



NobleOak Life HY24 results

Strong growth in premium and profits; FY24 in-force guidance affirmed

NobleOak Life Limited (ASX: NOL) (**NobleOak** or **the Company**), Australia's fastest growing direct life insurer, today announces its financial results for the six months ended 31 December 2023 (**HY24**).

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

HY24 highlights¹:

In-force premiums	New business	Active policies	Underlying NPAT
\$351.4m ▲	\$26.5m ▲	128,000+ ▲	\$7.8m ▲
+24% vs. HY23 +11% vs. Jun-23	+23% vs. HY23	+15% vs. HY23	+16% vs. HY23
In-force premium market share	New business market share	Lapse rate	
3.0% ▲	13.2%	9.1%	
+0.5ppts vs. Dec-22	>3% above target	+2.7ppts vs. HY23	

- **Strong in-force premium growth** driven by above market sales and lapse outperformance
- **NPAT growth driven by margin stability**, with favourable net claims experience and financial discipline
- **Tailwind from higher interest rates**, benefiting investment returns and stepped premiums
- **Capital position strengthened**; with 228% regulatory capital multiple (FY23: 191%)
- **FY24 guidance affirmed** for 15-20% in-force premium growth

NobleOak Chief Executive Officer, Anthony Brown, said: "I am pleased to report a strong first half performance, with 24% in-force premium growth as we continue to outperform and gain market share, and profit growth driven by disciplined underwriting and expense management.

"In the half, we made considerable headway in our IT transformation that will improve our efficiency and enhance the customer experience, with an upgraded system and new omnichannel platform. This was achieved while onboarding new distribution partners and undertaking the significant implementation of the new insurance accounting standard, AASB 17. As we build on the foundations for long-term growth, the NobleOak team is doing an outstanding job to keep our customers front of mind.

"It is pleasing to see market activity improving, and with our above market share of new business sales and low lapse experience, we affirm our full year guidance for in-force premium growth of 15-20%. Looking ahead, we expect the high interest rate environment to remain a tailwind for our investment returns and earnings."

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

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Group financial performance²

	HY24	HY23 ³ Restated	Var
In-force premiums (ex-Genus) at period end (\$m)	351.4	283.3	+24%
New business sales (\$m)	26.5	21.6	+23%
Net insurance premium revenue (\$m)	48.7	38.4	+27%
Underlying gross insurance margin (%)	12.2%	12.1%	+0.1ppts
Underlying administration expense ratio (%)	7.5%	6.8%	(0.7)ppts
Investment return (as % of insurance premium)	1.5%	0.6%	+0.9ppts
Underlying NPAT (\$m)	7.8	6.8	+16%

In-force premiums, the key value driver of NobleOak's business, grew by 24% on the pcp to \$351.4 million at 31 December 2023. This significantly outpaced the industry, which grew by 3%⁴.

As sales volumes in the industry improve, NobleOak continues to grow its market share. New business sales grew by 23% in H1, driving NobleOak's market share up to 3%.

NobleOak's strong underwriting performance and financial discipline delivered overall margin stability and drove strong growth in underlying net profit after tax (NPAT) of 16% to \$7.8 million. NobleOak's statutory reported NPAT was \$3.6 million.

The company strengthened its capital position in H1, with a capital adequacy ratio of 229% (pcp: 191%) and \$13.1 million surplus capital above target at 31 December 2023.

Direct Channel

	HY24	HY23 ³ Restated	Var
In-force premiums at period end (\$m)	85.9	74.3	+16%
New business sales (\$m)	5.0	4.8	+4%
Lapse rate (%)	11.3%	9.5%	(1.8)ppts
Net insurance premium revenue (\$m)	23.1	20.1	+15%
Underlying gross insurance margin (%)	28.0%	26.6%	+1.4ppts
Underlying administration expense ratio (%)	19.9%	18.2%	(1.7)ppts
Investment return (as % of insurance premium)	2.0%	1.5%	+0.5 ppts
Underlying NPAT (\$m)	3.0	2.5	18%

In the Direct Channel, sustained investment in brand, technology and distribution continues to drive market share growth, with NobleOak's Direct policy count increasing by 12% to 48,000.

New business sales grew by 4%, with good growth from alliance partnerships including Budget Direct and RAC WA.

NobleOak's new partnership with Costco is off to a good start, with a co-branded promotional program to Costco's membership base of more than one million Australians.

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 HY23 restated to reflect impact of new accounting standard AASB 17 *Insurance Contracts*.

⁴ APRA quarterly life insurance performance statistics, June 2023. Data is only available six months in arrears.

NobleOak's market share of direct sales was 15.8%, driving the Company's market share of direct in-force premiums up to 8.3% (June 2022: 7.8%), with lapse rates remaining well below the industry.

The underlying gross insurance margin remained strong, while the underlying administration expense ratio was impacted by non-recurring technology expenses, driving underlying NPAT up by 18% to \$3.0 million.

In the last 12 months, NobleOak was again Australia's most awarded direct Life Insurer, winning awards including Mozo's Life Insurance Company of the Year, Finder's Best Life Insurance, WeMoney Life Insurer of the Year and the prestigious Plan for Life Overall Excellence Award.

Strategic Partner Channel

	HY24	HY23 ³ Restated	Var
In-force premiums at period end (\$m)	265.5	209.0	+27%
New business sales (\$m)	21.5	16.8	+28%
Lapse rate (%)	8.4%	5.2%	+3.2ppts
Net insurance premium revenue (\$m)	24.3	17.0	+43%
Underlying gross insurance margin (%)	5.5%	5.8%	(0.3)ppts
Underlying administration expense ratio (%)	2.0%	1.6%	+0.4ppts
Investment return (as % of insurance premium)	1.3%	0.4%	+0.9ppts
Underlying NPAT (\$m)	4.5	3.9	+17%

In the Strategic Partner Channel, in-force premiums grew by 27% to \$265.5 million, with NobleOak's 12.5% share of advised sales and lapse outperformance driving the Company's advised market share up to 2.5%.

New business sales grew by 28%, supported by improved industry sales volumes which continue to improve.

The underwriting performance in the Strategic Partner Channel was strong, with the underlying administration expense ratio remaining low at 2.0%, driven by operating leverage and ongoing financial discipline. This delivered strong underlying NPAT growth of 17% to \$4.5 million.

Genus

	HY24	HY23 ³ Restated	Var
In-force premiums under management (\$m)	24.5	24.9	(1%)
Underlying administration expenses (excl amort) (\$m)	2.6	2.6	(6%)
Amortisation of portfolio acquisition cost Included in administration expenses (\$m)	0.2	0.2	(53%)
Underlying NPAT (\$m)	0.3	0.4	(9%)

In-force premiums under management by Genus stabilised at \$24.5 million after the conclusion of the Freedom conduct remediation program. Moving forward, the business expects to return to a more normal run-off pattern of approximately 10% per year.

Genus generated \$0.3 million of Underlying NPAT, slightly lower than the prior year in line with in-force premium under management.

AASB 17 implementation

NobleOak has implemented AASB 17: *Insurance Contracts*, a new accounting standard for the Australian insurance sector, adopted from 1 July 2023.

While AASB 17 introduces significant changes to the recognition, measurement, presentation, and disclosure of insurance contracts, it does not impact NobleOak's underlying business value drivers or strategy. These changes are described in the information pack lodged with ASX on 21 February 2024.

For NobleOak, the adoption of this standard resulted in the establishment of a \$27m deferred tax asset through writing off intangible assets, including deferred acquisition costs (DAC). It also resulted in a modest acceleration of profit recognition overall.

A significant investment was required to implement AASB 17, particularly to ensure NobleOak's accounting policies and financial reporting comply with the standard. Further details are outlined in Note 1 of the financial statements.

FY24 outlook

Against a backdrop of improving market conditions, NobleOak expects to continue to outperform and achieve above-market in-force premium growth.

A higher interest rate environment benefits the industry and NobleOak, with significantly improved investment returns.

With 11% in-force premium growth in HY24, NobleOak affirms its guidance of 15-20% in-force premium growth for the full year to 30 June 2024, in a market that is achieving growth of around 3%¹.

Investor webcast

NobleOak CEO Anthony Brown and CFO Scott Pearson will host a webcast briefing for analysts and investors from **10.00am AEDT today (28 February 2024)**.

The webcast can be accessed at: <https://webcast.openbriefing.com/nol-hyr-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 146-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 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