

# Earnings Results

## Quarter Ended September 30, 2023



# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation may contain forward-looking statements. Information on factors that could cause results to differ materially from those projected in this presentation is available in our Form 10-K for the year ended December 31, 2022, as may be modified by subsequent Forms 10-Q. These documents are available in the Investor Relations section of our website, <https://investors.primera.com>. The forward-looking statements speak as of the date on which they were made, and the Company does not undertake any obligation to update or correct any forward-looking statements.

## Non-GAAP Financial Measures

This presentation also contains non-GAAP financial measures. A reconciliation of those measures to GAAP financial measures is included in our Financial Supplement, which is posted in the Investor Relations section of our website, <https://investors.primera.com>.

## Financial Highlights

- Adjusted net operating income of \$154 million grew 9%, while diluted adjusted operating EPS of \$4.28 grew 14% year-over-year
  - Consistent in-force premium growth and strong term life policy sales
  - Growth of client asset values
  - Higher net investment income
- Capital deployment during Q3 2023
  - Repurchased \$106 million of our common stock and paid \$23 million in stockholder dividends

### GAAP Financial Results

(\$ in millions, except per share amounts)	Q3 2023	Q3 2022	% Change
Revenues	\$710.9	\$673.3	6%
Net income	\$152.1	\$79.6	91%
Stockholders' equity <sup>(1)</sup>	\$2,312.5	\$1,979.6	17%
Diluted EPS <sup>(2)</sup>	\$4.23	\$2.11	100%
Book value per share <sup>(1) (3)</sup>	\$65.43	\$53.47	22%
ROE	28.1%	16.8%	

### Adjusted Operating Financial Results

(\$ in millions, except per share amounts)	Q3 2023	Q3 2022	% Change
Adjusted operating revenues	\$713.2	\$676.1	5%
Adjusted net operating income	\$153.8	\$141.7	9%
Adjusted stockholders' equity <sup>(1)</sup>	\$2,204.5	\$2,037.0	8%
Diluted adjusted operating EPS <sup>(2)</sup>	\$4.28	\$3.76	14%
Adjusted book value per share <sup>(1) (3)</sup>	\$62.37	\$55.02	13%
Adjusted operating ROAE	28.0%	27.5%	

For a reconciliation of GAAP to non-GAAP financial measures, refer to the Financial Supplement

(1) Reflects the Company's permanent stockholders' equity and does not include temporary stockholders' equity

(2) 35.8 million weighted average common shares outstanding for Q3 2023

(3) 35.3 million common shares outstanding as of September 30, 2023

# Distribution Highlights

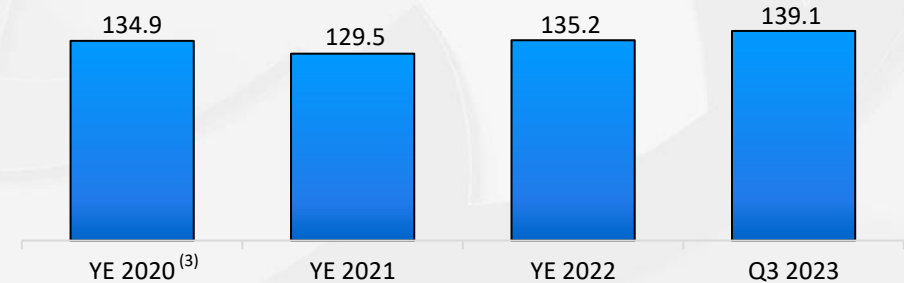
- Focused on growing the size of the sales force
  - Attractiveness of our entrepreneurial business opportunity continues to fuel recruiting
- Recruiting and licensing trends remained solid:
  - Recruited over 92,000 individuals
  - Added more than 12,000 new life-licensed representatives
- Life-licensed sales force of more than 139,000 representatives; up 4% year-over-year

## Sales Force

Distribution		Q3 2023	Q3 2022	% Change
	Recruits		92,269	127,788 <sup>(1)</sup>
New life-licensed representatives		12,311	12,518	(2%)
Life-licensed sales force <sup>(2)</sup>		139,053	134,313	4%
Securities licensed sales force		25,548	26,219	(3%)

## Life-Licensed Sales Force<sup>(2)</sup>

(in thousands)



(1) Reflects recruiting incentives announced at the biennial convention and offered during July 2022.

(2) At period end

(3) YE 2020 included approximately 4,200 individuals that the Company estimated would not pursue the necessary steps to obtain a permanent license or renew a license with an extended renewal date

# Production Highlights

## Term Life Insurance

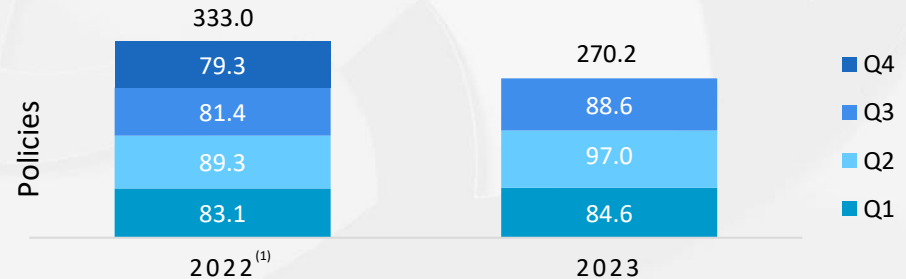
- Strong demand for term life insurance products
  - Policies issued grew 9% year-over-year
  - Issued term life face amount grew 13% year-over-year
- Productivity remained within the historical range at 0.21 policies per life insurance licensed representative per month

## Production

	(\$ in billions)	Q3 2023	Q3 2022	% Change
Term Life	Issued life insurance policies	88,589	81,372 <sup>(1)</sup>	9%
	Issued face amount <sup>(2)</sup>	\$29.5	\$26.0	13%
	Life insurance face amount in-force <sup>(3)</sup>	\$937.9	\$912.8	3%
	Productivity	0.21	0.20 <sup>(1)</sup>	

## Issued Term Life Policies

(in thousands)



- (1) Reflects the estimated number of policies issued after adjusting for a consistent basis of insured lives per policy following the Q4 2022 new product launch
- (2) Includes face amount of issued term life insurance policies, additional riders added to existing policies and face amount increases under increasing benefit riders
- (3) At period end

# Production Highlights

## Investment and Savings Products

- Sales during the quarter reflect:
  - Strong demand for guaranteed features provided by variable annuities
  - Temporary headwinds from managed account platform conversion to a new custodian
  - Continued decline in Canadian segregated funds sales since the elimination of deferred sales charges on new product sales
- Ending client asset values of \$88 billion grew 12% year-over-year
  - Sequentially, market pressure caused client asset values to decline 3.5% versus Q2 2023
- Net client inflows were \$192 million
  - Included ~\$150 million in redemptions for client assets that did not convert to the new managed account custodial platform

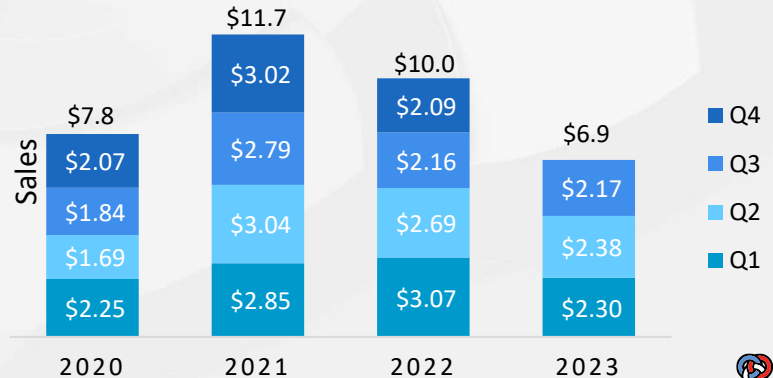
### Production

ISP	(\$ in billions)	Q3 2023	Q3 2022	% Change
	Total product sales		\$2.2	\$2.2
Client asset values <sup>(1)</sup>		\$88.4	\$78.7	12%
Average client asset values		\$91.5	\$83.3	10%

(1) At period end

### ISP Production

(\$ in billions)



# Production Highlights

## Senior Health

- LTV stability over four consecutive quarters
- Contract acquisition costs and sales volume pressured by:
  - Higher mix of newer, less productive agents
  - Higher than expected attrition of experienced agents
  - Inefficient use of leads
- Primerica senior health-certified representatives remain a valuable source of leads
- New senior health leadership team creating strong foundation for the future
- Remain committed to the business
- No capital contribution needed in 2023 or anticipated in 2024

# Operating Results

## Term Life Segment

- Adjusted direct premiums increased 6% year-over-year, driving operating income growth
- Margins and financial ratios remained stable, as expected under LDTI
- Continue to see elevated lapses on policies issued either near the onset of or during the pandemic
  - Persistency on policies issued in the last year or on older policies were generally in line with LDTI assumptions
- Claims moderately favorable to assumptions
- Completed annual assumption review. Core long-term assumptions for mortality, persistency and disability rates unchanged
  - Continue to believe that experience will revert to historical trends over time
- Fourth quarter 2023 outlook:
  - ADP growth ~6%
  - Margin and financial ratios remain stable
  - Continues to be a strong source of free cash flow

(\$ in millions)	Q3 2023	Q3 2022	% Change
Direct premiums	\$826.7	\$804.6	3%
Premium ceded to IPO coinsurers <sup>(1)</sup>	(\$213.0)	(\$226.9)	6%
Adjusted direct premiums (ADP) <sup>(2)</sup>	\$613.7	\$577.7	6%
Operating revenues	\$428.8	\$414.6	3%
Operating income before income taxes	\$141.2	\$131.7	7%

Key Ratios	Q3 2023	Q3 2022
Benefits and claims, net <sup>(3)</sup>	57.9%	57.9%
DAC amortization & insurance commissions	11.7%	11.8%
Insurance expenses, net <sup>(4)</sup>	7.3%	7.5%
Term life income before income taxes	23.0%	22.8%

- (1) Premiums ceded to IPO coinsurers under the IPO coinsurance transactions excluding any reimbursements from IPO coinsurers on previously existing reinsurance agreements
- (2) Direct premiums net of premiums ceded to IPO coinsurers
- (3) Benefits & claims and remeasurement (gain)/loss net of other ceded premiums which are largely YRT.
- (4) Insurance expenses net of other, net revenues



# Operating Results

## Investment & Savings Products Segment

- ISP pre-tax income up 9%, driven by:
  - 7% increase in revenue-generating sales; primarily strong variable annuity sales
  - 10% increase in average client asset values
- Ending client asset values of \$88 billion grew 12% year-over-year
  - Full year equity market appreciation benefited asset values, however equity market depreciation in Q3 2023 offset earlier increases
- Expect fourth quarter 2023 sales to grow around 5% year-over-year

(\$ in millions, except as noted)	Q3 2023	Q3 2022	% Change
Sales-based revenues	\$73.0	\$68.0	7%
Asset-based revenues	\$119.4	\$107.5	11%
Account-based revenues	\$23.3	\$22.9	2%
Other, net	\$3.1	\$3.3	(6%)
<b>Total operating revenues</b>	<b>\$218.9</b>	<b>\$201.7</b>	<b>9%</b>
Benefits and expenses	\$154.5	\$142.5	8%
<b>Operating income before income taxes</b>	<b>\$64.4</b>	<b>\$59.2</b>	<b>9%</b>
Sales-based net revenue as % of revenue-generating sales <sup>(1)</sup>	1.17%	1.17%	
Asset-based net revenue as % of average asset values <sup>(2)</sup>	0.052%	0.052%	
Account-based net revenue per average fee generating position <sup>(3)</sup>	\$4.36	\$4.31	

(1) Commission and fee revenue less commissions paid to the independent sales force based on product sales activity

(2) Commission and fee revenue less administration and advisory fees paid to third-party providers and commissions paid to the independent sales force earned based on product account values including amortization of deferred acquisition costs for segregated funds

(3) Fee revenue less recordkeeping fees paid to third-party providers based on fee-generating positions and certain direct general expenses

# Operating Results

## Senior Health Segment

- LTV per approved policy of \$911 reflected higher commission rates and stabilized churn
- Positive tail revenue adjustment of \$2.3 million reflected stabilizing persistency on in-force policies and annual rate increases
- CAC per approved policy of \$1,263 was elevated due to operational challenges
- Outlook:
  - Expect to recognize a small loss in Q4 2023
  - No capital contribution needed in 2023 or anticipated in 2024

(\$ in thousands)	Q3 2023	Q3 2022	% Change
Commissions and fees	\$11,388	\$14,601	(22%)
<b>Operating revenues</b>	<b>\$13,436</b>	<b>\$17,183</b>	<b>(22%)</b>
Contract acquisition costs	\$12,568	\$13,446	(7%)
Other operating expenses	\$8,451	\$7,461	13%
<b>Operating income before income taxes</b>	<b>(\$7,583)</b>	<b>(\$3,723)</b>	<b>(104%)</b>

## Production

	Q3 2023	Q3 2022	% Change
<b>Senior Health</b>			
Approved policies <sup>(1)</sup>	9,948	14,862	(33%)
LTV per approved policy	\$911	\$868	5%
CAC per approved policy	\$1,263	\$905	40%
LTV/CAC multiple	0.7x	1.0x	nm

(1) Senior Health approved policies represent an estimate of submitted policies approved by health insurance carriers during the indicated period. Not all approved policies will go in force.

## Investment Income and Invested Asset Portfolio

- Adjusted net investment income of \$35 million up \$11 million compared to prior year period
- New money rate of 6.04%
- Invested asset portfolio unrealized loss of \$343 million
  - Largely driven by rise in interest rates
  - Regularly evaluate portfolio for possible credit impairments
  - Able to hold investments to maturity
  - Limited exposure to risky assets such as commercial real estate

### Key Portfolio Attributes

(based on amortized cost (except for market value); excludes cash, period end)	Q3 2023
Fixed income / other mix	99% / 1%
Fixed income average book yield	3.79%
Average rating	A
Investment grade / BIG mix	98% / 2%
Average duration	4.6 Years
Market value	\$2.6 billion
Net unrealized loss	\$(343) million

## Insurance & Operating Expense Highlights

- Insurance and other operating expenses of \$137 million, 4% higher than prior year period due to higher employee-related costs and normal business growth
- Outlook:
  - Expect fourth quarter 2023 expenses to increase around \$4 million, or 3% year-over-year
  - Expect full year 2023 growth of about 3% year-over-year

### Insurance & Operating Expense

(\$ in millions)	Cons *	Life	ISP	Sr Health	Corp
<b>Q3 2022 Consolidated Insurance &amp; Other Operating Expenses *</b>	<b>131.3</b>	<b>56.5</b>	<b>37.4</b>	<b>7.5</b>	<b>30.1</b>
Technology-related expenses	0.8	(0.6)	0.5	(0.1)	1.0
Employee-related expenses	6.1	2.2	1.3	1.1	1.6
Growth-related expenses	1.5	0.9	0.6	-	0.0
Other expenses	(2.6)	(2.2)	(0.9)	(0.0)	0.6
<b>Q3 2023 Consolidated Insurance &amp; Other Operating Expenses *</b>	<b>137.2</b>	<b>56.7</b>	<b>38.8</b>	<b>8.5</b>	<b>33.3</b>

\* Items may not add due to rounding