes material changes to the recognition, measurement, presentation and disclosure of insurance contracts with the intention of standardising reporting on insurance contracts internationally (to be consistent with IFRS 17), while at the same time aiming to result in reporting that granularly, and faithfully represents the contracts that an entity holds.

The Standard does not change the underlying economics of the business or insurance contracts, but it does impact:

- the level of net assets, the level of shareholder retained earnings and the tax position at transition (1 July 2022 for NobleOak); and
- the pattern of future profit recognition thereafter, which will have subsequent profit, tax and retained earning implications.

NobleOak is expecting to see a material decrease in net assets as at the transition date due to the expected write-off of some or all of the Deferred Acquisition Cost implicit in the policy liability at the transition date. Based on current interpretation of corporate tax laws, this is expected to result in a material deferred tax asset at transition that will be available to offset tax payable on future profits.

Over the last year, APRA has revised capital Prudential Standards to enable alignment with AASB 17. Changes to these standards, effective from 1 July 2023, have resulted in changes in granularity of reporting requirements however no material changes to the capital requirements for NobleOak are expected.

Transition calculation and balance sheets are currently being prepared as at 30 June 2022 and will progress through the governance processes over the coming months.

The 30 June 2023 Financial Statement presented have been prepared in accordance with AASB 1038. Immediately following completion of 30 June 2023 Year End process, work will be completed to prepare financial statements under the new accounting standard AASB 17.

The first set of financial statements under the new (AASB17) basis will be reported to the market in February 2024 for the half year ended 31 December 2023.

We expect to provide shareholders and the broader market with a AASB 17 transition update and information session prior to the half year results release.

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OPERATING SEGMENT REVIEW

Direct

$'000/%	FY23	FY22	Variance
In-force premiums at period end	80,301	69,177	+16%
New business sales (annualised premium)	10,394	10,166	+2%
Lapse rate	10.6%	8.4%	(2.2 ppts)
Net insurance premium revenue	41,213	35,036	18%
Underlying gross insurance margin	28%	31%	(3 ppts)
Administration expense ratio	19%	19%	Stable
Investment Return (% insurance premium)	2.2%	0.2%	+2.0 ppts
Underlying[4] NPAT	**5,551**	**5,386**	**3%**

NobleOak's Direct strategy continues to deliver results, with ongoing brand investment continuing to drive sales and market awareness. The Company's strategy of investing in digital marketing alongside a diverse and growing range of alliance partnerships has helped to support strong market share gains.

In FY23, NobleOak's Direct Channel policy count increased by 13% to over 45,000, with in-force premiums growing by 16% to $80.3 million (FY22: $69.2 million), representing a market share of Direct inforce premium of 7.8% at 31 December 2022.

As anticipated lapse rates continue to trend upward from COVID-19 lows. However, NobleOak's lapse rates of 10.6% for FY23 remain well below the industry average.

Since the launch of new IDII products across the industry, fewer customers are changing insurers. While this continues to support a lower lapse experience, it also limits sales opportunities.

The launch of new alliance partnerships with Budget Direct and RAC WA in FY22 have gone some way to offset the impact for NobleOak, driving 2% sales growth in a market where overall sales volumes have fallen materially.

Underlying NPAT rose to $5.6 million in FY23, up 3% on the prior year.

The Underlying Insurance Margin remains strong at 28%, however it was impacted by a lapse experience that increased in line with expectations, as well as prior period income protection claims reserves being strengthened during the year. Importantly, claims experience remains below industry averages, with NobleOak's conservative reinsurance strategy mitigating any impact on margins.

The Administration Expense ratio remained stable at 19%, with enhanced operating leverage offsetting additional expenses associated with building resource capability, and implementing actions to mitigate reinsurance asset concentration.

Increasing interest rates and Investment returns are providing tailwind for the business.

A strong focus on NobleOak's core values of nobility, simplicity, adaptability and delivery continues to deliver strong customer outcomes in the Direct Channel, resulting in a range of accolades including:

- 4.6/5 Feefo customer rating at 30 June 2023, with NobleOak receiving a second Platinum Trusted Service award in 2022 for maintaining a Gold Trusted Service Award standard for three consecutive years;
- 4.4/5 Google customer satisfaction rating as at 30 June 2023; and

NobleOak was again the most awarded Australian direct Life Insurer in 2022, winning awards from Canstar, Plan for Life, Mozo Experts Choice and Finder during the year for the quality of our Life Insurance and Income Protection products. NobleOak also won Money Magazine's inaugural Direct Life Insurance Cover of the year 2022, and the Direct sales team was named the #1 Sales Contact Centre in Australia by leading independent consultancy GRIST.

4. Underlying NPAT is reconciled to Reporting NPAT on page 04.

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Strategic Partner

$'000/%	FY23	FY22	Variance
In-force premiums at period end	235,648	185,415	+27%
New business Sales (annualised premium)	35,838	50,719	(29%)
Lapse rate	7.2%	4.0%	3.2%
Net insurance premium revenue	33,739	25,304	33%
Underlying gross insurance margin	3%	5%	(2 ppts)
Administration expense ratio	2%	2%	Stable
Investment Return (% insurance premium)	0.9%	0%	+0.9 ppts
Underlying[5] NPAT	**3,961**	**3,222**	**23%**

The Strategic Partner Channel continues to deliver strong growth, with NobleOak's contemporary product offerings, high quality service and strong strategic partnerships continuing to deliver market share growth.

In-force premiums grew by 27% to $235.6 million at 30 June 2023 (Jun 23: $185.4 million), representing market share advised inforce premium of ~2.2% at 31 December 2022.

As in the Direct Channel, customer insurance purchasing activity reduced in the advised channels since the introduction of the new IDII products, compounded by the reduction in adviser numbers across the industry.

While lower market sales volumes and higher sales in the prior year resulted in new business sales reducing by 29% to $35.8 million NobleOak's new business sales market share remains strong at 12.6% (December 2022).

NobleOak's lapse rate for FY23 increased in line with expectations to 7.2% remaining well below the industry average.

Underlying NPAT of $4.0 million for FY23 represents an increase of 23% on the prior corresponding period and is closely aligned to the growth in net insurance premium.

The Underlying Insurance Margin was 3%, driven largely by a changing mix of strategic partnership revenue and also impacted by a less favourable claims experience and lapse experience that increased in line with expectations. While prior period Income protection claims reserves were strengthened to increase confidence in adequacy of reserving, the claims experience remains below industry averages, with NobleOak's conservative reinsurance strategy mitigating the impact on margins.

The Administration Expense ratio remained stable at 2%, with enhanced operating leverage offsetting additional expenses associated with action taken to mitigate reinsurance asset concentration.

Increasing interest rates and Investment returns are providing tailwind for the business.

NobleOak continues to engage with its Strategic Partners to ensure ongoing commercial alignment and an appropriate balance of risk and return.

5. Underlying NPAT is reconciled to Reporting NPAT on page 04.

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Genus

$'000/%	FY23	FY22	Variance
In-force premiums at period end	24,740	25,501	(3%)
Administration Expenses	5,184	6,077	(15%)
Amortisation of Portfolio Acquisition Cost Included in Administration Expenses	310	263	18%
Underlying[6] NPAT	**798**	**868**	**(8%)**

In-force premiums under management by Genus reduced less than expected to $24.7 million, due to a favourable lapse experience which has continued since the conclusion of the remediation program on the Freedom portfolio in April 2022.

Genus generated $0.8 million of Underlying NPAT in FY23, reducing in line with the lower in-force premium.

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.

6. Underlying NPAT is reconciled to Reporting NPAT on page 04.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	2023 $'000	2022 $'000
Insurance premium revenue	330,336	248,401
Reinsurance expenses	(252,699)	(184,700)
Net insurance premium revenue	77,637	63,701
Investment income	3,823	181
Net commissions	18,248	15,097
Fees & other revenue	3,797	4,422
Claims expense – net of reinsurance recoveries	(17,421)	(9,485)
Policy acquisition costs	(52,575)	(45,170)
Change in net policy liabilities (before economic assumption changes)	5,820	7,000
Change in net policy liabilities (economic assumption changes)	(635)	(8,321)
Administration expenses	(24,395)	(21,969)
AASB 17 expenses	(2,193)	–
IPO expenses	–	(2,808)
IT transformation project expenses	(481)	–
Operating Profit before interest expense	**11,625**	**2,648**
Lease interest expense	(280)	(47)
Profit Before Tax	**11,345**	**2,601**
Income tax expense	(3,352)	(916)
Profit After Tax	**7,993**	**1,685**
Other Comprehensive Income	**–**	**–**
Total Comprehensive Income attributable to Owners of the Company	**7,993**	**1,685**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	2023 $'000	2022 $'000
Assets		
Cash and cash equivalents	50,415	30,263
Receivables	26,327	12,043
Financial assets	177,696	69,200
Gross policy liabilities ceded under reinsurance	72,985	27,428
Plant and equipment	404	169
Right-of-use assets	5,679	495
Deferred tax asset	3,487	3,562
Intangibles	4,561	5,353
Total assets	**341,554**	**148,513**
Liabilities		
Payables	168,026	28,639
Current tax liabilities	2,909	702
Lease liabilities	5,834	556
Provisions	1,953	1,512
Gross policy liabilities	42,993	5,472
Total liabilities	**221,715**	**36,881**
Net assets	**119,839**	**111,632**
Equity		
Issued share capital	95,727	95,323
Accumulated profits	22,819	14,826
Share-based payment reserve	1,293	1,483
Total equity	**119,839**	**111,632**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	Issued share capital $'000	Accumulated profits $'000	Share-based payment reserve $'000	Total equity $'000
Balance as at 1 July 2021	62,451	21,298	871	84,620
Profit for the year	–	1,685	–	1,685
Dividends	–	(8,157)	–	(8,157)
Share capital net of transaction costs	32,872	–	–	32,872
Recognition of share-based payments	–	–	612	612
Balance at 30 June 2022	**95,323**	**14,826**	**1,483**	**111,632**
Profit for the year	–	7,993	–	7,993
Dividends	–	–	–	–
Recognition of share-based payments	–	–	214	214
Share issued under Long Term Incentive Plan	404	–	(404)	–
Balance at 30 June 2023	**95,727**	**22,819**	**1,293**	**119,839**

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	2023 $'000	2022 $'000
Cash flows from operating activities		
Premium received	330,473	249,265
Reinsurance premium payments	(215,238)	(177,915)
Reinsurance concentration mitigants received	89,427	20,000
Reinsurance recoveries received	57,573	47,970
Claims paid	(72,399)	(51,629)
Interest received	2,097	181
Dividends and distribution received	1,023	56
Fees and other income received	103,718	114,374
Marketing and policy acquisition costs	(141,615)	(144,593)
Payments to other suppliers and employees	(24,921)	(29,732)
Net cash generated from operating activities	130,137	27,977
Cash flows from investing activities		
Purchase of plant and equipment	(340)	(31)
Purchase of intangible assets	(133)	(4,457)
Purchase of financial assets	(108,336)	(48,837)
Net cash used in investing activities	(108,809)	(53,325)
Cash flows from financing activities		
Repayment of leasing liabilities	(896)	(899)
Lease interest paid	(280)	(47)
Dividends paid	–	(8,157)
Amounts received from issue of shares	–	34,520
Cost of issue of shares	–	(1,648)
Net cash from financing activities	(1,176)	23,769
Net increase/(decrease) in cash and cash equivalents held	**20,152**	**(1,579)**
Cash and cash equivalents at the beginning of the financial year	**30,263**	**31,842**
Cash and cash equivalents at the end of the financial year	**50,415**	**30,263**

APPENDIX 4E
continued

NOTE 1. BASIS OF PREPARATION

The financial information does not constitute the Consolidated Entity's full financial statements for the year ended 30 June 2023, which have been approved by the Board, reported on by the Auditors and lodged with the ASX. The Consolidated Entity's full financial statements will be prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB).

The financial report has been prepared on an accruals basis and is based on historic costs, except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

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

The Company is that as 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.

The Group's functional currency is Australian dollars. All amounts are presented in Australian dollars, unless otherwise noted.

APPENDIX 4E
continued

NOTE 2. EARNINGS PER SHARE

	Consolidated 2023	Consolidated 2022
Basic earnings per share (cents)	9.31	2.00
Diluted earnings per share (cents)	9.08	1.95
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 ($'000)	7,993	1,685
Earnings used in the calculation of basic earnings per share ($'000)	7,993	1,685
Weighted average number of ordinary shares for the purpose of basic earnings per share	85,894,480	84,466,900
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 ($'000)	7,993	1,685
Earnings used in the calculation of total diluted earnings per share ($'000)	7,993	1,685
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	85,894,480	84,466,900
Shares deemed to be dilutive in respect of the Premium Option Plan and Performance Rights Plan	2,138,820	1,844,830
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	88,033,300	86,311,730

APPENDIX 4E
continued

STATEMENT OF COMPLIANCE

The financial information included in this document is based on the Consolidated Entity's full financial statements for the year ended 30 June 2023 which have been audited.

Signed:

Anthony R Brown
Director

Stephen Harrison
Chair

Sydney, 30 August 2023

NobleOak

LIFE INSURANCE

NobleOak Life Limited
ABN 85 087 648 708   AFSL No 247302
Telephone: 02 8123 2622
Email : companysecretary@nobleoak.com.au
Website: www.nobleoak.com.au
Registered office address:
Level 4, 44 Market Street, Sydney NSW 2000