



Globe Life

Earnings Release

GLOBE LIFE INC. REPORTS Third Quarter 2022 Results

McKinney, TX, October 26, 2022—Globe Life Inc. (NYSE: GL) reported today that for the quarter ended September 30, 2022, net income was \$1.90 per diluted common share, compared with \$1.84 per diluted common share for the year-ago quarter. Net operating income for the quarter was \$2.15 per diluted common share, compared with \$1.78 per diluted common share for the year-ago quarter.

HIGHLIGHTS:

- Net income as an ROE was 11.2% for the nine months ended September 30, 2022. Net operating income as an ROE excluding net unrealized gains or losses on fixed maturities was 13.1% for the same period.
- Life premiums increased 6% at the American Income Life Division and 5% at the Liberty National Division over the year-ago quarter.
- Total health premiums increased over the year-ago quarter by 7%.
- Total health net sales increased 10% over the year-ago quarter.
- 563,574 shares of Globe Life Inc. common stock were repurchased during the quarter.

COVID-19 Update: COVID life claims expense for the quarter ended September 30, 2022 was not significant, compared to \$33 million in the quarter ended September 30, 2021. Year to date through September 30, we incurred \$44 million of COVID life claims as compared to \$82 million for the same period last year. For the full year, we expect to incur approximately \$51 million of COVID life claims at the mid-point of our guidance, based on a range of \$1.9 million to \$2.1 million of COVID life claims per 10,000 U.S. deaths and total U.S. COVID deaths of 240,000 to 260,000. For 2023, at the midpoint of our guidance, we anticipate total COVID life claims of approximately \$20 million based on estimated total U.S. deaths of approximately 105,000.

Note: As used in the earnings release, "Globe Life," the "Company," "we," "our," and "us" refer to Globe Life Inc., a Delaware corporation incorporated in 1979, its subsidiaries and affiliates.

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(Dollar amounts in thousands, except share and per share data)
(Unaudited)

RESULTS OF OPERATIONS

Net operating income, a non-GAAP⁽¹⁾ financial measure, has been used consistently by Globe Life's management for many years to evaluate the operating performance of the Company, and is a measure commonly used in the life insurance industry. It differs from net income primarily because it excludes certain non-operating items such as realized investment gains and losses and certain significant and unusual items included in net income. Management believes an analysis of net operating income is important in understanding the profitability and operating trends of the Company's business. Net income is the most directly comparable GAAP measure.

The following table represents Globe Life's operating summary for the three months ended September 30, 2022 and 2021:

Operating Summary						
	Per Share					
	Three Months Ended September 30,		% Chg.	Three Months Ended September 30,		% Chg.
	2022	2021		2022	2021	
Insurance underwriting income ⁽²⁾	\$ 2.20	\$ 1.69	30	\$ 215,803	\$ 173,435	24
Excess investment income ⁽²⁾	0.57	0.58	(2)	56,427	59,234	(5)
Parent company expense	(0.03)	(0.02)		(2,556)	(2,176)	
Income tax expense	(0.53)	(0.42)	26	(52,160)	(43,258)	21
Stock compensation benefit (expense), net of tax	(0.07)	(0.05)		(6,583)	(4,745)	
Net operating income	2.15	1.78	21	210,931	182,490	16
Reconciling items, net of tax:						
Realized gain (loss)—investments	(0.23)	0.15		(23,033)	15,633	
Realized gain (loss)—redemption of debt	—	(0.07)		—	(7,358)	
Non-operating expenses	—	(0.02)		—	(1,894)	
Legal proceedings	(0.01)	—		(1,119)	—	
Net income⁽³⁾	\$ 1.90	\$ 1.84		\$ 186,779	\$ 188,871	
Weighted average diluted shares outstanding	98,148	102,381				

(1) GAAP is defined as accounting principles generally accepted in the United States of America.

(2) Definitions included within this document.

(3) A GAAP-basis condensed consolidated statement of operations is included in the appendix of this report.

Note: Tables in this earnings release may not sum due to rounding.

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MANAGEMENT VS. GAAP MEASURES

Shareholders' equity, excluding net unrealized gains or losses on fixed maturities, and book value per share, excluding net unrealized gains or losses on fixed maturities, are non-GAAP measures that are utilized by management to view the business without the effect of unrealized gains or losses which are primarily attributable to fluctuation in interest rates associated with the available-for-sale portfolio. Management views the business in this manner because the Company does not intend to sell, nor is it likely that management will be required to sell, the fixed maturities prior to their maturity. It also creates more meaningful and easily identifiable trends, as we exclude fluctuations resulting from changes in interest rates. Shareholders' equity and book value per share are the most directly comparable GAAP measures.

	Nine Months Ended September 30,	
	2022	2021
Net income as an ROE ⁽¹⁾	11.2%	8.9%
Net operating income as an ROE (excluding net unrealized gains or losses on fixed maturities)	13.1%	12.5%
	September 30,	
	2022	2021
Shareholders' equity	\$ 4,361,598	\$ 8,608,151
Impact of adjustment to exclude net unrealized gains or losses on fixed maturities	1,707,588	(2,791,925)
Shareholders' equity, excluding net unrealized gains or losses on fixed maturities	<u>\$ 6,069,186</u>	<u>\$ 5,816,226</u>
Book value per share	\$ 44.56	\$ 84.52
Impact of adjustment to exclude net unrealized gains or losses on fixed maturities	17.45	(27.41)
Book value per share, excluding net unrealized gains or losses on fixed maturities	<u>\$ 62.01</u>	<u>\$ 57.11</u>

(1) Calculated using average shareholders' equity for the measurement period.

INSURANCE OPERATIONS:

Life insurance accounted for 72% of the Company's insurance underwriting margin for the quarter and 70% of total premium revenue.

Health insurance accounted for 28% of the Company's insurance underwriting margin for the quarter and 30% of total premium revenue.

Net sales of life insurance decreased 1% for the quarter and net health sales increased 10%.

The following table summarizes Globe Life's premium revenue by product type for the three months ended September 30, 2022 and 2021:

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Insurance Premium Revenue

	Quarter Ended		
	September 30, 2022	September 30, 2021	% Chg.
Life insurance	\$ 755,115	\$ 728,924	4
Health insurance	319,289	299,143	7
Annuity	1	—	
Total	<u>\$ 1,074,405</u>	<u>\$ 1,028,067</u>	<u>5</u>

INSURANCE UNDERWRITING INCOME

Insurance underwriting margin is management's measure of profitability of the Company's life, health, and annuity segments' underwriting performance, and consists of premiums less policy obligations, commissions and other acquisition expenses. Insurance underwriting income is the sum of the insurance underwriting margins of the life, health, and annuity segments, plus other income, less insurance administrative expenses. It excludes the investment segment, Parent Company expense, stock compensation expense and income taxes. Management believes this information helps provide a better understanding of the business and a more meaningful analysis of underwriting results by distribution channel. Insurance underwriting income, a non-GAAP measure, is a component of net operating income, which is reconciled to net income in the Results of Operations section above.

The following table summarizes Globe Life's insurance underwriting income by segment for the three months ended September 30, 2022 and 2021:

Insurance Underwriting Income

	Quarter Ended				
	September 30, 2022	% of Premium	September 30, 2021	% of Premium	% Chg.
Insurance underwriting margins:					
Life	\$ 208,155	28	\$ 161,994	22	28
Health	80,228	25	76,978	26	4
Annuity	2,070		2,178		
	<u>290,453</u>		<u>241,150</u>		20
Other income	398		321		
Administrative expenses	<u>(75,048)</u>		<u>(68,036)</u>		10
Insurance underwriting income	<u>\$ 215,803</u>		<u>\$ 173,435</u>		24
Per share	<u>\$ 2.20</u>		<u>\$ 1.69</u>		30

The ratio of administrative expenses to premium was 7.0%, compared with 6.6% for the year-ago quarter.

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LIFE INSURANCE RESULTS BY DISTRIBUTION CHANNEL

Our distribution channels consist of the following exclusive agencies: American Income Life Division (American Income), Liberty National Division (Liberty National) and Family Heritage Division (Family Heritage); an independent agency, United American Division (United American); and our Direct to Consumer Division.

Total premium, underwriting margins, first-year collected premium and net sales by all distribution channels are shown at <https://investors.globelifeinsurance.com> at "Financial Reports and Other Financial Information."

Life Underwriting Margin

	Quarter Ended				
	September 30,				
	2022		2021		% Chg.
Amount	% of Premium	Amount	% of Premium		
American Income	\$ 128,389	34	\$ 111,139	31	16
Direct to Consumer	38,520	16	12,083	5	219
Liberty National	18,858	23	16,173	21	17
Other	22,388	43	22,599	42	(1)
Total	\$ 208,155	28	\$ 161,994	22	28

Life Premium

	Quarter Ended		
	September 30,		
	2022	2021	% Chg.
American Income	\$ 378,306	\$ 356,456	6
Direct to Consumer	242,550	240,578	1
Liberty National	82,072	78,528	5
Other	52,187	53,362	(2)
Total	\$ 755,115	\$ 728,924	4

Life Net Sales⁽¹⁾

	Quarter Ended		
	September 30,		
	2022	2021	% Chg.
American Income	\$ 76,405	\$ 73,649	4
Direct to Consumer	28,774	33,069	(13)
Liberty National	18,513	18,209	2
Other	2,321	2,726	(15)
Total	\$ 126,013	\$ 127,653	(1)

(1) Net sales, a statistical performance measure, is calculated as annualized premium issued, net of cancellations in the first thirty days after issue, except in the case of Direct to Consumer, where net sales is annualized premium issued at the time the first full premium is paid after any introductory offer period has expired. Management considers net sales to be a better indicator of the rate of premium growth than annualized premium issued.

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HEALTH INSURANCE RESULTS BY DISTRIBUTION CHANNEL

Health Underwriting Margin

	Quarter Ended				
	September 30,				
	2022		2021		% Chg.
Amount	% of Premium	Amount	% of Premium		
United American	\$ 19,600	15	\$ 17,524	15	12
Family Heritage	24,588	27	24,407	28	1
Liberty National	15,787	34	15,035	32	5
American Income	17,630	59	17,249	59	2
Direct to Consumer	2,623	15	2,763	15	(5)
Total	<u>\$ 80,228</u>	<u>25</u>	<u>\$ 76,978</u>	<u>26</u>	<u>4</u>

Health Premium

	Quarter Ended		
	September 30,		
	2022	2021	% Chg.
United American	\$ 134,200	\$ 118,240	13
Family Heritage	92,131	86,925	6
Liberty National	45,809	46,716	(2)
American Income	29,694	29,070	2
Direct to Consumer	17,455	18,192	(4)
Total	<u>\$ 319,289</u>	<u>\$ 299,143</u>	<u>7</u>

Health Net Sales⁽¹⁾

	Quarter Ended		
	September 30,		
	2022	2021	% Chg.
United American	\$ 13,144	\$ 11,849	11
Family Heritage	22,090	19,367	14
Liberty National	7,267	6,890	5
American Income	4,206	4,500	(7)
Direct to Consumer	574	481	19
Total	<u>\$ 47,281</u>	<u>\$ 43,087</u>	<u>10</u>

(1) Net sales, a statistical performance measure, is calculated as annualized premium issued, net of cancellations in the first thirty days after issue, except in the case of Direct to Consumer, where net sales is annualized premium issued at the time the first full premium is paid after any introductory offer period has expired. Management considers net sales to be a better indicator of the rate of premium growth than annualized premium issued.

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PRODUCING EXCLUSIVE AGENT COUNT RESULTS BY DISTRIBUTION CHANNEL

	Quarterly Average Producing Agent Count ⁽¹⁾			End of Quarter Agent Count				
	Quarter Ended September 30,		% Chg.	Quarter Ended	September 30,		% Chg.	June 30,
	2022	2021		June 30,	2022	2021		2022
American Income	9,477	9,959	(5)	9,670	9,441	9,800	(4)	9,637
Liberty National	2,784	2,706	3	2,713	2,852	2,700	6	2,782
Family Heritage	1,233	1,152	7	1,173	1,302	1,192	9	1,201

(1) The quarterly average producing agent count is based on the actual count at the end of each week during the period.

INVESTMENTS

Management uses excess investment income as the measure to evaluate the performance of the investment segment. It is defined as net investment income less both the required interest attributable to net policy liabilities and the interest on debt. We also view excess investment income per diluted common share as an important and useful measure to evaluate performance of the investment segment, since it takes into consideration our stock repurchase program.

The following table summarizes Globe Life's investment income, excess investment income, and excess investment income per diluted common share.

	Excess Investment Income		
	Quarter Ended September 30,		% Chg.
	2022	2021	
Net investment income	\$ 245,625	\$ 238,975	3
Required interest:			
Interest on net policy liabilities ⁽¹⁾	(165,233)	(158,855)	4
Interest on debt	(23,965)	(20,886)	15
Total required interest	(189,198)	(179,741)	5
Excess investment income	\$ 56,427	\$ 59,234	(5)
Per share	\$ 0.57	\$ 0.58	(2)

(1) Interest on net policy liabilities is a component of total policyholder benefits, a GAAP measure.

Net investment income increased 2.8%, and average invested assets increased 4.1%. Required interest on net policy liabilities increased 4.0%, and average net policy liabilities increased 3.8%. The weighted average discount rate for the net policy liabilities was 5.8% and was in line with the year-ago quarter.

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The composition of the investment portfolio at book value at September 30, 2022 is as follows:

	Investment Portfolio	
	As of	
	September 30, 2022	
	Amount	% of Total
Fixed maturities at fair value ⁽¹⁾	\$ 16,005,140	91
Policy loans	605,426	3
Other long-term investments ⁽²⁾	907,390	5
Short-term investments	85,773	—
Total	\$ 17,603,729	

(1) As of September 30, 2022, fixed maturities at amortized cost were \$18.2 billion, net of \$0 of allowance for credit losses.

(2) Includes \$748 million of investments accounted for under the fair value option which have a cost of \$731 million as of September 30, 2022.

Fixed maturities at amortized cost, net of allowance for credit losses, by asset class as of September 30, 2022 are as follows:

	Fixed Maturity Portfolio by Sector		
	As of		
	September 30, 2022		
	Investment Grade	Below Investment Grade	Total Amortized Cost, net
Corporate bonds	\$ 14,375,378	\$ 493,940	\$ 14,869,318
Municipals	2,739,017	—	2,739,017
Government, agencies and GSEs	439,501	—	439,501
Collateralized debt obligations	—	36,721	36,721
Other asset-backed securities	76,207	12,707	88,914
Total	\$ 17,630,103	\$ 543,368	\$ 18,173,471

Below are fixed maturities available for sale by amortized cost, allowance for credit losses, and fair value at September 30, 2022 and the corresponding amounts of net unrealized gains or losses recognized in accumulated other comprehensive income (loss).

As of	Amortized Cost	Allowance for Credit Losses	Net Unrealized Gains (Losses)	Fair Value
September 30, 2022	\$ 18,173,471	\$ —	\$ (2,168,331)	\$ 16,005,140

At amortized cost, net of allowance for credit losses, 97% of fixed maturities (97% at fair value) were rated “investment grade.” The fixed maturity portfolio earned an annual taxable equivalent effective yield of 5.17% during the third quarter of 2022, compared with 5.21% in the year-ago quarter.

Globe Life is not a party to any credit default swaps and does not participate in securities lending.

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Comparable information for acquisitions of fixed maturity investments is as follows:

Fixed Maturity Acquisitions

	Quarter Ended	
	September 30,	
	2022	2021
Amount	\$ 430,578	\$ 325,255
Average annual effective yield	5.6%	3.2%
Average rating	A	A+
Average life (in years) to:		
Next call	11.9	19.3
Maturity	17.7	29.2

SHARE REPURCHASE:

During the quarter, the Company repurchased 563,574 shares of Globe Life Inc. common stock at a total cost of \$56 million and an average share price of \$99.43.

LIQUIDITY/CAPITAL:

Globe Life's operations consist primarily of writing basic protection life and supplemental health insurance policies which generate strong and stable cash flows. These cash flows are not impacted by volatile equity markets. Liquidity at the Parent Company is sufficient to meet additional capital needs of the insurance companies.

EARNINGS GUIDANCE FOR THE YEAR ENDING DECEMBER 31, 2022 and 2023:

Globe Life projects that net operating income per share will be in the range of \$8.00 to \$8.20 for the year ending December 31, 2022. For the year ending December 31, 2023, we estimate that net operating income per share, computed under current accounting guidance, will be in the range of \$9.00 to \$9.70. In addition, we estimate that the adoption of the new accounting guidance relating to long-duration life insurance contracts effective January 1, 2023 will provide an additional net increase in net operating income in the range of \$105 million to \$130 million, net of tax, primarily as a result of lower amortization of deferred acquisition costs.

NON-GAAP MEASURES:

In this news release, Globe Life includes non-GAAP measures to enhance investors' understanding of management's view of the business. The non-GAAP measures are not a substitute for GAAP, but rather a supplement to increase transparency by providing broader perspective. Globe Life's definitions of non-GAAP measures may differ from other companies' definitions. More detailed financial information, including various GAAP and non-GAAP measurements, is located at <https://investors.globelifeinsurance.com> on the Investors page under "Financial Reports and Other Financial Information."

CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This press release may contain forward-looking statements within the meaning of the federal securities laws, including statements related to the expected impact of the COVID-19 outbreak on our business operations, financial results and financial condition. These prospective statements reflect management's current expectations, but are not guarantees of future performance. Whether or not actual results differ materially from forward-looking statements may depend on numerous foreseeable and unforeseeable events or developments, which may be national in scope, related to the insurance industry generally, or applicable to the Company specifically. Such events or developments could include, but are not necessarily limited to:

- 1) Economic and other conditions, including the COVID-19 pandemic and its impact on the U.S. economy, leading to unexpected changes in lapse rates and/or sales of our policies, as well as levels of mortality, morbidity, and utilization of health care services that differ from Globe Life's assumptions;
- 2) Regulatory developments, including changes in accounting standards or governmental regulations (particularly those impacting taxes and changes to the Federal Medicare program that would affect Medicare Supplement);
- 3) Market trends in the senior-aged health care industry that provide alternatives to traditional Medicare (such as Health Maintenance Organizations and other managed care or private plans) and that could affect the sales of traditional Medicare Supplement insurance;
- 4) Interest rate changes that affect product sales and/or investment portfolio yield;
- 5) General economic, industry sector or individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of our investment portfolio) that may affect the current market value of securities we own, or that may impair an issuer's ability to make principal and/or interest payments due on those securities;
- 6) Changes in pricing competition;
- 7) Litigation results;
- 8) Levels of administrative and operational efficiencies that differ from our assumptions (including any reduction in efficiencies resulting from increased costs arising from operating during the COVID-19 pandemic);
- 9) The ability to obtain timely and appropriate premium rate increases for health insurance policies from our regulators;
- 10) The customer response to new products and marketing initiatives;
- 11) Reported amounts in the consolidated financial statements which are based on management estimates and judgments which may differ from the actual amounts ultimately realized;
- 12) Compromise by a malicious actor or other event that causes a loss of secure data from, or inaccessibility to, our computer and other information technology systems;
- 13) The severity, magnitude and impact of the COVID-19 pandemic, including effects of the pandemic and the effects of the U.S. government's and other businesses' response to the pandemic, on our operations and personnel, and on commercial activity and demand for our products; and
- 14) Globe Life's ability to access the commercial paper and debt markets, particularly if such markets become unpredictable or unstable for a certain period as a result of the COVID-19 pandemic.

Readers are also directed to consider other risks and uncertainties described in other documents on file with the Securities and Exchange Commission. Globe Life specifically disclaims any obligation to update or revise any forward-looking statement because of new information, future developments or otherwise.

EARNINGS RELEASE CONFERENCE CALL WEBCAST:

Globe Life will provide a live audio webcast of its third quarter 2022 earnings release conference call with financial analysts at 11:00 am (Eastern) tomorrow, October 27, 2022. Access to the live webcast and replay will be available at <https://investors.globelifeinsurance.com> on the Calls and Meetings page, at the Conference Calls on the Web icon. Immediately following this press release, supplemental financial reports will be available before the conference call on the Investors page menu of the Globe Life website at "Financial Reports."

**For additional information
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APPENDIX

**GLOBE LIFE INC.
GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue:				
Life premium	\$ 755,115	\$ 728,924	\$ 2,269,641	\$ 2,165,213
Health premium	319,289	299,143	955,478	888,902
Other premium	1	—	1	1
Total premium	1,074,405	1,028,067	3,225,120	3,054,116
Net investment income	245,625	238,975	733,101	713,103
Realized gains (losses)	(29,155)	10,475	(66,845)	47,286
Other income	398	321	861	1,004
Total revenue	1,291,273	1,277,838	3,892,237	3,815,509
Benefits and expenses:				
Life policyholder benefits	494,627	516,196	1,555,004	1,532,298
Health policyholder benefits	198,415	187,906	592,488	564,589
Other policyholder benefits	6,986	7,303	21,110	21,848
Total policyholder benefits	700,028	711,405	2,168,602	2,118,735
Amortization of deferred acquisition costs	156,129	151,593	469,718	452,607
Commissions, premium taxes, and non-deferred acquisition costs	93,028	82,774	277,436	244,752
Other operating expense	88,140	80,385	262,150	240,750
Interest expense	23,965	20,886	65,737	63,833
Total benefits and expenses	1,061,290	1,047,043	3,243,643	3,120,677
Income before income taxes	229,983	230,795	648,594	694,832
Income tax benefit (expense)	(43,204)	(41,924)	(120,450)	(127,826)
Net income	\$ 186,779	\$ 188,871	\$ 528,144	\$ 567,006
Total basic net income per common share	\$ 1.92	\$ 1.86	\$ 5.38	\$ 5.53
Total diluted net income per common share	\$ 1.90	\$ 1.84	\$ 5.33	\$ 5.46