

Release of unaudited comparative results under AASB 17

nib holdings limited (nib) (ASX: NHF) adopted AASB 17 *Insurance Contracts* on 1 July 2023 on a retrospective basis. On 26 February 2024, nib released its FY24 Interim Report and FY24 half year results investor presentation and restated the comparative period under AASB 17.

To assist investors, nib is today releasing unaudited prior period results for the following segments:

- Australian Residents Health Insurance
- International Inbound Health Insurance
- nib New Zealand

Underlying operating profit for nib Travel and nib Thrive was not impacted by the accounting standard change therefore comparative results for those segments are not provided.

The Group has adopted AASB 17 *Insurance Contracts* on a retrospective basis. As a result, the Group has restated certain comparative amounts in the financial results included in this presentation. These restatements are unaudited. Refer to nib's Appendix 4D and Interim Report and FY24 half year results investor presentation lodged to the ASX on 26 February 2024 for technical detail.

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This announcement has been authorised for release by Roslyn Toms, nib Company Secretary.



Comparative period segment tables under AASB 17

4 March 2024

The Group has adopted AASB 17 Insurance Contracts on a retrospective basis. As a result, the Group has restated certain comparative amounts in the financial results included in this presentation. These restatements are unaudited.

Disclaimer

The purpose of this document is to convey the key impacts of AASB 17 Insurance Contracts on the financial statements of nib holdings limited ("nib") for prior reporting periods and not to provide a technical accounting briefing. Refer to nib's Appendix 4D and Interim Report and FY24 half year results investor presentation lodged to the ASX on 26 February 2024 for technical detail.

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Basis of preparation

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Other information

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of nib is available on our website: nib.com.au/shareholders.

As referenced in this presentation, if there is a percentage increase or (decrease) between comparative periods, the change shown is the difference between those two percentages.

Any discrepancies between totals and sums of components in this publication are due to rounding.

Australian residents health insurance

AASB 1023 (\$m)	1H23	2H23	FY23	1H24
Insurance revenue	1,205.9	1,230.8	2,436.7	1,326.5
Reinsurance expense	(4.9)	(5.2)	(10.1)	(5.1)
Net insurance revenue	1,201.0	1,225.6	2,426.6	1,321.4
Incurred claims	(969.2)	(951.7)	(1,920.9)	(1,042.5)
Reinsurance income	2.3	2.3	4.6	2.1
Net claims incurred	(966.9)	(949.4)	(1,916.3)	(1,040.4)
Gross profit	234.1	276.2	510.3	281.0
Other insurance services expenses	(130.8)	(162.7)	(293.5)	(137.4)
Underlying insurance service result	103.3	113.5	216.8	143.6
Other underwriting revenue	1.9	1.4	3.3	1.5
Underlying insurance operating result	105.2	114.9	220.1	145.1
Other income	1.4	1.4	2.8	1.3
Underlying operating profit	106.6	116.3	222.9	146.4
Key metrics (%)				
Gross margin	19.5	22.5	21.0	21.3
Management expense ratio (MER)	10.9	13.3	12.1	10.4
Marketing MER	4.0	5.3	4.7	4.0
Other MER	6.9	8.0	7.4	6.4
Net margin	8.6	9.3	8.9	10.9

AASB 17 (\$m)	1H23	2H23	FY23	1H24
Insurance revenue	1,186.2	1,247.6	2,433.8	1,308.7
Reinsurance expense	(4.9)	(5.2)	(10.1)	(5.1)
Net insurance revenue	1,181.3	1,242.4	2,423.7	1,303.6
Incurred claims	(955.6)	(1,074.8)	(2,030.4)	(1,042.5)
Reinsurance income	2.3	2.3	4.6	2.1
Net claims incurred	(953.3)	(1,072.5)	(2,025.8)	(1,040.4)
Gross profit	228.0	169.9	397.9	263.2
Other insurance services expenses	(130.7)	(163.6)	(294.3)	(137.4)
Underlying insurance service result	97.3	6.3	103.6	125.8
Other underwriting revenue	1.9	1.4	3.3	1.5
Underlying insurance operating result	99.2	7.7	106.9	127.3
Other income	1.4	1.4	2.8	1.3
Underlying operating profit	100.6	9.1	109.7	128.6
Key metrics (%)				
Gross margin	19.3	13.7	16.4	20.2
Management expense ratio (MER)	11.1	13.2	12.1	10.5
Marketing MER	4.1	5.3	4.7	4.1
Other MER	7.0	7.8	7.4	6.4
Net margin	8.2	0.5	4.3	9.7

The Group has adopted AASB 17 *Insurance Contracts* on a retrospective basis. As a result, the Group has restated certain comparative amounts in the financial results included in this presentation, however these restatements are unaudited.

International inbound health insurance

AASB 1023 (\$m)	1H23	2H23	FY23	1H24
Insurance revenue	76.2	85.8	162.0	93.7
Reinsurance expense	(4.9)	(5.7)	(10.6)	(6.2)
Net insurance revenue	71.3	80.1	151.4	87.5
Incurred claims	(45.9)	(46.0)	(91.9)	(57.3)
Reinsurance income	1.9	2.5	4.4	3.4
Net claims incurred	(44.0)	(43.5)	(87.5)	(53.9)
Gross profit	27.3	36.6	63.9	33.6
Other insurance services expenses	(20.7)	(23.3)	(44.0)	(23.9)
Underlying insurance service result	6.6	13.3	19.9	9.7
Other underwriting revenue	1.3	1.8	3.1	0.8
Underlying insurance operating result	7.9	15.1	23.0	10.5
Other income and expenses	0.0	0.0	0.0	1.1
Underlying operating profit	7.9	15.1	23.0	11.6
Key metrics (%)				
Gross margin	38.3	45.7	42.2	38.4
Management expense ratio (MER)	29.0	29.1	29.1	27.4
Marketing MER	5.9	6.6	6.3	7.7
Other MER	23.1	22.5	22.8	19.7
Net margin	9.3	16.6	13.1	11.1

AASB 17 (\$m)	1H23	2H23	FY23	1H24
Insurance revenue	76.2	85.8	162.0	93.7
Reinsurance expense	(4.9)	(5.7)	(10.6)	(6.2)
Net insurance revenue	71.3	80.1	151.4	87.5
Incurred claims	(45.9)	(46.0)	(91.9)	(57.3)
Reinsurance income	1.9	2.5	4.4	3.4
Net claims incurred	44.0	43.5	87.5	53.9
Gross profit	27.3	36.6	63.9	33.6
Other insurance services expenses	(20.7)	(23.3)	(44.0)	(23.9)
Underlying insurance service result	6.6	13.3	19.9	9.7
Other underwriting revenue	0.7	0.7	1.4	0.8
Underlying insurance operating result	7.3	14.0	21.3	10.5
Other income and expenses	0.0	0.0	0.0	1.1
Underlying operating profit	7.3	14.0	21.3	11.6
Key metrics (%)				
Gross margin	38.3	45.7	42.2	38.4
Management expense ratio (MER)	29.0	29.1	29.1	27.4
Marketing MER	5.9	6.6	6.3	7.7
Other MER	23.1	22.5	22.8	19.7
Net margin	9.3	16.6	13.1	11.1

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New Zealand

AASB 1023 (\$m)	1H23	2H23	FY23	1H24
Insurance revenue	163.1	173.5	336.6	182.4
Reinsurance expense	(3.0)	(3.2)	(6.2)	(2.9)
Net insurance revenue	160.1	170.3	330.4	179.5
Incurred claims	(99.3)	(103.6)	(202.9)	(116.8)
Reinsurance income	1.2	1.9	3.1	0.9
Net claims incurred	(98.1)	(101.7)	(199.8)	(115.9)
Gross profit	62.0	68.6	130.6	63.6
Other insurance services expenses	(50.1)	(52.5)	(102.6)	(52.3)
DAC adjustment	4.7	0.0	4.7	n/a
Underlying insurance service result	16.6	16.1	32.7	11.3
Other underwriting revenue	0.1	0.0	0.1	0.0
Underlying insurance operating result	16.7	16.1	32.8	11.3
Other income	0.7	2.2	2.9	0.3
Other expenses	(0.7)	(0.8)	(1.5)	(0.3)
Underlying operating profit	16.7	17.5	34.2	11.3
Key metrics (%)				
Gross margin	38.7	40.3	39.5	35.4
Management expense ratio (MER)	28.4	30.8	29.6	29.1
Marketing MER	11.6	15.0	13.4	15.0
Other MER	16.7	15.8	16.2	14.1
Net margin	10.3	9.5	9.9	6.3

AASB 17 (\$m)	1H23	2H23	FY23	1H24
Insurance revenue	163.1	173.4	336.5	182.4
Reinsurance expense	(3.0)	(3.2)	(6.2)	(2.9)
Net insurance revenue	160.1	170.2	330.3	179.5
Incurred claims	(99.7)	(106.1)	(205.8)	(117.0)
Reinsurance income	1.2	1.9	3.1	0.9
Net claims incurred	(98.5)	(104.2)	(202.7)	116.1
Gross profit	61.6	66.0	127.6	63.4
Other insurance services expenses	(49.5)	(53.2)	(102.7)	(52.1)
DAC adjustment	4.7	0.0	4.7	n/a
Underlying insurance service result	16.8	12.8	29.6	11.3
Other underwriting revenue	0.1	0.0	0.1	0.0
Underlying insurance operating result	16.9	12.8	29.7	11.3
Other income	0.7	2.2	2.9	0.3
Other expenses	(0.7)	(0.8)	(1.5)	(0.3)
Underlying operating profit	16.9	14.2	31.1	11.3
Key metrics (%)				
Gross margin	38.5	38.8	38.6	35.3
Management expense ratio (MER)	28.4	31.3	29.7	29.6
Marketing MER	11.6	15.0	13.4	15.0
Other MER	17.1	16.3	16.3	14.6
Net margin	10.5	7.5	9.0	6.3

The Group has adopted AASB 17 Insurance Contracts on a retrospective basis. As a result, the Group has restated certain comparative amounts in the financial results included in this presentation, however these restatements are unaudited.

arhi 1H23 AASB 1023 to AASB 17

Australian residents health insurance (\$m)	1H23 AASB 1023	1H23 impact	1H23 AASB 17
Insurance revenue	1,205.9	(19.7)	1,186.2
Reinsurance expense	(4.9)	-	(4.9)
Net insurance revenue	1,201.0	(19.7)	1,181.3
Incurred claims	(969.2)	13.6	(955.6)
Reinsurance income	2.3	-	2.3
Net claims incurred	(966.9)	13.6	(953.3)
Gross profit	234.1	(6.1)	228.0
Other insurance services expenses	(130.8)	0.1	(130.7)
Underlying insurance service result	103.3	(6.0)	97.3
Other underwriting revenue	1.9	-	1.9
Underlying insurance operating result	105.2	(6.0)	99.2
Other income	1.4	-	1.4
Underlying operating profit	106.6	(6.0)	100.6

Summary of adjustments

Price increase deferral	(19.7)
Movement in deferred claims liability not recognised under AASB 17*	13.8
Underlying operating profit	(6.0)

* Variance due to rounding.

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arhi 1H24 AASB 1023 to AASB 17

Australian residents health insurance (\$m)	1H24 AASB 1023	1H24 impact	1H24 AASB 17
Insurance revenue	1,326.5	(17.8)	1,308.7
Reinsurance expense	(5.1)	-	(5.1)
Net insurance revenue	1,321.4	(17.8)	1,303.6
Incurred claims	(1,042.5)	-	(1,042.5)
Reinsurance income	2.1	-	2.1
Net claims incurred	(1,040.4)	-	(1,040.4)
Gross profit	281.0	(17.8)	263.2
Other insurance services expenses	(137.4)	-	(137.4)
Underlying insurance service result	143.6	(17.8)	125.8
Other underwriting revenue	1.5	-	1.5
Underlying insurance operating result	145.1	(17.8)	127.3
Other income	1.3	-	1.3
Underlying operating profit	146.4	(17.8)	128.6

Summary of adjustments

Price increase deferral	(17.8)
Deferred claims liability	-
Operating profit	(17.8)

arhi FY2019 – FY2023 cumulative UOP reconciliation (\$m)

Cumulative UOP FY2019 – FY2023 AASB 1023	956.0
Cumulative UOP FY2019 – FY2023 AASB 17	982.6
Variance	26.6
Price deferral adjustment impact on 1H24	17.8
Price deferral adjustment impact on 2H24	8.9
Total*	26.6

* Variance due to rounding.

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Underlying operating profit – AASB 1023

UOP (\$m)	1H23	2H23	1H24	FY19	FY20	FY21	FY22	FY23
arhi operating segment	106.6	116.3	146.4	148.0	130.4	214.2	240.5	222.9
<i>arhi net margin</i>	8.6%	9.3%	10.9%	7.2%	6.2%	9.7%	10.2%	8.9%
iihi	7.9	15.1	11.6	34.9	22.2	(5.9)	(1.1)	23.0
nz	16.7	17.5	11.3	19.8	23.4	24.1	22.7	34.2
nib Travel	6.4	7.6	4.1	6.6	(19.7)	(13.6)	(7.4)	14.0
Other developed adjacencies	31.0	40.2	27.0	61.3	25.9	4.6	14.2	71.2
Honeysuckle Health	(2.4)	(2.0)	(2.3)	0.0	(1.6)	(2.9)	(4.0)	(4.4)
Midnight Health	(6.1)	(8.8)	(10.4)	0.0	0.0	0.0	(1.6)	(14.9)
nib Thrive	0.4	2.7	6.4	0.0	0.0	0.0	0.0	3.1
Other developing adjacencies	(8.1)	(8.1)	(6.3)	0.0	(1.6)	(2.9)	(5.6)	(16.2)
Other	(4.4)	(10.3)	(4.9)	(9.0)	(7.8)	(11.0)	(12.1)	(14.7)
Total Group UOP	125.1	138.1	162.2	200.3	146.9	204.9	237.0	263.2
<i>Variance to AASB 17</i>				0.7	(105.8)	71.4	(103.3)	118.0
<i>Cumulative*</i>				0.7	(105.1)	(33.7)	(137.0)	(19.0)

* Reconciliation on next slide.

Underlying operating profit – AASB 17

UOP (\$m)	1H23	2H23	1H24	FY19	FY20	FY21	FY22	FY23
arhi operating segment	100.6	9.1	128.6	148.0	227.5	151.1	346.4	109.7
<i>arhi net margin</i>	8.2%	0.5%	9.7%	7.2%	10.9%	6.8%	14.7%	4.3%
iihi	7.3	14.0	11.6	34.2	22.5	(5.8)	(2.3)	21.3
nz	16.9	14.2	11.3	19.8	31.8	15.7	21.3	31.1
nib Travel	6.4	7.6	4.1	6.6	(19.7)	(13.6)	(7.4)	14.0
Other developed adjacencies	30.6	35.8	27.0	60.6	34.6	(3.7)	11.6	66.4
Honeysuckle Health	(2.4)	(2.0)	(2.3)	0.0	(1.6)	(2.9)	(4.0)	(4.4)
Midnight Health	(6.1)	(8.8)	(10.4)	0.0	0.0	0.0	(1.6)	(14.9)
nib Thrive	0.4	2.7	6.4	0.0	0.0	0.0	0.0	3.1
Other developing adjacencies	(8.1)	(8.1)	(6.3)	0.0	(1.6)	(2.9)	(5.6)	(16.2)
Other	(4.4)	(10.3)	(4.9)	(9.0)	(7.8)	(11.0)	(12.1)	(14.7)
Total Group UOP	118.7	26.5	144.4	199.6	252.7	133.5	340.3	145.2
<i>Variance to AASB 1023</i>				(0.7)	105.8	(71.4)	103.3	(118.0)
<i>Cumulative</i>				(0.7)	105.1	33.7	137.0	19.0

FY19–FY23 cumulative UOP reconciliation (\$m)

Cumulative UOP FY2019 – FY2023 AASB 1023	1,052.3
Cumulative UOP FY2019 – FY2023 AASB 17	1,071.3
Variance	19.0
Price deferral adjustment to impact FY24	26.6
ishi UPL discounting, NZ health & life insurance adjustment	(7.6)
Adjustments total	19.0

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