

NobleOak Life FY24 results

In-force premium ahead of guidance as NobleOak remains Australia's fastest growing and most awarded direct life insurer

NobleOak Life Limited (ASX: NOL) (**NobleOak** or **the Company**), Australia's fastest growing direct life insurer, today announces its full year results for the 12 months ended 30 June 2024 (**FY24**).

These results are presented in accordance with AASB 17, with the prior corresponding period (pcp) restated on the same basis.

FY24 highlights¹:

In-force premiums \$387.0m ▲ +22% vs. FY23	New business \$54.4m ▲ +18% vs. FY23	Lapse rate 11.0% ~4.0ppts below industry	Underlying NPAT \$15.0m ▲ +19% vs. FY23
In-force premium market share 3.3% ▲ +0.7ppts vs. Dec-22	New business market share 12.8% 2.8% above long-term target	Regulatory capital multiple 193% FY23: 191% \$8.7 million above target	Underlying EPS 16.97cps Reported EPS: 10.49cps
<ul style="list-style-type: none"> • Strong sales performance and low lapse rates drive continued market share and in-force premium growth ahead of guidance • Australia's most awarded Australian direct Life Insurer for the fifth consecutive year, winning awards for quality, value and customer service • Continuing to invest for long-term sustainable growth, with new product features and technology capabilities to deliver a market-leading customer experience • Sound capital position (193% capital adequacy multiple) as NobleOak reaches important inflexion point towards free cash flow and organic capital generation 			

NobleOak Chief Executive Officer, Anthony Brown, said: "FY24 was a successful year for NobleOak, as we delivered in-force premium growth ahead of guidance and continued to outperform and grow market share in the direct and advised life insurance markets.

"I am proud of the efforts of our team that made NobleOak Australia's most awarded Australian direct Life Insurer for the fifth consecutive year. Our market-leading products, value, customer service and digital capabilities continue to resonate strongly.

"We maintained our strong financial disciplines, delivering margin stability and underlying profit growth. Our capital position remains robust, and we are nearing an important inflexion point on our journey to free cash flow generation.

"As we invest to build the foundations for long-term growth, we are making good progress on our digital transformation delivering a scalable technology platform with an enhanced omnichannel customer experience. We are also exploring new channels to continue to enhance our offering and further accelerate our growth."

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

Group performance ²	FY24	FY23 ³ Restated	Var
In-force premiums (ex-Genus) at period end (\$m)	387.0	315.9	+22%
New business sales (\$m)	54.4	46.2	+18%
Lapse rate	11.0%	8.1%	(2.9 pts)
Net insurance premium (\$m)	98.6	77.6	+27%
Underlying gross insurance margin (%)	11.2%	11.6%	(0.4 pts)
Underlying administration expense ratio (%)	7.1%	7.2%	+0.1 pts
Investment return (as % of insurance premium)	1.6%	1.0%	+0.6 pts
Underlying NPAT (\$m)	15.0	12.6	+19%

In-force premium, the key value driver for NobleOak, grew by 22% on the pcp to \$387 million at 30 June 2024. This was ahead of the Company's guidance of 15-20% and significantly outperformed the industry, which grew by 2%. As a result, NobleOak's market share of in-force premium grew to 3.3%⁴.

NobleOak's outperformance continues to be driven by strong sales and lapse rates that remain ~4 percentage points lower than industry average.

Disciplined underwriting and expense management delivered strong growth in underlying net profit after tax (NPAT) of 19% to \$15 million.

Statutory reported NPAT was down 31% to \$9.3 million, largely due to the movement in provisions for onerous contracts as well as one-off compliance, IT project and product development costs.

Higher interest rates and the growth of the investment portfolio drove investment returns (after fees and costs associated with ACRC mitigations) up to \$6.2 million (FY23: \$3.4 million), with the average return on invested assets (pre fees) improving to 4.4% (FY23: 2.5%).

The Company reported a sound regulatory capital adequacy multiple of 193% (Dec-23: 191%) and \$8.7 million surplus capital above target at 30 June 2024, as NobleOak reached an important inflexion point towards free cash flow and organic capital generation.

Direct Channel	FY24	FY23 ³ Restated	Var
In-force premiums at period end (\$m)	91.6	80.3	+14%
New business sales (\$m)	10.4	10.4	+0.2%
Lapse rate (%)	13.2%	10.6%	(2.6 pts)
Net insurance premium (\$m)	47.8	41.2	+16%
Underlying gross insurance margin (%)	27.0%	24.2%	+2.8 pts
Underlying administration expense ratio (%)	19.5%	18.6%	(0.9 pts)
Investment return (as % of insurance premium)	2.3%	2.0%	+0.3 pts
Underlying NPAT (\$m)	5.9	4.0	48%

In NobleOak's Direct Channel, effective investment in digital marketing and alliance partnerships continued to drive market share gains, with gross in-force premiums growing 14% to \$91.6 million.

² Key metrics are based on management analysis of business performance. See the Statutory to Management Results Reconciliation Section in the half year financial report for more information.

³ FY23 restated to reflect impact of new accounting standard AASB 17 *Insurance Contracts*.

⁴ As at 31 December 2023. Market share calculated using APRA's Quarterly life insurance performance statistics. Data is available six months in arrears.

New business sales remained stable at \$10.4 million, outperforming the market which fell by 2%. Good performances from alliance partnerships, including with Budget Direct, RAC WA and new partners such as Costco, has seen NobleOak's market share of Direct sales increase to 17.0%⁵, remaining significantly higher than the market share of Direct in-force premiums of 8.7%⁶.

Lapse rates are returning to more normal levels from pandemic era lows but remain well below the industry average. This is expected to stabilise over the medium-term.

A strong underwriting performance and the non-recurrence of net policy liability reserve strengthening in the prior year drove an improved underlying gross insurance margin.

The underlying administration expense ratio increased as we invested to maintain market-leading customer experience. Our ongoing investment in technology and capability will drive long-term growth and support emerging economies of scale.

As a result, underlying NPAT grew by 48.0% to \$5.9 million.

For the fifth consecutive year, NobleOak was Australia's most awarded Australian direct Life Insurer, winning awards from Canstar, Plan for Life, Mozo, Money Magazine, Finder, WeMoney, DBM and Feefo for quality, value and customer service. In 2023, NobleOak also was named an Employer of Choice at The Australian Business Awards.

Strategic Partner Channel	FY24	FY23 ³ Restated	Var
In-force premiums at period end (\$m)	295.2	235.6	+25%
New business sales (\$m)	43.9	35.8	+23%
Lapse rate (%)	10.2%	7.2%	(3.0 ppts)
Net insurance premium (\$m)	48.3	33.7	+43%
Underlying gross insurance margin (%)	4.6%	5.7%	(1.1 ppts)
Underlying administration expense ratio (%)	1.8%	1.9%	+0.1 ppts
Investment return (as % of insurance premium)	1.5%	0.7%	+0.8 ppts
Underlying NPAT (\$m)	8.3	7.8	6%

The Strategic Partner channel continues to deliver strong growth, with NobleOak's contemporary products, high-quality service and partnerships with Neos and PPS driving market share gains.

In-force premiums grew by 25% to \$295.2 million, with a 12% share of advised sales in an improving market and lapse outperformance driving NobleOak's advised in-force market share up to 2.7%⁷.

The underwriting performance in the Strategic Partner Channel remains strong, however the underlying claims experience increased in line with industry averages. As NobleOak's advised portfolio matures, this trend is expected to continue, with the insurance margin stabilising.

The underlying administration expense ratio remains low at 1.8%, driven by operating leverage and ongoing financial discipline. This delivered underlying NPAT growth of 6% to \$8.3 million.

⁵ As at 31 December 2023 (December 2022: 14.8%).

⁶ As at 31 December 2023 (December 2022: 7.8%).

⁷ As at 31 December 2023 (December 2022: 2.0%).

Genus	FY24	FY23 Restated	Var
In-force premiums under management (\$m)	24.6	24.7	(1%)
Underlying administration expenses	5.2	5.2	+0.6%
Amortisation of portfolio acquisition cost Included in administration expenses (\$m)	0.5	0.3	(53%)
Underlying NPAT (\$m)	0.8	0.8	5%

A favourable lapse experience drove in-force premiums under management by Genus to reduce by less than expected to \$24.6 million. Combined with improved expense control, this delivered \$0.8 million of Underlying NPAT from Genus in FY24.

Investing to support long-term growth

It was a productive year operationally and strategically for NobleOak, as the Company continues to invest in growth and innovation to build on its position as Australia's leading direct life insurer.

The Company is currently developing and testing a number of strategic initiatives to drive growth. These include a direct wealth proposition, new marketing strategies and an embedded insurance offering that is designed to more smoothly integrate NobleOak's life insurance products into the customer journeys of partners and address the needs of adjacent market segments. These investments are essential to maintaining NobleOak's position as an innovator with a strong pipeline for organic growth.

As previously announced, from 1 July 2023 NobleOak successfully implemented and adopted AASB 17: *Insurance Contracts*, a new accounting standard for the Australian insurance sector. While AASB 17 does not impact NobleOak's underlying business value drivers or strategy, the adoption of this standard resulted in the establishment of a \$27 million deferred tax asset through writing off intangible assets, including deferred acquisition costs (DAC). It also delivered a modest acceleration of profit recognition overall.

A significant financial and operational investment was required to implement AASB 17. Further details outlined in Note 1 of the financial statements.

FY25 outlook

In an environment of improving industry sales volumes, NobleOak expects to continue to outperform and achieve above-market in-force premium growth driven by a high share of new business sales and better than market lapse rates.

Higher interest rates remain a tailwind, benefiting investment returns and inflation-linked premiums and helping to mitigate inflationary pressures on costs to protect margins.

NobleOak remains committed to maintaining strong financial disciplines while investing in innovation to drive growth, as well as the next phase of its technology and digital transformation.

The Company is in a sound capital position to deliver its growth plans and has reached an important inflexion point towards free cash flow and organic capital generation. This significant milestone in NobleOak's growth journey marks an exciting phase and opens up future strategic options.

Over the longer-term, the Quality of Advice Review is expected to benefit NobleOak by supporting its Direct model and providing opportunities to expand into related areas of Direct wealth.

In FY25, the Company will focus on executing its diversified growth strategy, including the following key strategic priorities:

- Continuing organic growth by further strengthening the brand and expanding partnerships.
- Enhancing the omnichannel experience through a continued investment in digital transformation and automation.
- Improving customer retention by implementing personalised strategies to reduce policy lapses due to affordability.
- Maintaining strong financial disciplines to deliver sustainable margins, driven by economies of scale, sound pricing and portfolio management.
- Delivering on our data strategy to leverage analytics and AI for better customer insights and optimised underwriting and marketing.
- Further enhancing the Company's risk management framework and ensuring robust compliance.
- Driving growth through innovation by developing and testing new products in our Direct and Strategic Partners channels.

Investor webcast

NobleOak CEO Anthony Brown and CFO Scott Pearson will host a webcast briefing for analysts and investors from **10.00am AEST today (30 August 2024)**.

The webcast can be accessed at: <https://webcast.openbriefing.com/nol-fyr-2024/>

Ends

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

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About NobleOak (ASX: NOL)

NobleOak is an independent, multi award-winning, APRA-regulated Australian life insurance provider which has a 147-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: Be Noble, Create Value, Adapt & Grow, Keep it Simple, and Deliver on promises, 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. For more information, please visit: www.nobleoak.com.au