



nib holdings limited
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nib holdings limited
ABN 51 125 633 856

Half-year report for the period ended 31 December 2023

This report should be read in conjunction with the annual financial report for the year ended 30 June 2023.

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Appendix 4D

For the half year ended 31 December 2023
nib holdings limited

Results for announcement to the market

	6 months to 31 Dec 23 \$m	6 months to 31 Dec 22 \$m	Movement up / (down) \$m	Movement %
Revenue from ordinary activities	1,710.1	1,515.1	195.0	13%
Profit from ordinary activities after tax attributable to members	106.6	89.4	17.2	19%
Net profit attributable to members	106.4	89.2	17.2	19%

	6 months to 31 Dec 23 Amount per security (cps)	6 months to 31 Dec 22 Franking amount per security	6 months to 31 Dec 22 Amount per security (cps)	6 months to 31 Dec 22 Franking amount per security
Interim Dividend				
Ordinary Dividend	15.00	100%	13.00	100%
Special Dividend	0.00	100%	0.00	100%
Total Interim Dividend	15.00	100%	13.00	100%
Record date for determining entitlements to the dividend	8 March 2024			
Date the interim dividend is payable	10 April 2024			

Brief explanation of figures reported above:

Net profit after tax attributable to owners of nib holdings limited for the half year to 31 December 2023 calculated on a statutory basis equated to a profit of \$106.4 million.

For further information, refer to the Directors' Report in the attached Interim Report of nib holdings limited for the period ended 31 December 2023.

Appendix 4D

For the half year ended 31 December 2023

nib holdings limited

Appendix 4D disclosure requirements	nib group Appendix 4D	Note Number
1. Details of the reporting period and the previous corresponding period	All financial data headings	
<p>2. Key information in relation to the following:</p> <p>This information must be identified as "Results for announcement to the market".</p> <p>2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.</p> <p>2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.</p> <p>2.3 The amount and percentage change up or down from the previous corresponding period of profit (loss) attributable to members.</p> <p>2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.</p> <p>2.5 The record date for determining entitlements to the dividends (if any).</p> <p>2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.</p>	"Results for announcement to the market" page 1 Appendix 4D	
3. Net tangible assets per security with the comparative figure for the previous corresponding period.	Net tangible asset backing per ordinary security (cents per share) is 101.84 (130.34 as at 31 Dec 2022)	
<p>4. Details of entities over which control has been gained or lost during the period, including the following:</p> <p>4.1 Name of entity.</p> <p>4.2 The date of the gain or loss of control.</p> <p>4.3 Where material to the understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding reporting period.</p>	<p>Interim Report 31 December 2023</p> <ul style="list-style-type: none"> • Notes to the Consolidated Financial Statements - Business combination 	Note 14
5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which the dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.	<p>Interim Report 31 December 2023</p> <ul style="list-style-type: none"> • Notes to the financial statement - Dividend 	Note 10
6. Details of any dividend or distribution reinvestment plan in operation and the last date for the receipt of an election notice for the participation in any dividend or distribution reinvestment plan.	The DRP will be available to shareholders for the FY24 interim dividend. Shareholders can participate in the DRP by completing the application form by visiting nib.com.au/easyupdate . DRP elections for the FY24 interim dividend must be received by no later than 5pm (AEST) on Monday 11 March 2024.	

Appendix 4D

For the half year ended 31 December 2023

nib holdings limited

<p>7. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and - where material to the understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for the previous corresponding reporting period.</p>	<p>Interim Report 31 December 2023</p> <ul style="list-style-type: none">• Consolidated balance sheet- Investments accounted for using the equity method <p>Joint ventures of the Group as at 31 Dec23 and 30 Jun23 are below:</p> <table border="1"><thead><tr><th data-bbox="858 495 1007 517">Name of entity</th><th data-bbox="1246 450 1362 517">% of ownership interest</th></tr></thead><tbody><tr><td data-bbox="858 524 1123 546">Honeysuckle Health Pty Ltd</td><td data-bbox="1299 524 1362 546">50.0%</td></tr><tr><td data-bbox="858 553 1203 575">Aohua Insurance Consulting Co. Ltd</td><td data-bbox="1299 553 1362 575">75.1%</td></tr><tr><td data-bbox="858 582 1161 604">Kangaroo Technologies Co. Ltd</td><td data-bbox="1299 582 1362 604">24.9%</td></tr></tbody></table>	Name of entity	% of ownership interest	Honeysuckle Health Pty Ltd	50.0%	Aohua Insurance Consulting Co. Ltd	75.1%	Kangaroo Technologies Co. Ltd	24.9%	
Name of entity	% of ownership interest									
Honeysuckle Health Pty Ltd	50.0%									
Aohua Insurance Consulting Co. Ltd	75.1%									
Kangaroo Technologies Co. Ltd	24.9%									
<p>8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).</p>	<p>Not applicable</p>									
<p>9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.</p>	<p>Not applicable</p>									

R Toms
Company Secretary
nib holdings limited

Date 23 February 2024

Interim Report.

31 December 2023



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Directors' Report

For the half year ended 31 December 2023

nib holdings limited

The Directors of nib holdings limited (Company) present their report on the consolidated entity (Group) consisting of nib holdings limited and the entities it controlled at the end of or during the half year ended 31 December 2023.

DIRECTORS

The following persons were Directors of nib holdings limited during the whole of the financial half year and up to the date of this report:

David Gordon
Mark Fitzgibbon
Jacqueline Chow
Peter Harmer
Anne Loveridge
Donal O'Dwyer

Jill Watts and Brad Welsh were appointed as Directors on 27 July 2023.

PRINCIPAL ACTIVITIES

The principal activities of the nib Group during the financial half year were as a private health insurer in Australia and New Zealand, whereby it underwrites and distributes private health insurance to Australian and New Zealand residents as well as international students and visitors. Through its nib Travel business, it specialises in the sale and distribution of travel insurance policies globally. The nib Thrive business operates as a National Disability Insurance Scheme (NDIS) plan manager. The Group also underwrites and distributes life and living insurance in New Zealand. The Group undertakes specialist health care data science services through its joint venture with Cigna Corporation, Honeysuckle Health.

REVIEW OF OPERATIONS

The review of operations provides commentary on nib's financial performance for the six months to 31 December 2023 (1H24) compared to the six months to 31 December 2022 (1H23) unless otherwise stated. Policyholder growth figures stated are for the 12 months to 31 December 2023.

nib Group

nib Group delivered an underlying operating profit (UOP) of \$144.4 million, up 21.7% on the 1H23 result of \$118.7 million. Statutory operating profit for 1H24 is \$128.7 million, which is an increase of 14.7% from \$112.2 million in 1H23. The result was driven by an increase in insurance revenue of 11.2% with policyholder growth across all underwriting segments.

The Australian Residents Health Insurance (arhi) business grew its policyholders by 3.7%, the International Inbound Health Insurance (iihi) business surpassed 200,000 policyholders, and nib New Zealand's policyholder base grew 2.3%.

nib continued to deliver on its purpose of 'your better health and wellbeing' funding over 220,000 hospital admissions and two million ancillary visits. Incurred claims increased 10.5% to \$1,218.4 million (1H23: \$1,102.5m), driven by policyholder growth and inflation. This was partially offset by a favourable release of the liability for incurred claims held in the arhi business at 30 June 2023.

Insurance service expenses increased, reflecting higher acquisition costs to drive policyholder growth and IT investment to provide member service efficiencies and strengthen cybersecurity. nib continued to invest in strategic initiatives to support its Payer to Partner (P2P) strategy and vision to become a health management company.

nib's P2P initiatives provide insight and guidance to members on how to achieve their personal health and wellbeing goals. In 1H24, over 11,000 nib members completed a health check, while approximately 9,000 members enrolled in a Health Management Plan and almost 95,000 people accessed nib's Find a Provider tool. The P2P strategy seeks to build nib's ecosystem of high-quality products, services, programs and providers for members and other participants to easily connect to. The nib app now allows members to take a skin health assessment, book a GP telehealth consult, find a healthcare provider and have prescriptions delivered to their door.

Other income and expenses included a \$6.4 million net contribution from nib Thrive. nib has completed the acquisition of six NDIS plan management businesses to date and the acquisition of a purpose-built technology platform to connect NDIS participants with support services.

REVIEW OF OPERATIONS continued

nib Group continued

Other income and expenses also included a net \$10.4 million loss from nib's digital health start-up company, Midnight Health. Midnight Health's customer base and revenue continue to grow, driven by investment in new products and technology. nib invested a further \$9.0 million on 15 January 2024 to now hold a 77.4% equity stake in Midnight Health.

nib Travel contributed \$4.1 million to UOP, which is 35.9% lower than the 1H23 result of \$6.4 million. The end of a partnership agreement reduced nib Travel's operating income. Expenses increased with additional resourcing added to service teams during 2H23 and 1H24.

nib's share of net loss for its joint venture with Cigna Corporation, Honeysuckle Health, was \$2.3 million for 1H24, compared to a loss of \$2.4 million in 1H23. Honeysuckle Health achieved revenue growth of 17.9% for 1H24. Honeysuckle Health's distinct market offering of digital and telephonic health management programs and data analytics are a key component of nib's Payer to Partner strategy.

Amortisation and impairment of acquired intangibles includes \$1.7 million in respect to the NDIS plan management business acquisitions completed in the prior reporting year. One-off transactions, merger and acquisition, and business integration costs of \$9.0 million include costs associated with the acquisition and integration of the nib Thrive businesses and organisational changes to optimise business performance and reduce operating costs across the Group.

Net investment income increased 50.0% to \$33.3 million (1H23: \$22.2m) with positive returns across most asset classes, however, the market remains volatile. Statutory earnings were 22.0 cents per share, up 15.8% (1H23: 19.0cps).

The Board has declared a fully franked dividend of 15.0 cents per share (1H23: 13.0cps). The interim dividend has an ex-dividend and record date of 7 March 2024 and 8 March 2024 respectively with payment to be made to shareholders on 10 April 2024. nib's dividend reinvestment plan (DRP) is applicable to this dividend. A copy of nib's DRP rules is available at nib's shareholder website nib.com.au/shareholders.

In July 2023, nib holdings limited appointed two Independent Non-Executive Directors to the Board, Jill Watts and Brad Welsh. Ms Watts and Mr Welsh were elected to the Board at the 2023 Annual General Meeting in November 2023.

Australian residents health insurance business (arhi)

nib's arhi business reported an underlying operating profit of \$128.6 million, up 27.8% from \$100.6 million in 1H23. Insurance revenue grew 10.3% to \$1,308.7 million (1H23: \$1,186.2m) due to policyholder growth and a member giveback initiative in the comparative period. arhi's 2023 annual premium increase came into effect on 1 October 2023, deferred from 1 April 2023 as part of nib's COVID-19 support package.

Policyholders increased 3.7% to over 706,000. Sales were strong across both direct-to-consumer and whitelabel partnership channels. Lapse increased to 12.4%, impacted by the timing of the 2023 annual price increase.

Incurred claims increased 9.1% to \$1,042.5 million (1H23: \$955.6m). Policyholder growth and inflation were key drivers. There was a favourable impact to the liability for incurred claims (LIC), released from the amount recognised at 30 June 2023, this was partially offset by an increase in the probability of sufficiency used for the calculation of the risk adjustment from 95% to 98%.

Insurance service expenses increased 5.1%. The marketing management expense ratio (MER) remaining flat at 4.1% and other MER decreasing to 6.4% following increased investment in 1H23.

Net margin of 9.7% (1H23: 8.2%) was increased by the impact of the LIC release.

arhi's net promoter score increased to +34 (1H23: +32) with improvements in customer service.

REVIEW OF OPERATIONS continued

International inbound health insurance (iihi)

Strong policyholder growth for both the international workers and students businesses boosted the iihi underlying operating profit result 58.9% to \$11.6 million (1H23: \$7.3m). iihi now provides cover to more than 200,000 policyholders. Insurance revenue increased 23.0% to \$93.7 million compared to \$76.2 million in 1H23.

nib's medical and travel insurance offering for New Zealand visitors, OrbitProtect, is now included in the iihi segment results (previously reported within the nib NZ segment). This business was acquired in November 2022 and contributed \$1.1 million to the iihi UOP result in 1H24.

Incurred claims were up 24.8% to \$57.3 million due to the increase in policyholders and a small number of high-cost claims, noting pandemic impacts on tenure and the risk pool are continuing to unwind. Gross margin remained consistent at 38.4%.

Insurance service expenses increased with acquisition costs boosting top line growth. nib's Payer to Partner initiatives continued to drive value with international workers and students booking over 10,000 consultations through our in-app GP telehealth service in 1H24.

The net promoter score for international workers increased to +58 (1H23: +50) and +52 for the international students business (1H23: +49) following superior member service levels.

nib New Zealand

nib New Zealand (nib NZ) delivered an underlying operating profit of \$11.3 million for 1H24 compared to \$16.9 million in 1H23. The 1H23 result was inflated by a one-off deferred acquisition costs (DAC) credit of \$4.7 million, reflecting the unwinding of a DAC write-off in the prior reporting year. Excluding the DAC credit, the 1H24 UOP result would have been 7.4% lower than 1H23 with the reduction driven by claims inflation.

nib NZ's life and living benefits business contributed \$1.9 million to UOP compared to \$1.3 million for 1H23. The life and living benefits operations have now been integrated to nib NZ.

Insurance revenue increased 11.8% to \$182.4 million (1H23: \$163.1m) due to policyholder growth and price adjustments. Net policyholders grew 2.3% across the business with resident private health insurance policyholders growing 3.7%.

Incurred claims were up 17.4% to \$117.0 million due to policyholder growth and inflation. Claims utilisation was up 2.5% and service costs increased 10.8%.

Insurance services expenses grew 16.3%. Excluding the impact of the one-off DAC adjustment in 1H23, nib NZ's marketing management expense ratio (MER) for 1H24 remained consistent at 15.0% (1H23 MER 11.6%, excluding DAC adjustment MER 14.6%). Other MER improved in 1H24 following increased strategic investment expenditure in 1H23.

nib NZ's net promoter score remained strong at +33 with service levels and member experience maintaining customer satisfaction.

nib Travel

nib Travel reported an underlying operating profit of \$4.1 million, down 35.9% compared to \$6.4 million in 1H23. The end of a partnership agreement in July 2023 reduced both gross written premium (GWP) and operating income, however, the impact on UOP was minimal due to lower commissions expenses. Excluding the impact of this partnership agreement, GWP increased 3.7% reflecting continued demand for travel insurance. A new whitelabel partnership launched in December 2023.

Gross profit after commissions increased 15.9% to \$27.0 million (1H23: \$23.3m) due to growth in more profitable direct-to-consumer sales channels. Advertising spend was increased in 1H24 to maintain growth in competitive market conditions.

Operating expenses rose to \$22.4 million, with increased employee numbers to meet higher demand in the post-pandemic operating environment. The rightsizing of service teams has boosted service levels with the net promoter score increasing to +56 (1H23: +41).

REVIEW OF OPERATIONS continued

nib Thrive

nib Thrive contributed \$6.4 million in underlying operating profit to the 1H24 Group result, compared to \$0.4 million in 1H23. Operating margin improved to 25.8% with operational efficiencies being achieved through improved scale. Integration of nib's six plan management businesses is underway and expected to complete in 2H24.

During 1H24, nib completed the acquisition of its fifth and sixth NDIS plan management businesses, Developing Links Pty Ltd and BudgetNet. These acquisitions deepen nib's footprint in the NDIS plan management sector, bringing further scale and volume to the business. nib now provides plan management services to approximately 39,000 NDIS participants.

The acquisition of Kynd Group Pty Ltd was completed in July 2023. Kynd is a purpose-built digital marketplace which enables people who use the NDIS, their carers and support coordinators to search, compare and book a range of support services.

In December 2023, the final report of the Independent Review of the National Disability Insurance Scheme – *Working together to deliver the NDIS* (NDIS Review) was released. The NDIS Review made 26 recommendations to change the system and provide a blueprint for the future sustainability of the NDIS. The recommendations are subject to further consideration by Government. nib looks forward to working with a broad range of stakeholders to further consult and implement the ultimate reforms.

CAPITAL MANAGEMENT

At 31 December 2023, the Group had net assets of \$1,038.3 million (June 2023: \$997.1 million) and a return on invested capital of 11.9%, using average shareholders' equity attributable to owners of nib holdings limited and average interest-bearing debt over a rolling 12-month period (December 2022: 19.2%).

At 31 December 2023 the Group had a gearing ratio of 19.4% (June 23: 20.1%) and a times interest cover ratio of 16:1 (June 23: 16:1).

nib Group holds sufficient capital to meet minimum capital requirements under stressed conditions. At 31 December 2023, nib health funds held a capital base of \$509.8 million, which is \$249.5 million above the minimum requirement of the APRA private health insurance capital framework. The nib health funds prescribed capital amount ratio at 31 December 2023 was 1.96x (June 23: 1.94x).

DIVIDENDS

Dividends paid to shareholders during the half year were as follows:

	31 Dec 23	31 Dec 22
	\$m	\$m
Final dividend for the year ended 30 June 2023 of 15.0 cents (2022 - 11.0 cents) per fully paid share paid on 3 October 2023	72.5	50.5
	72.5	50.5

In addition to these dividends, since the end of the financial half year the Directors have recommended the payment of a fully franked interim dividend of \$72.6 million (15.0 cents per fully paid ordinary share) to be paid on 10 April 2024 out of retained profits at 31 December 2023.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off to the nearest hundred thousand dollars in accordance with that Instrument.

This report is made in accordance with a resolution of the Directors.

On behalf of the Board



David Gordon
Director



Anne Loveridge AM
Director

23 February 2024


Five Year Summary

For the half year ended 31 December 2023

nib holdings limited

FIVE YEAR SUMMARY (under AASB 17 Insurance Contracts) for the years ended 30 June

The Five Year Summary as detailed in the 2023 Annual Report has been restated for AASB 17 Insurance Contracts below.

	2023	2022	2021	2020	2019
	\$m	\$m	\$m	\$m	\$m
Consolidated Income Statement					
Insurance revenue	2,939.1	2,754.3	2,574.1	2,479.8	2,372.6
Insurance service costs - incurred claims	(2,331.7)	(2,007.4)	(2,068.1)	(1,850.6)	(1,826.7)
Insurance service costs - other service expenses	(439.2)	(379.0)	(335.5)	(332.6)	(330.9)
Net reinsurance costs	(14.9)	(10.5)	(16.1)	(17.1)	(16.2)
Underwriting result	153.3	357.4	154.4	279.5	198.8
Other underwriting revenue	4.8	5.2	3.9	3.8	2.9
Underwriting result	158.1	362.6	158.3	283.3	201.7
Other income	145.0	51.5	24.1	60.1	77.2
Other expenses	(153.5)	(68.2)	(44.1)	(86.7)	(78.3)
Share of net profit / (loss) of associates and joint ventures	(4.4)	(5.6)	(4.8)	(4.0)	(1.0)
Underlying operating profit	145.2	340.3	133.5	252.7	199.6
Amortisation and impairment of acquired intangibles	(10.7)	(7.7)	(16.8)	(18.4)	(10.2)
One-off transactions, merger, acquisition and new business implementation costs	(8.9)	(0.1)	(2.1)	(13.6)	(7.0)
Statutory operating profit from continuing operations	125.6	332.5	114.6	220.7	182.4
Finance income and costs	(13.8)	(6.7)	(6.8)	(9.7)	(7.7)
Net investment income	54.7	(30.0)	51.8	16.6	36.1
Profit before tax	166.5	295.8	159.6	227.6	210.8
Tax	(57.5)	(88.5)	(49.2)	(66.4)	(63.1)
NPAT from continuing operations	109.0	207.3	110.4	161.2	147.7
Profit / (loss) from discontinued operations	(0.6)	(1.2)	-	-	-
NPAT	108.4	206.1	110.4	161.2	147.7

* The above Five Year Summary is unaudited.



Auditor's Independence Declaration

As lead auditor for the review of nib holdings limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of nib holdings limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Scott Fergusson', with a long horizontal line extending to the right.

Scott Fergusson
Partner
PricewaterhouseCoopers

Newcastle
23 February 2024

Financial Report

For the half year ended 31 December 2023

nib holdings limited

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Consolidated Income Statement

For the half year ended 31 December 2023

nib holdings limited

	Notes	Half year	
		31 Dec 23	Restated 31 Dec 22 ¹
		\$m	\$m
Insurance revenue	8	1,588.9	1,429.2
Insurance service costs - incurred claims	8	(1,218.4)	(1,102.5)
Insurance service costs - other insurance service expenses	8	(217.2)	(200.9)
Reinsurance expense	8	(16.4)	(14.8)
Reinsurance income	8	8.0	6.7
Insurance service result		144.9	117.7
Other underwriting revenue	3	2.3	2.7
Insurance operating result		147.2	120.4
Other income	3	84.3	59.5
Other expenses	4	(100.5)	(65.3)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method		(2.3)	(2.4)
Operating profit		128.7	112.2
Finance income	3	0.1	0.1
Finance costs	4	(8.6)	(6.3)
Investment income	3	34.5	23.6
Investment expenses	4	(1.2)	(1.4)
Profit before income tax		153.5	128.2
Income tax expense		(49.3)	(40.9)
Profit from continuing operations		104.2	87.3
Profit / (loss) from discontinued operations (attributable to equity holders of the company)		(0.2)	(0.2)
Profit for the half year		104.0	87.1
Profit / (loss) for the half year is attributable to:			
Owners of nib holdings limited		106.4	89.2
Non-controlling interests		(2.7)	(2.2)
Charitable foundation		0.3	0.1
		104.0	87.1
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	11	22.0	19.1
Diluted earnings per share	11	22.0	19.1
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share	11	22.0	19.0
Diluted earnings per share	11	22.0	19.0

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2023

nib holdings limited

	Notes	Half year	
		31 Dec 23	Restated 31 Dec 22 ¹
		\$m	\$m
Profit for the half year		104.0	87.1
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1.7	4.9
Income tax related to these items		(0.4)	(1.0)
Other comprehensive income for the half year, net of tax		1.3	3.9
Total comprehensive income for the half year		105.3	91.0
Total comprehensive income / (loss) for the half year is attributable to:			
Owners of nib holdings limited		107.7	93.1
Non-controlling interests		(2.7)	(2.2)
Charitable foundation		0.3	0.1
		105.3	91.0
Total comprehensive income / (loss) for the half year attributable to owners of nib holdings limited:			
Continuing operations		107.9	93.3
Discontinued operations		(0.2)	(0.2)
		107.7	93.1

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Balance Sheet

As at 31 December 2023

nib holdings limited

	Notes	31 Dec 23 \$m	Restated 30 Jun 23 ¹ \$m	Restated 1 Jul 22 ¹ \$m
ASSETS				
Current assets				
Cash and cash equivalents		235.0	243.0	206.9
Receivables		44.0	41.2	42.7
Financial assets at amortised cost		6.5	6.5	8.2
Financial assets at fair value through profit or loss		1,034.2	1,070.4	1,010.1
Insurance contracts assets	8	29.9	10.9	7.2
Reinsurance contracts assets	8	3.3	3.8	0.1
Current tax assets		-	8.4	-
Finance lease receivable		2.4	2.4	2.6
Total current assets		1,355.3	1,386.6	1,277.8
Non - current assets				
Investments accounted for using the equity method		13.3	16.0	19.2
Insurance contracts assets	8	91.5	87.9	75.9
Property, plant and equipment		10.8	12.0	6.9
Intangible assets	6	545.1	483.6	340.3
Right-of-use assets		17.0	18.8	23.1
Finance lease receivable		6.6	7.8	10.2
Total non - current assets		684.3	626.1	475.6
Total assets		2,039.6	2,012.7	1,753.4
LIABILITIES				
Current liabilities				
Payables		90.9	118.4	94.2
Borrowings	7	0.7	1.1	2.1
Insurance contracts liabilities	8	518.8	527.1	428.8
Lease liabilities		7.7	7.5	7.0
Provisions and employee entitlements		8.9	8.3	6.4
Current tax liabilities		7.7	4.3	33.1
Total current liabilities		634.7	666.7	571.6
Non - current liabilities				
Payables		-	-	1.2
Borrowings	7	245.5	244.8	258.8
Insurance contracts liabilities	8	48.3	47.2	31.4
Lease liabilities		34.5	38.4	43.8
Provision for employee entitlements		4.0	3.7	3.2
Deferred tax liabilities		34.3	14.8	13.3
Total non - current liabilities		366.6	348.9	351.7
Total liabilities		1,001.3	1,015.6	923.3
Net assets		1,038.3	997.1	830.1
EQUITY				
Contributed equity		312.1	302.5	138.2
Retained profits		720.0	686.1	684.9
Reserves		(8.1)	(8.2)	(7.2)
Capital and reserves attributable to owners of nib holdings limited		1,024.0	980.4	815.9
Charitable foundation		14.0	13.7	14.2
Non-controlling interests		0.3	3.0	-
Total equity		1,038.3	997.1	830.1

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023

nib holdings limited

	Attributable to owners of nib holdings limited							Total equity \$m
	Notes	Contributed equity	Retained profits	Reserves	Total	Non-controlling interests	Charitable foundation	
		\$m	\$m	\$m	\$m	\$m	\$m	
Balance at 30 June 2022 as originally presented		138.2	589.1	(7.2)	720.1	-	14.2	734.3
Adjustment on adoption of AASB 17, net of tax	1	-	95.8	-	95.8	-	-	95.8
Balance at 1 July 2022 (restated)		138.2	684.9	(7.2)	815.9	-	14.2	830.1
Profit / (loss) for the half year		-	89.2	-	89.2	(2.2)	0.1	87.1
Movement in foreign currency translation, net of tax		-	-	3.9	3.9	-	-	3.9
Total comprehensive income / (loss) for the half year		-	89.2	3.9	93.1	(2.2)	0.1	91.0
Transactions with owners in their capacity as owners:								
Ordinary shares issued		160.5	-	-	160.5	-	-	160.5
Share capital in non-controlling interests		-	-	-	-	4.2	-	4.2
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		(0.3)	-	-	(0.3)	-	-	(0.3)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees		2.4	-	(1.1)	1.3	-	-	1.3
Employee performance rights - value of employee services		-	-	1.0	1.0	-	-	1.0
Dividends paid		-	(50.5)	-	(50.5)	-	-	(50.5)
		162.6	(50.5)	(0.1)	112.0	4.2	-	116.2
Balance at 31 December 2022 (restated)		300.8	723.6	(3.4)	1,021.0	2.0	14.3	1,037.3
Balance at 30 June 2023 (restated)		302.5	686.1	(8.2)	980.4	3.0	13.7	997.1
Balance at 1 July 2023		302.5	686.1	(8.2)	980.4	3.0	13.7	997.1
Profit / (loss) for the half year		-	106.4	-	106.4	(2.7)	0.3	104.0
Movement in foreign currency translation, net of tax		-	-	1.3	1.3	-	-	1.3
Total comprehensive income / (loss) for the half year		-	106.4	1.3	107.7	(2.7)	0.3	105.3
Transactions with owners in their capacity as owners:								
Ordinary shares issued		6.5	-	-	6.5	-	-	6.5
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		(1.2)	-	-	(1.2)	-	-	(1.2)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees		4.3	-	(2.2)	2.1	-	-	2.1
Employee performance rights - value of employee services		-	-	1.0	1.0	-	-	1.0
Dividends paid		-	(72.5)	-	(72.5)	-	-	(72.5)
		9.6	(72.5)	(1.2)	(64.1)	-	-	(64.1)
Balance at 31 December 2023		312.1	720.0	(8.1)	1,024.0	0.3	14.0	1,038.3

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the half year ended 31 December 2023

nib holdings limited

	Notes	Half year	
		31 Dec 23	31 Dec 22
		\$m	\$m
Cash flows from operating activities			
Receipts from policyholders and customers (inclusive of goods and services tax)		1,721.4	1,519.9
Payments to policyholders and customers		(1,250.8)	(1,127.1)
Receipts from outwards reinsurance contractss		8.4	6.9
Payments for outwards reinsurance contractss		(16.5)	(14.9)
Payments to suppliers and employees (inclusive of goods and services tax)		(368.3)	(312.2)
		94.2	72.6
Dividends received		0.1	0.1
Interest received		7.4	4.6
Distributions received		3.1	8.2
Transaction costs relating to acquisition of business		(2.1)	(2.8)
Interest paid		(4.9)	(4.8)
Income taxes paid		(25.9)	(63.7)
Net cash inflow / (outflow) from operating activities		71.9	14.2
Cash flows from investing activities			
Proceeds from disposal of financial assets at fair value through profit or loss		151.1	114.3
Payments for financial assets at fair value through profit or loss		(91.0)	(105.5)
Payments for property, plant and equipment and intangibles		(22.6)	(21.8)
Payment for acquisition of business combination, net of cash acquired		(46.7)	(46.6)
Net cash inflow / (outflow) from investing activities		(9.2)	(59.6)
Cash flows from financing activities			
Proceeds from issue of shares		6.5	162.6
Repayment of borrowings		-	(30.0)
Principal elements of lease payments		(3.5)	(3.3)
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		(1.2)	(0.3)
Share issue transaction costs		-	(3.0)
Dividends paid to the company's shareholders	10	(72.5)	(50.5)
Net cash inflow / (outflow) from financing activities		(70.7)	75.5
Net increase / (decrease) in cash and cash equivalents		(8.0)	30.1
Cash and cash equivalents at beginning of the year		248.4	204.8
Effects of exchange rate changes on cash and cash equivalents		0.4	1.7
Cash and cash equivalents at the end of the period		240.8	236.6
Reconciliation to Consolidated Balance Sheet			
Cash and cash equivalents		241.5	238.4
Borrowings - overdraft		(0.7)	(1.8)
		240.8	236.6

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2023

nib holdings limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of nib holdings limited and its subsidiaries.

a) Basis of preparation for the half year report

This consolidated interim financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. nib holdings limited is a for-profit entity for the purpose of preparing the consolidated financial statements.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by nib holdings limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

b) Accounting policies

The accounting policies adopted in the preparation of these interim financial statements are consistent with those of the previous financial year. When the presentation or classification of items in the financial report is amended, comparative amounts have been reclassified.

c) New and amended standards adopted by the Group

The Group has adopted the following new standard and amendment for the current reporting period commencing 1 July 2023. Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

AASB 17 Insurance Contracts

The AASB 17 *Insurance Contracts* (AASB 17) establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The new standard brought significant changes to the accounting for insurance and reinsurance contract. The Group has adopted AASB 17 in the financial statements on a retrospective basis. As a result, the Group has restated certain comparative amounts in the financial statement.

Significant judgements on implementation of AASB 17

On implementation of AASB 17, significant judgements made by the Group are set out below, which include the application of premium allocation approach (PAA), the level of aggregation, and the determination of which expenses are directly attributable to insurance contracts and the identification of onerous contracts.

i) Insurance contracts measurement model

The standard AASB 17 introduces a General Measurement Model (GMM) for the recognition and measurement of insurance contracts. The GMM involves estimating future cash flows and risks from existing policies and taking profit to account over the policy period, adjusting the profit over the life of the contract when actual experience varies from expected.

AASB 17 permits the use of the simplified Premium Allocation Approach (PAA) where either:

- the contract boundary of each contract within the portfolio is one year or less; or
- the measurement of the liability for remaining coverage at inception of a contract is not materially different than if applying GMM.

The majority of the Group's insurance contracts have a coverage period of less than one year. The Group has assessed the eligibility of contracts within the portfolio with one year or less to apply the simplified approach. The Group also has International Students Health Insurance contracts with a coverage period of greater than one year. The Group has assessed that the liability for remaining coverage at inception for these contracts is not materially different between the PAA and GMM.

The Group has taken the option to apply the PAA to all insurance contracts.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

c) New and amended standards adopted by the Group continued

ii) *Liability for incurred claims and liability for remaining coverage*

The liability for incurred claims (LIC) is made up of the best estimate outstanding claims provision, expenses already incurred but not yet paid in relation to claims, risk adjustment for non-financial risk, the RESA Levy, and the cost of handling incurred claims at the reporting date.

The risk adjustment in the LIC is an estimate of the compensation required for bearing the uncertainty about the amount and timing of the insurance contract cash flows arising from non-financial risk. The Group estimates the risk adjustment using a confidence level technique.

The liability for remaining coverage (LRC) under the PAA is valued at initial recognition based on premium received, less any directly attributable acquisition costs deferred. Subsequent to initial recognition, the LRC is amortised to recognise the revenue and insurance expenses (insurance acquisition cash flows) on a passage of time basis over the coverage period.

For the contracts that apply the simplified approach and have a coverage period of one year or less, the Group has the option to expense directly attributable acquisition costs as incurred, as opposed to deferring and amortising directly attributable acquisition costs over the coverage period of the insurance. The Group has elected to defer and amortise over the coverage period insurance acquisition cash flows that are directly attributable to acquiring insurance contracts. Deferred insurance acquisition cash flows not yet included in the measurement of recognised groups of insurance contracts are recognised as insurance contract assets.

Insurance contract liabilities are not discounted as the effect of accounting for the time value of money on amounts expected to be paid or received one year or more from the date of claims being incurred is immaterial.

iii) *Level of aggregation*

AASB 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together'. nib have identified the following portfolios:

- Australian health insurance
- New Zealand health insurance
- New Zealand life and living benefits insurance
- Travel insurance

Under the PAA, a portfolio is the level at which policyholder assets and liabilities are presented in the statement of financial position. Further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are either onerous, no significant possibility of being onerous and other. There is a presumption under the PAA that no contracts are onerous unless there are clear facts and circumstances that indicate otherwise.

In contemplating the facts and circumstances, the Group has considered information reported to the Board of Directors. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued using the estimated fulfilment cashflows for the group of insurance contracts, using the building blocks approach from the GMM, including an assessment of the risk adjustment determined for the LRC.

The Group has not identified any material onerous contracts.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

c) New and amended standards adopted by the Group continued

iv) Restatements

The standard introduces substantial changes to the presentation and disclosure of insurance line items in the financial statements, introducing new line items on the balance sheet and statement of comprehensive income and increased disclosure requirements compared with existing reporting requirements.

AASB 17 was applied retrospectively to all of the Group's insurance contracts.

The Group's Total Equity at transition on 1 July 2022 increased by \$95.8 million. The primary adjustments impacting Total Equity were the derecognition of both the provision for deferred claims liabilities and the portion of the unearned premium liabilities that relates to the deferral of premium rate increases. The concept of a deferred claims liability is not compatible with incurred claims under AASB 17 and the timing of recognising the effect of the price rise deferral is different under AASB 17 when compared to AASB 1023.

Balance at 1 July 2022	\$m
Net assets under AASB 1023	734.3
Derecognition of deferred claims liabilities	110.2
Price deferral adjustment	29.6
Other adjustments	
Derecognition of ishi unearned premium discounting	(1.5)
NZ health waiver of premium adjustment	1.0
Life insurance reserving adjustment	(2.4)
Income tax impact of above	(41.1)
Net assets under AASB 17	830.1

	Reported under AASB 1023/1038	Reclassification						Measurement			Restated under AASB 17
		DAC	UPL	PPB and Policy liabilities	OSC	Insurance Receivables and Payables	Reinsurance	Price Deferral adjustment	Deferred Claims Liability	Other adjustments	
Balance at 1 July 2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Receivables	101.5	-	-	-	-	(57.5)	(1.3)	-	-	-	42.7
Deferred acquisition costs	123.6	(123.6)	-	-	-	-	-	-	-	-	-
Insurance contracts assets											
<i>Assets for remaining coverage</i>	-	83.1	-	-	-	-	-	-	-	-	83.1
Reinsurance contracts assets	-	-	-	-	-	-	0.1	-	-	-	0.1
Payables (current)	(215.7)	-	-	-	-	120.3	1.2	-	-	-	(94.2)
Provisions (current)	(6.7)	-	-	-	-	-	-	0.3	-	-	(6.4)
Claims liabilities	(300.4)	-	-	-	188.6	-	-	-	110.2	1.6	-
Unearned premium liability	(271.0)	-	243.8	-	-	-	-	29.3	-	(2.1)	-
Premium payback liability	(10.4)	-	-	10.4	-	-	-	-	-	-	-
Policy liabilities - life insurance	7.3	-	-	(4.9)	-	-	-	-	-	(2.4)	-
Insurance contracts liabilities											
<i>Liability for remaining coverage</i>	-	40.5	(241.5)	4.9	-	56.0	-	-	-	-	(140.1)
<i>Liability for incurred claims</i>	-	-	(2.3)	(10.4)	(188.6)	(118.8)	-	-	-	-	(320.1)
Deferred tax assets/(liabilities)	27.8	-	-	-	-	-	-	(8.9)	(33.1)	0.9	(13.3)
Other assets/liabilities not impacted by AASB 17	1,278.3	-	-	-	-	-	-	-	-	-	1,278.3
Net assets	734.3	-	-	-	-	-	-	20.7	77.1	(2.0)	830.1

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

c) New and amended standards adopted by the Group continued

iv) Restatements continued

The comparatives in the Consolidated Income Statement for the half year ended 31 December 2022 and Consolidated Balance Sheet as at 30 June 2023 have also been amended to comply with the adoption of AASB 17. The impact on profit for the period and net assets are detailed in the tables below.

31 December 2022	\$m
Profit for the half year under AASB 1023	91.6
Derecognition of deferred claims liabilities	13.8
Price deferral adjustment	(19.7)
Other adjustments	
Derecognition of ishi unearned premium discounting	(0.6)
NZ health waiver of premium adjustment	0.1
Income tax impact of above	1.9
Profit for the half year under AASB 17	87.1

Balance at 30 June 2023	\$m
Net assets under AASB 1023	983.9
Price deferral adjustment	26.6
Other adjustments	
Derecognition of ishi unearned premium discounting	(3.0)
NZ health waiver of premium adjustment	(0.9)
Life insurance reserving adjustment	(3.7)
Income tax impact of above	(5.8)
Net assets under AASB 17	997.1

	Reported under AASB 1023/1038	Reclassification						Measurement		Restated under AASB 17
		DAC	UPL	PPB and Policy liabilities	OSC	Insurance Receivables and Payables	Reinsurance	Price Deferral adjustment	Other adjustments	
Balance at 30 June 2023	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Receivables	109.3	-	-	-	-	(63.0) ¹	(5.1)	-	-	41.2
Deferred acquisition costs	151.8	(151.8)	-	-	-	-	-	-	-	-
Insurance contracts assets										
<i>Assets for remaining coverage</i>	-	98.8	-	-	-	-	-	-	-	98.8
Reinsurance contracts assets	-	-	-	-	-	-	3.8	-	-	3.8
Payables	(253.7)	-	-	-	-	134.0 ²	1.3	-	-	(118.4)
Provisions (current)	(8.5)	-	-	-	-	-	-	0.2	-	(8.3)
Claims liabilities	(268.3)	-	-	-	268.5	-	-	-	(0.2)	-
Unearned premium liability	(305.9)	-	283.2	-	-	-	-	26.4	(3.7)	-
Premium payback liability	(9.3)	-	-	9.3	-	-	-	-	-	-
Policy liabilities - life insurance	8.4	-	-	(4.7)	-	-	-	-	(3.7)	-
Insurance contracts liabilities										
<i>Liability for remaining coverage</i>	-	53.0	(280.9)	4.7	-	59.5	-	-	-	(163.7)
<i>Liability for incurred claims</i>	-	-	(2.3)	(9.3)	(268.5)	(130.5)	-	-	-	(410.6)
Deferred tax liabilities	(9.0)	-	-	-	-	-	-	(8.0)	2.2	(14.8)
Other assets/liabilities not impacted by AASB 17	1,569.1	-	-	-	-	-	-	-	-	1,569.1
Net assets	983.9	-	-	-	-	-	-	18.6	(5.4)	997.1

1. Under AASB 1023, Receivables included Private Health Insurance Premiums Reduction Scheme receivable of \$48.0m and other Insurance contract receivables of \$15.0m, totalling \$63.0m which have been reclassified to Insurance Contracts Liabilities.

2. Under AASB 1023, Payables included Claims payables of \$71.0m, RESA payable of \$55.2m and other Insurance contract liabilities of \$7.8m, totalling \$134.0m which have been reclassified to Insurance Contracts Liabilities.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

2. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to Executive management. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director/Chief Executive Officer (MD/CEO).

The MD/CEO assesses the performance of the operating segments based on underlying operating profit. This measurement basis excludes from the operating segments the effects of income and expenditure such as integration costs, merger and acquisition costs, new business implementation costs, amortisation of acquired intangibles, impairment of intangibles and discontinued operations.

No information regarding assets, liabilities and income tax is provided for individual Australian Residents Health Insurance and International (Inbound) Health Insurance segments to the MD/CEO. Furthermore, investment income and expenditure for Australia is not allocated to individual Australian segments as this type of activity is driven by the central treasury function, which manages the cash position of the Australian companies.

Management has determined the operating segments based on the reports reviewed by the MD/CEO that are used to make strategic decisions.

The MD/CEO considers the business from a product perspective and has identified five reportable segments:

Australian Residents Health Insurance	nib's core product offering within the Australian private health insurance industry, including Australian Payer to Partner (P2P) product offering and commission from other insurance products
New Zealand Insurance	nib's product offerings within the New Zealand private health and life insurance industry, and commission from other insurance products
International (Inbound) Health Insurance	nib's offering of health insurance products for international students and workers
nib Travel	nib's distribution of travel insurance products
nib Thrive	nib's offering as a Plan Manager and Digital Marketplace Platform under the National Disability Insurance Scheme (NDIS)

"Unallocated to segments" includes Midnight Health, corporate expenses, share of profit / (loss) from joint ventures, and the charitable foundation as they do not meet the quantitative requirements for reportable segments.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

2. SEGMENT REPORTING continued

For the half year ending 31 December 2023

	Australian Residents Health Insurance \$m	International (Inbound) Health Insurance \$m	New Zealand Insurance \$m	nib Travel \$m	nib Thrive \$m	Unallocated to segments \$m	Total \$m
Insurance revenue	1,308.7	93.7	182.4	4.1	-	-	1,588.9
Insurance service costs - incurred claims	(1,042.5)	(57.3)	(117.0)	(1.6)	-	-	(1,218.4)
Insurance service costs - other insurance service expenses	(137.4)	(23.9)	(52.1)	(1.7)	-	-	(215.1)
Reinsurance expense	(5.1)	(6.2)	(2.9)	(2.2)	-	-	(16.4)
Reinsurance income	2.1	3.4	0.9	1.6	-	-	8.0
Underlying insurance service result	125.8	9.7	11.3	0.2	-	-	147.0
Other underwriting revenue	1.5	0.8	-	-	-	-	2.3
Underlying insurance operating result	127.3	10.5	11.3	0.2	-	-	149.3
Other income	1.3	2.0	0.3	43.4	24.8	11.9	83.7
Other expenses	-	(0.9)	(0.3)	(39.5)	(18.4)	(27.2)	(86.3)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	-	(2.3)	(2.3)
Underlying operating profit / (loss)	128.6	11.6	11.3	4.1	6.4	(17.6)	144.4
Items not included in underlying operating profit							
Amortisation of acquired intangibles	(0.8)	(0.7)	(0.9)	(0.4)	(2.2)	-	(5.0)
Amortisation of acquired intangibles - relating to prior periods following finalisation of purchase price allocation	-	-	-	-	(1.7)	-	(1.7)
One-off transactions, merger, acquisition and new business implementation costs	-	-	-	-	-	(9.0)	(9.0)
Finance income						0.1	0.1
Finance costs						(8.6)	(8.6)
Investment income						34.5	34.5
Investment expenses						(1.2)	(1.2)
Profit before income tax from continuing operations							153.5
Inter-segment other income ¹	-	-	-	-	-	-	-
Depreciation and amortisation	1.0	0.4	1.2	0.4	3.9	12.4	19.3
Total assets	1,351.5		296.1	130.8	183.5	77.7	2,039.6
Total liabilities	632.0		50.8	14.1	10.7	293.7	1,001.3

1. Inter-segment other income is eliminated on consolidation and not included in operating profit.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

2. SEGMENT REPORTING continued

Restated for the half year ending 31 December 2022 ²

	Australian Residents Health Insurance \$m	International (Inbound) Health Insurance \$m	New Zealand Insurance \$m	nib Travel \$m	nib Thrive \$m	Unallocated to segments \$m	Total \$m
Insurance revenue	1,186.2	76.2	163.1	3.7	-	-	1,429.2
Insurance service costs - incurred claims	(955.6)	(45.9)	(99.7)	(1.3)	-	-	(1,102.5)
Insurance service costs - other insurance service expenses	(130.7)	(20.7)	(44.8)	(1.9)	-	-	(198.1)
Reinsurance expense	(4.9)	(4.9)	(3.0)	(2.0)	-	-	(14.8)
Reinsurance income	2.3	1.9	1.2	1.3	-	-	6.7
Underlying insurance service result	97.3	6.6	16.8	(0.2)	-	-	120.5
Other underwriting revenue	1.9	0.7	0.1	-	-	-	2.7
Underlying insurance operating result	99.2	7.3	16.9	(0.2)	-	-	123.2
Other income	1.4	-	0.7	51.3	1.4	4.6	59.4
Other expenses	-	-	(0.7)	(44.7)	(1.0)	(15.1)	(61.5)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	-	(2.4)	(2.4)
Underlying operating profit / (loss)	100.6	7.3	16.9	6.4	0.4	(12.9)	118.7
Items not included in underlying operating profit							
Amortisation of acquired intangibles	(0.9)	(0.4)	(1.5)	(0.6)	-	-	(3.4)
One-off transactions, merger, acquisition and new business implementation costs	-	-	-	-	-	(3.1)	(3.1)
Finance income						0.1	0.1
Finance costs						(6.3)	(6.3)
Investment income						23.6	23.6
Investment expenses						(1.4)	(1.4)
Profit before income tax from continuing operations							128.2
Inter-segment other income ¹	-	-	-	-	-	-	-
Depreciation and amortisation	1.3	0.5	1.5	0.6	-	10.6	14.5
Total assets	1,343.8		301.3	141.5	6.5	204.2	1,997.3
Total liabilities	622.6		72.4	22.8	5.8	236.4	960.0

1. Inter-segment other income is eliminated on consolidation and not included in operating profit.

2. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

3. OTHER REVENUE AND INCOME

	Half year	
	31 Dec 23	Restated 31 Dec 22 ¹
	\$m	\$m
Agency fee	0.3	0.2
Sundry income	2.0	2.5
Other underwriting revenue	2.3	2.7
Travel insurance commission	43.4	51.3
Commission on other insurance products	3.3	1.5
Package fee income - Midnight Health	11.0	3.8
NDIS fee income	24.8	1.4
Insurance recoveries	0.6	-
Sundry income	1.2	1.5
Other income	84.3	59.5
Finance income	0.1	0.1
Interest	7.4	4.6
Net realised gain (loss) on financial assets at fair value through profit or loss	0.2	12.3
Net unrealised gain (loss) on financial assets at fair value through profit or loss	26.8	6.6
Dividends	0.1	0.1
Investment income	34.5	23.6

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

4. EXPENSES

	Half year	
	31 Dec 23	Restated 31 Dec 22 ¹
	\$m	\$m
Expenses by function		
Insurance service costs - other insurance service expenses	217.2	200.9
Other expenses	100.5	65.3
Finance costs	8.6	6.3
Investment expenses	1.2	1.4
Total expenses (excluding direct claims expenses)	327.5	273.9
Expenses by nature		
Amortisation of acquired intangibles	5.0	3.4
Amortisation of acquired intangibles - relating to prior periods following finalisation of purchase price allocation	1.7	-
Bank charges	3.3	3.4
Communications, postage and telephone expenses	1.9	1.7
Depreciation and amortisation	12.6	11.1
Depreciation of right-of-use assets	1.8	1.7
Employee costs	124.2	96.1
Finance costs	7.5	5.1
Finance costs - interest on lease liabilities	1.1	1.2
Information technology expenses	20.0	16.3
Investment expenses	1.2	1.4
Marketing expenses - excluding commissions	27.4	22.4
Marketing expenses - commissions	83.9	80.1
Merger, acquisition and new business implementation costs	2.1	3.0
Professional fees	17.3	17.5
Other expenses	16.5	9.5
Total expenses (excluding direct claims expenses)	327.5	273.9

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

5. FAIR VALUE MEASUREMENT

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below the table.

The following tables present the Group's financial assets and liabilities measured and recognised at fair value at 31 December 2023 and 30 June 2023:

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Group at 31 December 2023				
Assets				
Receivables	-	1.0	-	1.0
Financial assets at fair value through profit or loss				
Equity securities	194.3	-	-	194.3
Interest-bearing securities	754.4	63.6	1.9	819.9
Property trusts	-	20.0	-	20.0
Finance lease receivable	-	9.0	-	9.0
Total assets	948.7	93.6	1.9	1,044.2
<i>of which: Investments relating to life insurance business</i>				
- Interest-bearing securities	-	17.8	-	17.8

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Group at 30 June 2023				
Assets				
Receivables	-	1.0	-	1.0
Financial assets at fair value through profit or loss				
Equity securities	177.1	-	-	177.1
Interest-bearing securities	800.5	71.0	1.7	873.2
Property trusts	-	20.1	-	20.1
Finance lease receivable	-	10.2	-	10.2
Total assets	977.6	102.3	1.7	1,081.6
<i>of which: Investments relating to life insurance business</i>				
- Interest-bearing securities	-	17.1	-	17.1

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values due to their short-term nature.

There were no transfers between levels 1, 2 and 3 during the half year.

The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

Level 1	The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date.
Level 2	The fair value of financial instruments that are not traded in active markets (for example some interest bearing securities) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.
Level 3	One or more of the significant inputs is not based on observable market data.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

5. FAIR VALUE MEASUREMENT continued

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates for financial instruments are included in level 2.

In the circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, those instruments are included in level 3.

c) Fair value measurements using significant unobservable inputs (level 3)

The Group's level 3 investments comprise units in interest bearing securities which are infrequently traded. The following table presents the changes in level 3 instruments for the periods ended 31 December 2023 and 30 June 2023:

	31 Dec 23	30 Jun 23
	\$m	\$m
Fair value measurement as at 1 July	1.7	3.1
Purchased	1.2	0.6
Sales	(0.6)	(1.8)
Change in fair value	(0.4)	(0.2)
Fair value measurement at end of period	1.9	1.7

i) Transfers between levels 2 and 3 There were no transfers between the levels of the fair value hierarchy during the half year. There were also no changes during the half year to any of the valuation techniques applied as of 30 June 2023.

ii) Valuation process The valuation of interest bearing securities is based on unit prices provided by investment managers.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value \$m	Unobservable inputs	Relationship of unobservable inputs to fair value
At 31 December 2023			
Interest-bearing securities	1.9	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by \$0.2m
At 30 June 2023			
Interest-bearing securities	1.7	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by \$0.2m

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

6. INTANGIBLE ASSETS

	Goodwill	Software	Brands and Trademarks	Customer Contracts and relationships	Total
	\$m	\$m	\$m	\$m	\$m
At 30 June 2023					
Cost	364.8	201.7	33.2	88.8	688.5
Accumulated amortisation and impairment	-	(125.3)	(17.8)	(61.8)	(204.9)
Net book amount	364.8	76.4	15.4	27.0	483.6
Half year ended 31 December 2023					
Opening net book amount	364.8	76.4	15.4	27.0	483.6
Additions	-	21.9	0.1	-	22.0
Acquisition of business	21.6	3.0	-	31.3	55.9
Amortisation charge for the half year	-	(11.7)	-	(6.0)	(17.7)
Exchange differences	0.7	0.3	-	0.3	1.3
Closing net book amount	387.1	89.9	15.5	52.6	545.1
At 31 December 2023					
Cost	387.1	227.0	33.4	115.6	763.1
Accumulated amortisation and impairment	-	(137.1)	(17.9)	(63.0)	(218.0)
Net book amount	387.1	89.9	15.5	52.6	545.1

a) Impairment tests for goodwill and intangibles

Goodwill and intangibles are allocated to a cash-generating unit (CGU).

The recoverable amount of a CGU is determined based on a value-in-use calculation. The value-in-use calculation uses cash flow projections based on financial budgets and forecast forward projections approved by management covering a four-year period.

An asset is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less cost of disposal and its value in use.

The estimates used in calculating value-in-use are highly sensitive, and depend on assumptions specific to the nature of the Group's activities. Actual cash flows and values could vary significantly from forecasted future cash flows and related values derived from discounting techniques.

b) Critical accounting judgements and estimates

Goodwill is assessed for impairment annually unless indicators for impairment are identified. At 31 December 2023, no indicators of impairment have been identified for any CGU.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

7. BORROWINGS

	31 Dec 23	30 Jun 23
	\$m	\$m
Current		
Bank overdraft	0.7	1.1
	0.7	1.1
Non - current		
Bank loans	245.5	244.8
	245.5	244.8

a) Bank loans

nib holdings limited has an AUD \$85.0 million variable rate loan with NAB with a maturity date of 16 December 2025. It also has an AUD \$80.5 million variable rate loan with NAB with a maturity date of 9 December 2026 and an AUD \$50.0 million revolving credit facility with a maturity date of 9 December 2026, of which AUD \$15.0 million was drawn. All loans are carried at amortised cost.

nib nz holdings limited, a wholly owned subsidiary of nib holdings limited, has a NZD \$70.0 million variable rate loan with NAB with a maturity date of 9 December 2026.

The above loans have the following covenants that must be met by the Group:

Financial Covenant	Ratio as at 31 December 2023
Group Gearing Ratio will not be more than 45%	19.4%
Group Interest Cover Ratio ¹ will not be less than 3:1	16:1

1. Excludes interest on lease liabilities.

nib holdings limited has provided a guarantee and indemnity to NAB on behalf of nib nz holdings limited in respect of the NZD \$70.0 million term loan facility.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

8. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES

Under AASB 17 *Insurance Contracts* (AASB 17) standard, the Group has taken the option to apply the Premium Allocation Approach (PAA) to all insurance contracts on the basis that all of its insurance and reinsurance contracts meet the eligibility requirements.

a) Insurance and reinsurance contracts balance sheet composition

i) Insurance contracts

	31 Dec 23	30 Jun 23
	\$m	\$m
Insurance contracts issued		
Total		
Insurance contracts assets	121.4	98.8
Insurance contracts liabilities	(567.1)	(574.3)
Net insurance contracts assets / (liabilities)	(445.7)	(475.5)
Made up of:		
Insurance contracts assets		
- assets for remaining coverage (acquisition cash flow assets - pre coverage period)	121.4	98.8
Insurance contracts assets	121.4	98.8
Insurance contracts liabilities		
- liability for remaining coverage (LRC)		
- unearned premium cashflows	(262.8)	(270.2)
- acquisition cash flow assets relating to coverage period	43.0	58.5
- private health insurance premiums reduction scheme receivable	48.2	48.0
	(171.6)	(163.7)
- liability for incurred claims (LIC)		
- outstanding claims (IBNR)	(262.3)	(272.9)
- premium payback and waiver of premium liability	(11.7)	(11.5)
- claims processed not yet paid and RESA payable	(121.5)	(126.2)
	(395.5)	(410.6)
Insurance contracts liabilities	(567.1)	(574.3)
Net insurance contracts assets / (liabilities)	(445.7)	(475.5)

The Deferred insurance acquisition cash flows not yet included in the measurement of recognised groups of insurance contracts are recognised as insurance contract assets. The Australian Residents Health Insurance Acquisition Cash Flow assets are amortised over 5 years.

ii) Reinsurance contracts

	31 Dec 23	30 Jun 23
	\$m	\$m
Reinsurance contracts issued		
Current		
Reinsurance contracts assets	3.3	3.8
Net reinsurance contracts assets	3.3	3.8

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

8. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES continued

b) Insurance contract reconciliation of the liability for remaining coverage and the liability for incurred claims

	31 Dec 23				30 Jun 23			
	LRC	LIC		Total	LRC ²	LIC		Total
	Excluding loss component	Present value of future cash flow	Risk adjustment for non-financial risk		Excluding loss component	Present value of future cash flow	Risk adjustment for non-financial risk	
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Insurance contracts issued								
Opening insurance contracts assets	98.8	-	-	98.8	83.1	-	-	83.1
Opening insurance contracts liabilities	(163.7)	(377.8)	(32.8)	(574.3)	(140.1)	(302.0)	(18.1)	(460.2)
Net insurance assets / (liabilities) as at 1 July	(64.9)	(377.8)	(32.8)	(475.5)	(57.0)	(302.0)	(18.1)	(377.1)
Insurance service result ¹								
Insurance revenue	1,588.9	-	-	1,588.9	2,939.1	-	-	2,939.1
Incurred claims and other directly attributable expenses								
Incurred claims	-	(1,214.7)	(3.7)	(1,218.4)	-	(2,317.0)	(14.7)	(2,331.7)
Other insurance service expenses	0.9	(184.9)	-	(184.0)	(0.4)	(373.3)	-	(373.7)
Insurance acquisition amortisation	(33.2)	-	-	(33.2)	(65.5)	-	-	(65.5)
Insurance service result	1,556.6	(1,399.6)	(3.7)	153.3	2,873.2	(2,690.3)	(14.7)	168.2
Other changes - exchange differences	0.4	-	-	0.4	0.7	(0.2)	-	0.5
Cash flows ¹								
Premiums received	(1,581.6)	-	-	(1,581.6)	(2,975.3)	-	-	(2,975.3)
Claims and other directly attributable expenses paid	-	1,418.4	-	1,418.4	-	2,614.7	-	2,614.7
Insurance acquisition cash flows	39.3	-	-	39.3	93.5	-	-	93.5
Total cash flows	(1,542.3)	1,418.4	-	(123.9)	(2,881.8)	2,614.7	-	(267.1)
Net insurance assets / (liabilities) as at end of the period	(50.2)	(359.0)	(36.5)	(445.7)	(64.9)	(377.8)	(32.8)	(475.5)
Closing insurance contracts assets	121.4	-	-	121.4	98.8	-	-	98.8
Closing insurance contracts liabilities	(171.6)	(359.0)	(36.5)	(567.1)	(163.7)	(377.8)	(32.8)	(574.3)
Net insurance assets / (liabilities) as at end of the period	(50.2)	(359.0)	(36.5)	(445.7)	(64.9)	(377.8)	(32.8)	(475.5)

1. Comparatives are 12 months amounts to 30 June 2023.

2. Liability for remaining coverage for the year ended 30 June 2023 included a derecognition from Insurance acquisition cashflow assets of \$77.8m to insurance contracts liabilities.

No loss components exist for insurance contracts.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

8. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES continued

c) Reinsurance contract reconciliation of remaining coverage and incurred claims

	31 Dec 23			30 Jun 23		
	Remaining coverage \$m	Present value of future cash flow \$m	Total \$m	Remaining coverage \$m	Present value of future cash flow \$m	Total \$m
Reinsurance contracts held						
Opening reinsurance contracts assets	(1.3)	5.1	3.8	(1.2)	1.3	0.1
Net reinsurance assets as at 1 July	(1.3)	5.1	3.8	(1.2)	1.3	0.1
Insurance service result ¹						
Reinsurance expenses	(16.4)	-	(16.4)	(30.6)	-	(30.6)
Claims recovered	-	8.0	8.0	-	15.7	15.7
Net income (expenses) from reinsurance contracts held	(16.4)	8.0	(8.4)	(30.6)	15.7	(14.9)
Cash flows ¹						
Premiums paid net of ceding commissions and other directly attributable expenses paid	16.5	-	16.5	30.5	-	30.5
Recoveries from reinsurance	-	(8.6)	(8.6)	-	(11.9)	(11.9)
Total cash flows	16.5	(8.6)	7.9	30.5	(11.9)	18.6
Net reinsurance assets as at end of the period	(1.2)	4.5	3.3	(1.3)	5.1	3.8
Closing reinsurance contracts assets	(1.2)	4.5	3.3	(1.3)	5.1	3.8
Net reinsurance assets as at end of the period	(1.2)	4.5	3.3	(1.3)	5.1	3.8

1. Comparatives are 12 months amounts to 30 June 2023.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

8. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES continued

d) Actuarial assumptions

The following significant assumptions have been made in determining the liability for incurred claims:

	31 Dec 23		30 Jun 23	
	nib health funds	nib NZ	nib health funds	nib NZ
Expense rate	1.2%	2.6%	1.1%	2.6%
Risk adjustment	15.8%	28.0%	13.0%	28.0%
Risk equalisation rate	18.0%	n/a	18.6%	n/a
Risk adjustment for risk equalisation	15.8%	n/a	13.0%	n/a

The risk adjustment for non-financial risk in the liability for incurred claims has been determined using the confidence level approach. The confidence level used to determine the risk adjustment is 98% for nib health funds and 95% for nib NZ (June 2023: 95%).

The table below describes how a change in each assumption will affect the profit after tax.

Variable	Movement in variable	31 Dec 23	31 Dec 22
		Profit after tax \$m	Profit after tax \$m
Chain ladder development factors	+0.5%	(23.2)	(13.9)
	-0.5%	23.2	13.9
Expense rate	+1.0%	(2.2)	(1.2)
	-1.0%	2.2	1.2
Risk equalisation allowance	+2.5%	(4.1)	(2.0)
	-2.5%	4.1	2.0
Risk adjustment	+1.0%	(2.2)	(1.2)
	-1.0%	2.2	1.2

The following significant assumptions have been made in determining the liability for remaining coverage:

Variable	Movement in variable	31 Dec 23	31 Dec 22
		Profit after tax \$m	Profit after tax \$m
Lapse rate	+1.0%	0.1	0.1
	-1.0%	(0.1)	(0.1)
Discount rate	+1.0%	0.2	0.2
	-1.0%	(0.2)	(0.2)
Risk adjustment	+1.0%	(0.1)	(0.1)
	-1.0%	0.1	0.1

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

9. CONTRIBUTED EQUITY

a) Share capital

	31 Dec 23	30 Jun 23
	\$m	\$m
Ordinary shares		
Fully paid	313.3	306.8
Other equity securities		
Treasury shares	(1.2)	(4.3)
Total contributed equity	312.1	302.5

b) Movements in share capital

Date	Details	No. of shares	Price \$	\$m
1 Jul 2022	Balance	459,104,769		141.1
4 Oct 2022	Shares issued - Dividend reinvestment plan	582,102	7.76	4.5
18 Oct 2022	Capital raise - Institutional placement	19,565,218	6.90	135.0
	Capital raise cost - net of tax			(2.2)
14 Nov 2022	Capital raise - Share purchase plan	3,424,218	6.74	23.1
3 Apr 2023	Shares issued - Dividend reinvestment plan	758,798	7.03	5.3
30 Jun 2023	Balance	483,435,105		306.8
3 Oct 2023	Shares issued - Dividend reinvestment plan	841,650	7.67	6.5
31 Dec 2023	Balance	484,276,755		313.3

c) Treasury shares

Date	Details	No. of shares	\$m
30 Jun 2022	Balance	605,802	2.9
	Acquisition of shares by the Trust	496,250	3.8
	Employee share issue - LTIP	(211,040)	(1.1)
	Employee share issue - STI	(271,261)	(1.3)
30 Jun 2023	Balance	619,751	4.3
	Acquisition of shares by the Trust	150,000	1.2
	Employee share issue - LTIP	(285,749)	(2.2)
	Employee share issue - STI	(288,447)	(2.1)
31 Dec 2023	Balance	195,555	1.2

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

10. DIVIDENDS

a) Ordinary shares

	Half year	
	31 Dec 23	31 Dec 22
	\$m	\$m
Final dividend for the year ended 30 June 2023 of 15.0 cents (2022 - 11.0 cents) per fully paid share paid on 3 October 2023		
Fully franked based on tax paid at 30%	72.5	50.5
	72.5	50.5

b) Dividends not recognised at half year end

	Half year	
	31 Dec 23	31 Dec 22
	\$m	\$m
In addition to the above dividends, since the end of the half year the Directors have recommended the payment of an interim dividend of 15.0 cents (2023 - 13.0 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 10 April 2024 out of retained profits at 31 December 2023, but not recognised as a liability at the half year, is:		
	72.6	62.7

11. EARNINGS PER SHARE

		Half year	
		31 Dec 23	Restated 31 Dec 22 ¹
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	106.6	89.4
Weighted average number of ordinary shares	#m	483.8	468.3
Basic / Diluted EPS	cents	22.0	19.1

		Half year	
		31 Dec 23	Restated 31 Dec 22 ¹
Profit attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	106.4	89.2
Weighted average number of ordinary shares	#m	483.8	468.3
Basic / Diluted EPS	cents	22.0	19.0

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

12. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group will maintain sufficient capital to meet minimum capital requirements under stressed conditions with a low probability of having insufficient capital to act as a buffer against the financial impacts of a severe but plausible stress event.

The Group includes the parent entity and three substantial regulated entities. Capital is monitored separately for each of these regulated entities against minimum capital requirements. In addition the Group monitors the following key performance indicators of capital adequacy.

- Equity
- Net tangible assets
- Gearing (debt / debt plus equity)
- Debt / EBITDA

In order to maintain or adjust the capital structure, the Group has a number of levers, including adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares, selling assets, raising or reducing debt or buying back shares.

nib holdings limited

Below are the key performance indicators of capital adequacy for the Group as at 31 December 2023 and 30 June 2023.

	31 Dec 23	Restated 30 Jun 23 ¹
	\$m	\$m
Equity	1,038.3	997.1
Net tangible assets ²	314.5	345.0
Gearing (debt/debt plus equity)	19.4%	20.1%
Debt / EBITDA	1.0x	1.1x
Dividend recommended at balance date	72.6	72.5

1. The Group adopted AASB 17 *Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption are detailed in note 1 (c).

2. Net tangible assets excludes intangible assets, acquisition cash flow asset, charitable foundation and non-controlling interests.

nib health funds limited

nib health funds limited has a capital management plan which establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer in line with the Board's attitude to and tolerance for risk. The internal capital target ensures nib has a minimum level of capital given certain stressed capital scenarios.

The surplus assets over capital adequacy requirement based on current APRA capital standards at 31 December 2023 are as follows:

	31 Dec 23
	\$m
Net tangible assets ¹	443.8
Capital base	509.8
Prescribed Capital Amount	260.3
Excess capital over PCA	249.5
PCA multiple	1.96x

1. Net tangible assets excludes intangible assets and acquisition cash flow asset.

The capital information above complies with the new private health insurance capital standards that became effective from 1 July 2023.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

12. CAPITAL MANAGEMENT continued

nib nz limited

nib nz limited, a controlled entity, is required to comply with the Interim Solvency Standard 2023 published by the Reserve Bank of New Zealand (RBNZ), previously the Solvency Standard for Non-Life Insurance Business (2014).

The solvency positions of nib nz limited determined under the requirements of the Solvency Standard at 31 December 2023 are set out below:

	31 Dec 23
	\$m
Solvency Capital	602.6
Prescribed Capital Requirement	546.0
Solvency Margin	56.6
Solvency Ratio	110%

For underwriting risk, previously the Solvency Standard for Non-Life Insurance Business (2014) only allowed for potential short-term losses. The current Interim Solvency Standard 2023 now considers potential for longer term losses for contracts where there are expectations that the current contract will fund acquisition or insurance expenses under future renewals of the contract. Solvency capital is increased to reflect the standardised insurance items for these contracts, which includes the fulfilment cash-flows for long-term contracts determined using the general measurement model of NZ IFRS 17, and the prescribed capital requirement applies stresses to this amount.

nib nz insurance limited

nib nz insurance limited, a controlled entity, is required to comply with the Interim Solvency Standard 2023 published by the Reserve Bank of New Zealand (RBNZ), previously the Solvency Standard for Life Insurance Business (2014).

Based on actuarial advice, the Directors have determined that \$13.0 million is the Prescribed Capital Requirement. For the purposes of this calculation nib nz insurance limited is treated as having and being one statutory fund. The Solvency Capital determined under the standard is \$26.2 million. Therefore the Solvency Margin is \$13.2 million.

The solvency positions of nib nz insurance limited determined under the requirements of the Solvency Standard at 31 December 2023 are set out below:

	31 Dec 23
	\$m
Solvency Capital	26.2
Prescribed Capital Requirement	13.0
Solvency Margin	13.2
Solvency Ratio	201%

Previously the Solvency Standard for Life Insurance Business (2014) already considered potential for longer term losses therefore there has been no material change to the solvency positions.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

13. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 15 January 2024, nib holdings limited invested a further \$9.0 million in Midnight Health Pty Limited, resulting in an increased ownership percentage to 77.4%.

There have not been any other matters or circumstances that have arisen since the end of the financial half year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

14. BUSINESS COMBINATION

a) Current period

During the half year, nib acquired Kynd Group Pty Ltd (on 3 July 2023), Developing Links Pty Ltd (on 28 August 2023), and the assets and liabilities of BudgetNet Pty Ltd (on 21 September 2023).

The acquisitions are part of nib's entry into the National Disability Insurance Scheme (NDIS) as a Plan Manager. nib sees close alignment between Plan Management and its traditional role in helping people choose health cover and connect with healthcare services.

Details of the provisional purchase consideration are as follows:

	\$m
Purchase consideration	
Cash	46.2
Total purchase consideration	46.2

The provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional Fair value
	\$m
Cash and cash equivalents	0.3
Trade and other receivables	0.2
Payables	(0.5)
Current tax payable	(0.1)
Provision for employee entitlements	(0.2)
Net identifiable assets acquired	(0.3)
Add: Goodwill	46.5
Net assets acquired	46.2

The goodwill is attributable to the future profitability of the acquired business. None of the goodwill is deductible for tax purposes. Identification and assessment of acquired intangible assets is in progress and adjustments are expected as part of the final purchase price allocation in the next financial period.

i) Acquisition related costs

Total acquisition related costs of \$1.7 million are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

ii) Revenue and profit contribution

The acquired business contributed \$4.3 million to Group revenue and \$2.7 million to net profit after tax for the period since acquisition.

Provisional purchase consideration – cash outflow

	\$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	46.2
Less: Cash balances acquired	(0.3)
Outflow of cash – investing activities	45.9

The Outflow of Cash of \$45.9m for current period acquisitions together with additional consideration of \$0.8m on completion of Peak Plan Management Pty Limited being paid in this period agrees to the Statement of Cash Flows amount of \$46.7m.

b) Prior year

The fair values of the acquisition for Maple Plan Pty Ltd, Peak Plan Management Pty Ltd, Connect Plan Management Pty Ltd, All Disability Plan Management Pty Ltd and OrbitProtect Limited were provisionally determined in the annual report for the year ended 30 June 2023.

During the half year, the Group finalised the purchase price allocation. The aggregate provisional fair value of \$125.5 million goodwill has been partially reclassified to software by \$3.0 million and customer contracts by \$31.3 million, with associated deferred tax liabilities of \$9.4 million.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2023

nib holdings limited

15. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	31 Dec 23	30 Jun 23
	\$m	\$m
Balance Sheet		
ASSETS		
Current assets	117.9	102.3
Non-current assets	956.2	928.9
Total assets	1,074.1	1,031.2
Current liabilities	22.9	-
Non-current liabilities	180.5	180.5
Total liabilities	203.4	180.5
NET ASSETS	870.7	850.7
EQUITY		
Share capital	582.4	575.9
Share-based payments	(7.7)	(6.6)
Retained profits	296.0	281.4
Total Equity	870.7	850.7
	31 Dec 23	31 Dec 22
	\$m	\$m
Profit for the half year	87.1	38.8
Total comprehensive income for the half year	87.1	38.8

16. COMPANY DETAILS

nib holdings limited is a company limited by shares, incorporated and domiciled in Australia. The registered office of the company is:

22 Honeysuckle Drive
NEWCASTLE NSW 2300

The Financial Report was authorised for issue by the Directors on 23 February 2024. The company has the power to amend and reissue the Financial Report.

Directors' Declaration

For the half year ended 31 December 2023
nib holdings limited

In the Directors' opinion:

- a) the financial statements and notes set out on pages 8 to 37 are in accordance with the *Corporations Act 2001*, including:
- i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half year ended on that date; and
- b) there are reasonable grounds to believe that nib holdings limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board



David Gordon
Director



Anne Loveridge AM
Director

23 February 2024



Independent auditor's review report to the members of nib holdings limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of nib holdings limited (the Company) and the entities it controlled from time to time during the half-year (together the Group), which comprises the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Consolidated Income Statement for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of nib holdings limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true



and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A large, stylized, handwritten signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Scott Fergusson'.

Scott Fergusson
Partner

Newcastle
23 February 2024

