



nib holdings limited
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nib holdings limited
ABN 51 125 633 856

Half-year report for the period ended 31 December 2022

This report should be read in conjunction with the annual financial report for the year ended 30 June 2022.

CONTENTS

Results for announcement to the market	2
Appendix 4D compliance matrix	3
Interim Report of nib holdings limited	5

Appendix 4D

For the half year ended 31 December 2022
nib holdings limited

Results for announcement to the market

	6 months to 31 Dec 22 \$m	6 months to 31 Dec 21 \$m	Movement up / (down) \$m	Movement %
Revenue from ordinary activities	1,520.6	1,386.1	134.5	10%
Profit from ordinary activities after tax attributable to members	93.9	82.0	11.9	15%
Net profit attributable to members	93.7	81.4	12.3	15%

	6 months to 31 Dec 22 Amount per security (cps)	6 months to 31 Dec 21 Franking amount per security	6 months to 31 Dec 21 Amount per security (cps)	6 months to 31 Dec 21 Franking amount per security
Interim Dividend				
Ordinary Dividend	13.00	100%	11.00	100%
Special Dividend	0.00	100%	0.00	100%
Total Interim Dividend	13.00	100%	11.00	100%
Record date for determining entitlements to the dividend	3 March 2023			
Date the interim dividend is payable	3 April 2023			

Brief explanation of figures reported above:

Net profit after tax attributable to owners of nib holdings limited for the half year to 31 December 2022 calculated on a statutory basis equated to a profit of \$93.7 million.

For further information, refer to the Directors' Report in the attached Interim Report of nib holdings limited for the period ended 31 December 2022.

Appendix 4D

For the half year ended 31 December 2022

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 108.03 (85.71 as at 31 Dec 2021)	
<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 2022</p> <ul style="list-style-type: none"> Notes to the Consolidated Financial Statements Interest in other entities Business combination 	Note 6 Note 17
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 2022</p> <ul style="list-style-type: none"> Notes to the financial statement Dividends 	Note 13
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 FY23 interim dividend. Shareholders can participate in the DRP by completing the application form by visiting nib.com.au/easyupdate . DRP elections for the FY23 interim dividend must be received by no later than 5pm (AEST) on Monday 6 March 2023.	
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>Interim Report 31 December 2022</p> <ul style="list-style-type: none"> Notes to the financial statement Interest in Other Entities 	Note 6

Appendix 4D

For the half year ended 31 December 2022

nib holdings limited

8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).	Not applicable	
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.	Not applicable	

R Toms
Company Secretary
nib holdings limited

Date 17 February 2023



Interim Report

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	5
Financial Report	
Consolidated Income Statement	7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	36
Independent Auditor's Report to the Members	37

Directors' Report

For the half year ended 31 December 2022

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 2022.

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

Lee Ausburn retired as a Director on 18 November 2022.

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 to Australia. Through its nib Travel business, it also specialises in the sale and distribution of travel insurance policies globally. 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.

During the period, the Group completed the acquisition of its first National Disability Insurance Scheme (NDIS) plan manager, Maple Plan Pty Ltd (Maple Plan), and launched nib Thrive, which is the brand name for nib's NDIS business.

REVIEW OF OPERATIONS

The review of operations provides commentary on financial performance for the six months to 31 December 2022 (1H23) compared to the six months to 31 December 2021 (1H22) unless otherwise stated. Policyholder growth figures stated are for the 12 months to 31 December 2022.

nib Group

nib's operating performance for the first half of fiscal year 2023 (1H23) delivered a Group underlying operating profit (UOP) of \$125.1 million, up 13.3% on the 1H22 result of \$110.4 million. Performance of the Australian Residents Health Insurance (arhi) and New Zealand (NZ) businesses, along with the recovery of the International Inbound Health Insurance (iihi) business and nib Travel drove an increase in revenue during 1H23.

Policyholder growth across arhi, iihi and NZ drove premium revenue 5.8% higher, to \$1.4 billion. Net claims expenses¹ grew 4.9% to \$1.1 billion for the period, due to policyholder growth with some offset from risk equalisation savings.

The deferred claims liability (DCL) for arhi has been increased to \$124.0 million for expected claims catch-up. The DCL at 30 June 2022 was \$110.2 million.

Underlying underwriting expenses increased 13.2% to \$188.6 million (\$166.6m in 1H22) reflecting higher acquisition costs, investment in IT, and planned increases in clinical support, compliance and sustainability.

During the half year, nib moved to a majority ownership (63.14%) of Midnight Health with a further \$12.0 million investment in July as part of nib's Payer to Partner strategy. Midnight Health is a digital health company that provides telehealth platforms for online consultations, e-prescriptions and delivery of treatments. Midnight Health reported a loss of \$6.1 million for 1H23 which is included in Group UOP with \$2.2 million attributable to non-controlling interests.

An increase in other income and other expenses reflects the rebound in nib Travel, and the impact of Midnight Health and nib Thrive.

¹ Net claims expense includes claims handling costs.

REVIEW OF OPERATIONS continued

nib Group continued

1H23 net profit after tax² increased 12.8% to \$91.6 million (\$81.2m in 1H22), benefiting from an improvement in net investment income, to \$22.2 million, compared to \$15.1 million in 1H22, with positive returns across most asset classes. Investment returns were up at 1.7% in 1H23, but the market remains volatile. Statutory earnings per share² for 1H23 was 20.0 cents per share, up 12.4% (17.8cps for 1H22).

In 1H23, nib raised \$135.0 million via an institutional placement and a further \$23.1 million via a share purchase plan to fund its entry into the National Disability Insurance Scheme (NDIS) plan management sector. nib Thrive, the brand name for nib's NDIS plan management business was launched, and nib's first acquisition, Maple Plan, was completed in November 2022.

nib Group holds sufficient capital to meet minimum capital requirements under stressed conditions. In September 2022, APRA released a new, more conservative private health insurance capital framework. At 31 December 2022, nib health funds held a capital base of \$409.0 million, which is \$199.7 million above the minimum requirement of the new framework, with a prescribed capital amount (PCA) ratio of 2.0x.

The Board has declared a fully franked interim dividend of 13.0 cents per share (1H22: 11.0 cents per share). The interim dividend has an ex-dividend and record date of 2 March 2023 and 3 March 2023 respectively with payment to be made to shareholders on 3 April 2023. nib's dividend reinvestment plan (DRP) is applicable to this dividend. A copy of nib's DRP rules is available at nib.com.au/docs/shareholders-drp-booklet

nib's COVID-19 support package is now valued at more than \$175 million. This includes \$40 million in claims savings returned to arhi members in 1H23 and the five-month deferral of arhi 2023 premium increases until 1 September 2023 (announced in February 2023). Further information can be found at nib.com.au/covid19

nib announced the retirement of Ms Lee Ausburn as an independent Non-Executive Director, effective at the close of the nib holdings Annual General Meeting, held on 18 November 2022. The Board is undertaking a search for a replacement Non-Executive Director.

Australian residents health insurance business (arhi)

nib's core arhi business reported premium revenue growth of 4.3% to \$1.2 billion as a result of the 2022 annual price increase and net policyholder growth of 4.2%³, offset by nib's COVID-19 member giveback and premium deferral initiatives.

Net policyholder growth³, was the strongest reported first-half growth in eight years. Strong partner performance, favourable switching activity, and nib initiatives – including the launch and expansion of nib's GapSure, Clinical Partners networks and new products – lifted policyholder numbers.

Claims expense increased 5.4% to \$966.9 million (\$917.1m in 1H22) mainly due to policyholder growth, with some offset from lower risk equalisation expense. arhi's deferred claims liability (DCL) was increased to \$124.0 million for expected future catch-up of claims (\$110.2 million at 30 June 2022).

1H23 underlying operating profit of \$106.6 million was down 14.6% from \$124.8 million in 1H22. Strong top line growth was offset by higher claims and management expenses. An increase in marketing expenses was driven by the strong performance of retail brokers and partners, which increased commission costs. Investment in IT, clinical advisory and compliance also pushed expenses higher.

Net margin of 8.6% (down from 10.6% in 1H22) reflects nib's gradual movement back toward our target of 6-7%, over time.

arhi's net promoter score remained strong at 32 (31 in 1H22)⁴.

² Includes discontinued operation.

³ 12-month growth rate to 31 December 2022.

⁴ Excludes GU Health.

REVIEW OF OPERATIONS continued

International inbound health insurance (iihi)

nib's iihi business continues to rebound, reporting an underlying operating profit of \$7.9 million for 1H23 compared to a loss of \$7.4 million in the prior corresponding half. nib's international workers business continues to drive the combined result.

iihi premium revenue increased 19.0% to \$71.3 million (\$59.9m in 1H22). Net policyholders increased 1.4%, with record high levels of international workers' policies offsetting a reduction in international student numbers. Growth in workers' policies was due to a combination of higher sales and migration of student members to workers policies.

Claims expense fell due to lower student policyholders and the lifting of pandemic-related border restrictions, which refreshed the onshore risk pool. This was partly offset by an increase in claims for the international workers business due to higher policyholder numbers.

Gross margin increased to 38.3% (20.0% in 1H22) due to the change in the mix, with more workers' policies than students, and lower claiming levels. The 1H23 net promoter score of 50 in iwhi⁵ and 49 in ishi remained stable (1H22 iwhi: 49 and ishi: 49) with digital services improving communications and driving efficiency.

nib New Zealand

nib New Zealand delivered an underlying operating profit of \$16.7 million up from \$9.2 million in 1H22. This includes a \$1.4 million favourable impact from the life and living benefits business⁶.

Premium revenue growth of 10.9% to \$160.1 million includes revenue from the new life and living benefits business. Excluding life and living benefits, premium revenue growth was 7.1%, driven by policyholder growth of 5.2%⁷ and premium adjustments to account for claims inflation.

Claims expenses rose 3.9% (excluding the life and living benefits business) mainly due to policyholder growth and inflation. COVID-19 related claims catch-up was slower than expected.

Net margin increased to 10.3% (6.3% in 1H22), reflecting favourable impact of a one-off deferred acquisition cost adjustment and higher gross margin with premium growth and lower than expected claims.

New Zealand's net promoter score reduced to 33 (36 in 1H22) with higher claims volumes impacting.

In November 2022, nib New Zealand completed the acquisition of OrbitProtect, a Kiwi-owned and operated business that helps provide insurance cover for international students and workers, and inbound travellers visiting New Zealand. OrbitProtect was established in 2005. It has strong relationships with Recognised Seasonal Employers (RSEs), schools, private training colleges, insurance brokers and education and travel agents in New Zealand and offshore, to distribute insurance products.

nib Travel

nib Travel reported an underlying operating profit of \$6.4 million for 1H23, compared to a loss of \$7.9 million in 1H22, the strongest result for a half-year since nib's acquisition of the business in July 2015. As COVID-19 travel restrictions eased, and borders re-opened, there has been a resurgence in demand for travel.

Gross written premium increased to \$104.1 million, which is 106.7% of pre-pandemic (1H20) levels. Operating income was \$51.3 million compared to \$8.2 million for 1H22, following strong increases in both international and domestic sales, with 1H22 impacted by pandemic-related border closures and travel restrictions.

Operating expenses increased as staffing levels were raised to meet demand. Marketing commissions and advertising costs also increased with higher sales volumes.

During the half, global travel issues and the surge in demand put pressure on nib Travel's servicing levels with stronger sales volumes outpacing increased staffing. Consequently, NPS reduced to 41 compared to 50 in 1H22.

⁵ Excludes GU Health.

⁶ nib nz insurance limited (previously Kiwi Insurance Limited, acquired on 29 April 2022). Our life and living products include life, serious illness trauma and income protection insurance.

⁷ Resident policyholder growth, excludes students business and life and living insurance.

CAPITAL MANAGEMENT

At 31 December 2022 the Group had net assets of \$946.0 million (June 2022: \$734.3 million) and a return on equity of 19.3%, using average shareholders' equity and NPAT for the previous 12 months over a rolling 12-month period (December 2021: 26.2%). The reduction in return on equity was mainly due to investment losses in 2H22.

At 31 December 2022 the Group had a gearing ratio of 20% (June 22: 26.6%) and a times interest cover ratio of 31:1 (June 22: 49:1).

DIVIDENDS

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

	31 Dec 22 \$m	31 Dec 21 \$m
Final dividend for the year ended 30 June 2022 of 11.0 cents (2021 - 14.0 cents) per fully paid share paid on 4 October 2022	50.5	64.0
	50.5	64.0

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 \$62.7 million (13.0 cents per fully paid ordinary share) to be paid on 3 April 2023 out of retained profits at 31 December 2022.

AUDITOR'S INDEPENDENCE DECLARATION

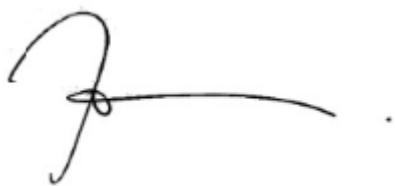
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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
Director

17 February 2023



Auditor's Independence Declaration

As lead auditor for the review of nib holdings limited for the half-year ended 31 December 2022, 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'.

Scott Fergusson
Partner
PricewaterhouseCoopers

Newcastle
17 February 2023

Financial Report

For the half year ended 31 December 2022

nib holdings limited

CONTENTS

	Page
Consolidated Income Statement	7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements:	
1. Summary of Significant Accounting Policies	12
2. Segment Reporting	13
3. Revenue and Other Income	16
4. Expenses	17
5. Fair Value Measurement	18
6. Interest in Other Entities	20
7. Discontinued Operations	20
8. Intangible Assets	21
9. Borrowings	22
10. Claims Liabilities	23
11. Policy Liabilities – Life Insurance	27
12. Contributed Equity	28
13. Dividends	29
14. Earnings Per Share	29
15. Capital Management	30
16. Events Occurring after the Balance Sheet Date	32
17. Business Combination	33
18. Parent Entity Financial Information	35
19. Company Details	35

Consolidated Income Statement

For the half year ended 31 December 2022

nib holdings limited

	Notes	Half year	
		31 Dec 22 \$m	31 Dec 21 \$m
Premium revenue	3	1,448.9	1,366.5
Outwards reinsurance premium expense	3	(14.8)	(10.4)
Net premium revenue		1,434.1	1,356.1
Claims expense		(981.4)	(932.6)
Reinsurance and other recoveries revenue		6.7	5.7
RESA levy		(115.5)	(114.8)
State levies		(19.4)	(20.5)
(Increase) / decrease in premium payback liability		0.6	4.3
Claims handling expenses	4	(10.2)	(9.1)
Net claims incurred		(1,119.2)	(1,067.0)
Other underwriting revenue	3	3.3	2.8
Movement in policy liabilities	11	0.5	-
Acquisition costs	4	(85.5)	(80.8)
Other underwriting expenses	4	(106.4)	(88.8)
Underwriting expenses		(191.4)	(169.6)
Underwriting result		126.8	122.3
Other income	3	59.5	10.6
Other expenses	4	(65.3)	(25.8)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method		(2.4)	(1.7)
Operating profit		118.6	105.4
Finance income	3	0.1	0.1
Finance costs	4	(6.3)	(3.1)
Investment income	3	23.6	16.5
Investment expenses	4	(1.4)	(1.4)
Profit before income tax		134.6	117.5
Income tax expense		(42.8)	(35.7)
Profit from continuing operations		91.8	81.8
Profit / (loss) from discontinued operation (attributable to equity holders of the company)	7	(0.2)	(0.6)
Profit for the half year		91.6	81.2
Profit / (loss) for the half year is attributable to:			
Owners of nib holdings limited		93.7	81.4
Non-controlling interests		(2.2)	-
Charitable foundation		0.1	(0.2)
		91.6	81.2
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	14	20.1	17.9
Diluted earnings per share	14	20.1	17.9
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share	14	20.0	17.8
Diluted earnings per share	14	20.0	17.8

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 2022

nib holdings limited

	Notes	Half year	
		31 Dec 22 \$m	31 Dec 21 \$m
Profit for the half year		91.6	81.2
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4.9	0.9
Income tax related to these items		(1.0)	(0.2)
Other comprehensive income for the half year, net of tax		3.9	0.7
Total comprehensive income for the half year		95.5	81.9
Total comprehensive income / (loss) for the half year is attributable to:			
Owners of nib holdings limited		97.6	82.1
Non-controlling interests		(2.2)	-
Charitable foundation		0.1	(0.2)
		95.5	81.9
Total comprehensive income / (loss) for the half year attributable to owners of nib holdings limited:			
Continuing operations		97.8	82.7
Discontinued operations	7	(0.2)	(0.6)
		97.6	82.1

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

Consolidated Balance Sheet

As at 31 December 2022

nib holdings limited

	Notes	31 Dec 22 \$m	30 Jun 22 \$m
ASSETS			
Current assets			
Cash and cash equivalents		238.4	206.9
Receivables		113.5	101.5
Financial assets at amortised cost		7.0	8.2
Financial assets at fair value through profit or loss		1,015.2	1,010.1
Deferred acquisition costs		64.3	47.9
Finance lease receivable		2.5	2.6
Total current assets		1,440.9	1,377.2
Non-current assets			
Investments accounted for using the equity method	6	14.1	19.2
Deferred acquisition costs		75.8	75.7
Deferred tax assets		18.7	27.8
Property, plant and equipment		8.5	6.9
Intangible assets	8	408.2	340.3
Right-of-use assets		22.1	23.1
Finance lease receivable		9.0	10.2
Total non-current assets		556.4	503.2
Total assets		1,997.3	1,880.4
LIABILITIES			
Current liabilities			
Payables		197.8	215.7
Borrowings	9	1.8	2.1
Claims liabilities	10	320.3	300.4
Unearned premium liability		207.6	246.8
Premium payback liability		3.3	3.2
Lease liabilities		7.3	7.0
Provisions and employee entitlements		7.0	6.7
Current tax liabilities		3.1	33.1
Total current liabilities		748.2	815.0
Non-current liabilities			
Payables		-	1.2
Borrowings	9	230.9	258.8
Unearned premium liability		29.0	24.2
Premium payback liability		6.7	7.2
Policy liabilities - life insurance	11	(8.0)	(7.3)
Lease liabilities		40.8	43.8
Provisions and employee entitlements		3.7	3.2
Total non-current liabilities		303.1	331.1
Total liabilities		1,051.3	1,146.1
Net assets		946.0	734.3
EQUITY			
Contributed equity	12	300.8	138.2
Retained profits		632.3	589.1
Reserves		(3.4)	(7.2)
Capital and reserves attributable to owners of nib holdings limited		929.7	720.1
Charitable foundation		14.3	14.2
Non-controlling interests		2.0	-
Total equity		946.0	734.3

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

nib holdings limited

Attributable to owners of nib holdings limited							
	Contributed equity	Retained profits	Reserves	Total	Non-controlling interests	Charitable foundation	Total equity
Notes	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2021	127.2	567.7	(4.8)	690.1	-	16.1	706.2
Profit / (loss) for the half year	-	81.4	-	81.4	-	(0.2)	81.2
Movement in foreign currency translation, net of tax	-	-	0.7	0.7	-	-	0.7
Total comprehensive income / (loss) for the half year	-	81.4	0.7	82.1	-	(0.2)	81.9
Transactions with owners in their capacity as owners:							
Ordinary shares issued	12	4.8	-	4.8	-	-	4.8
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust	12	-	-	-	-	-	-
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	12	2.9	(1.5)	1.4	-	-	1.4
Employee performance rights - value of employee services	-	-	0.9	0.9	-	-	0.9
Dividends paid	13	-	(64.0)	(64.0)	-	-	(64.0)
		7.7	(64.0)	(56.9)	-	-	(56.9)
Balance at 31 December 2021	134.9	585.1	(4.7)	715.3	-	15.9	731.2
Balance at 1 July 2022	138.2	589.1	(7.2)	720.1	-	14.2	734.3
Profit / (loss) for the half year	-	93.7	-	93.7	(2.2)	0.1	91.6
Movement in foreign currency translation, net of tax	-	-	3.9	3.9	-	-	3.9
Total comprehensive income / (loss) for the half year	-	93.7	3.9	97.6	(2.2)	0.1	95.5
Transactions with owners in their capacity as owners:							
Ordinary shares issued	12	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	12	(0.3)	-	(0.3)	-	-	(0.3)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	12	2.4	(1.1)	1.3	-	-	1.3
Employee performance rights - value of employee services	-	-	1.0	1.0	-	-	1.0
Dividends paid	13	-	(50.5)	(50.5)	-	-	(50.5)
		162.6	(50.5)	112.0	4.2	-	116.2
Balance at 31 December 2022	300.8	632.3	(3.4)	929.7	2.0	14.3	946.0

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 2022

nib holdings limited

	Notes	Half year	
		31 Dec 22	31 Dec 21
		\$m	\$m
Cash flows from operating activities			
Receipts from policyholders and customers (inclusive of goods and services tax)		1,519.9	1,388.9
Payments to policyholders and customers		(1,127.1)	(1,019.5)
Receipts from outwards reinsurance contracts		6.9	6.9
Payments for outwards reinsurance contracts		(14.9)	(9.5)
Payments to suppliers and employees (inclusive of goods and services tax)		(312.2)	(240.0)
		72.6	126.8
Dividends received		0.1	0.2
Interest received		4.6	1.1
Distributions received		8.2	1.0
Transaction costs relating to acquisition of business		(2.8)	-
Interest paid		(4.8)	(2.0)
Income taxes paid		(63.7)	(28.7)
Net cash inflow / (outflow) from operating activities		14.2	98.4
Cash flows from investing activities			
Proceeds from disposal of financial assets at fair value through profit or loss		114.3	102.8
Payments for financial assets at fair value through profit or loss		(105.5)	(144.5)
Proceeds from sale of property, plant and equipment and intangibles		-	0.1
Payments for property, plant and equipment and intangibles		(21.8)	(10.8)
Payment for acquisition of business combination, net of cash acquired	17	(46.6)	-
Payments for investments in associates and joint ventures		-	(2.0)
Net cash inflow / (outflow) from investing activities		(59.6)	(54.4)
Cash flows from financing activities			
Proceeds from issue of shares	12	162.6	4.8
Repayment of borrowings		(30.0)	-
Principal elements of lease payments		(3.3)	(4.6)
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		(0.3)	-
Share issue transaction costs	12	(3.0)	-
Dividends paid to the company's shareholders	13	(50.5)	(64.0)
Net cash inflow / (outflow) from financing activities		75.5	(63.8)
Net increase / (decrease) in cash and cash equivalents		30.1	(19.8)
Cash and cash equivalents at beginning of the year		204.8	212.3
Effects of exchange rate changes on cash and cash equivalents		1.7	-
Cash and cash equivalents at the end of the half year		236.6	192.5
Reconciliation to Consolidated Balance Sheet			
Cash and cash equivalents		238.4	194.6
Borrowings - overdraft		(1.8)	(2.1)
		236.6	192.5

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 2022

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 2022 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 2022 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*.

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 all of the new or amended accounting standards and interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

The Group's assessment of the new standard AASB 17 *Insurance Contracts* is continuing whilst monitoring evolving interpretations and judgements in the market. nib's draft analysis is that the vast majority of its products will have a contract boundary of one year or less and therefore it is anticipated that nib's contracts will be eligible for the simplified Premium Allocation Approach (PAA).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

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 both a geographic and product perspective and has identified four 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

"Unallocated to segments" includes nib Thrive, 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 2022

nib holdings limited

2. SEGMENT REPORTING continued

For the half year ending 31 December 2022

	Australian Residents Health Insurance \$m	International (Inbound) Health Insurance \$m	New Zealand Insurance \$m	nib Travel \$m	Unallocated to segments \$m	Total \$m
Premium revenue	1,205.9	76.2	163.1	3.7	-	1,448.9
Outwards reinsurance premium expense	(4.9)	(4.9)	(3.0)	(2.0)	-	(14.8)
Net premium revenue	1,201.0	71.3	160.1	1.7	-	1,434.1
Claims expense	(834.3)	(45.9)	(99.9)	(1.3)	-	(981.4)
Reinsurance and other recoveries revenue	2.3	1.9	1.2	1.3	-	6.7
RESA levy	(115.5)	-	-	-	-	(115.5)
State levies	(19.4)	-	-	-	-	(19.4)
(Increase) / decrease in premium payback liability	-	-	0.6	-	-	0.6
Claims handling expenses	(6.4)	(2.1)	(1.4)	(0.3)	-	(10.2)
Net claims incurred	(973.3)	(46.1)	(99.5)	(0.3)	-	(1,119.2)
Other underwriting revenue	1.9	1.3	0.1	-	-	3.3
Movement in policy liabilities	-	-	0.5	-	-	0.5
Acquisition costs	(57.7)	(6.1)	(20.2)	(1.5)	-	(85.5)
Other underwriting expenses	(66.7)	(12.5)	(24.3)	(0.1)	-	(103.6)
Underlying underwriting expenses	(124.4)	(18.6)	(44.0)	(1.6)	-	(188.6)
Underlying underwriting result	105.2	7.9	16.7	(0.2)	-	129.6
Other income	1.4	-	0.7	51.3	6.0	59.4
Other expenses	-	-	(0.7)	(44.7)	(16.1)	(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)	106.6	7.9	16.7	6.4	(12.5)	125.1
Items not included in underlying operating profit						
Amortisation of acquired intangibles	(0.9)	(0.4)	(1.5)	(0.6)	-	(3.4)
Impairment of intangibles	-	-	-	-	-	-
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						134.6
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	210.7	1,997.3
Total liabilities	713.0		73.3	22.8	242.2	1,051.3
Insurance liabilities						
Claims liabilities	294.9		24.6	0.8	-	320.3
Unearned premium liability	210.8		25.2	0.6	-	236.6
Premium payback liability	-		10.0	-	-	10.0
Policy liabilities - life insurance	-		(8.0)	-	-	(8.0)
Total insurance liabilities	505.7		51.8	1.4	-	558.9

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 2022

nib holdings limited

2. SEGMENT REPORTING continued

For the half year ending 31 December 2021

	Australian Residents Health Insurance \$m	International (Inbound) Health Insurance \$m	New Zealand Insurance \$m	nib Travel \$m	Unallocated to segments \$m	Total \$m
Premium revenue	1,155.6	64.7	144.6	1.6	-	1,366.5
Outwards reinsurance premium expense	(4.6)	(4.8)	(0.2)	(0.8)	-	(10.4)
Net premium revenue	1,151.0	59.9	144.4	0.8	-	1,356.1
Claims expense	(784.1)	(51.0)	(97.2)	(0.3)	-	(932.6)
Reinsurance and other recoveries revenue	2.3	3.1	-	0.3	-	5.7
RESA levy	(114.8)	-	-	-	-	(114.8)
State levies	(20.5)	-	-	-	-	(20.5)
(Increase) / decrease in premium payback liability	-	-	4.3	-	-	4.3
Claims handling expenses	(6.0)	(1.8)	(1.2)	(0.1)	-	(9.1)
Net claims incurred	(923.1)	(49.7)	(94.1)	(0.1)	-	(1,067.0)
Other underwriting revenue	1.8	0.9	0.1	-	-	2.8
Acquisition costs	(51.4)	(5.6)	(23.1)	(0.7)	-	(80.8)
Other underwriting expenses	(54.7)	(12.9)	(18.1)	(0.1)	-	(85.8)
Underlying underwriting expenses	(106.1)	(18.5)	(41.2)	(0.8)	-	(166.6)
Underlying underwriting result	123.6	(7.4)	9.2	(0.1)	-	125.3
Other income	1.4	-	-	8.2	0.9	10.5
Other expenses	(0.2)	-	-	(16.0)	(7.5)	(23.7)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	(1.7)	(1.7)
Underlying operating profit / (loss)	124.8	(7.4)	9.2	(7.9)	(8.3)	110.4
Items not included in underlying operating profit						
Amortisation of acquired intangibles	(0.9)	(0.4)	(1.7)	(0.9)	-	(3.9)
Impairment of acquired intangibles	-	-	-	-	-	-
One-off transactions, merger, acquisition and new business implementation costs	-	-	-	-	(1.1)	(1.1)
Finance income	-	-	-	-	0.1	0.1
Finance costs	-	-	-	-	(3.1)	(3.1)
Investment income	-	-	-	-	16.5	16.5
Investment expenses	-	-	-	-	(1.4)	(1.4)
Profit before income tax from continuing operations						117.5
Inter-segment other income ¹	-	-	-	-	-	-
Depreciation and amortisation	1.3	0.9	1.7	0.9	9.1	13.9
Total assets	1,284.6		225.7	144.5	91.0	1,745.8
Total liabilities	646.4		76.9	25.3	266.0	1,014.6
Insurance liabilities						
Claims liabilities	246.4		21.1	0.2	-	267.7
Unearned premium liability	195.6		23.5	0.3	-	219.4
Premium payback liability	-		13.6	-	-	13.6
Total insurance liabilities	442.0		58.2	0.5	-	500.7

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 2022

nib holdings limited

3. REVENUE AND OTHER INCOME

	Notes	Half year	
		31 Dec 22	31 Dec 21
		\$m	\$m
Premium revenue		1,448.9	1,366.5
<i>Health insurance business</i>		1,436.7	1,364.9
<i>Travel insurance business</i>		3.7	1.6
<i>Life insurance business</i>		8.5	-
Outwards reinsurance premium expense		(14.8)	(10.4)
<i>Health insurance business</i>		(9.8)	(9.6)
<i>Travel insurance business</i>		(2.0)	(0.8)
<i>Life insurance business</i>		(3.0)	-
Net premium revenue		1,434.1	1,356.1
Agency fee		0.2	0.2
Sundry income		3.1	2.6
Other underwriting revenue		3.3	2.8
Travel insurance commission		51.3	8.0
Commission on other insurance products		1.5	1.4
Midnight Health income		3.8	-
NDIS fee income		1.4	-
Insurance recoveries		-	0.1
Sundry income		1.5	1.1
Other income		59.5	10.6
Finance income		0.1	0.1
Interest		4.6	1.1
Net realised gain / (loss) on financial assets at fair value through profit or loss		12.3	6.6
Net unrealised gain / (loss) on financial assets at fair value through profit or loss		6.6	8.6
Dividends		0.1	0.2
Investment income		23.6	16.5

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

4. EXPENSES

	Notes	Half year	
		31 Dec 22 \$m	31 Dec 21 \$m
Expenses by function			
Claims handling expenses		10.2	9.1
Acquisition costs		85.5	80.8
Other underwriting expenses		106.4	88.8
Other expenses		65.3	25.8
Finance costs		6.3	3.1
Investment expenses		1.4	1.4
Total expenses (excluding direct claims expenses)		275.1	209.0
Expenses by nature			
Amortisation of acquired intangibles		3.4	3.9
Bank charges		3.4	1.8
Communications, postage and telephone expenses		1.7	2.2
Depreciation and amortisation		11.1	10.0
Depreciation of right-of-use assets		1.7	1.7
Employee costs		96.1	76.5
Finance costs		5.1	1.7
Finance costs - interest on lease liabilities		1.2	1.4
Information technology expenses		16.3	14.4
Investment expenses		1.4	1.4
Marketing expenses - excluding commissions		22.4	15.8
Marketing expenses - commissions		80.1	56.5
Merger, acquisition and new business implementation costs		3.0	1.3
Professional fees		17.5	13.7
Other expenses		10.7	6.7
Total expenses (excluding direct claims expenses)		275.1	209.0

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

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 2022 and 30 June 2022:

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Group at 31 December 2022				
Assets				
Receivables	-	1.0	-	1.0
Financial assets at fair value through profit or loss				
Equity securities	169.3	-	-	169.3
Interest-bearing securities	761.0	62.6	2.4	826.0
Property trusts	-	19.9	-	19.9
Finance lease receivable	-	11.5	-	11.5
Total assets	930.3	95.0	2.4	1,027.7
<i>of which: Investments relating to life insurance business</i>				
- Interest-bearing securities	-	16.9	-	16.9

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Group at 30 June 2022				
Assets				
Receivables	-	1.0	-	1.0
Financial assets at fair value through profit or loss				
Equity securities	206.3	-	-	206.3
Interest-bearing securities	738.8	50.4	3.1	792.3
Property trusts	-	11.5	-	11.5
Finance lease receivable	-	12.8	-	12.8
Total assets	945.1	75.7	3.1	1,023.9
<i>of which: Investments relating to life insurance business</i>				
- Interest-bearing securities	-	16.2	-	16.2

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 2022

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 2022 and 30 June 2022:

	31 Dec 22	30 Jun 22
	\$m	\$m
Fair value measurement as at 1 July	3.1	12.5
Purchased	0.6	3.8
Sales	(0.8)	(13.3)
Change in fair value	(0.6)	0.4
Exchange differences	0.1	(0.3)
Fair value measurement at end of period	2.4	3.1

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 2022.

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 2022			
Interest-bearing securities	2.4	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by \$0.2m
At 30 June 2022			
Interest-bearing securities	3.1	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by \$0.3m

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

6. INTEREST IN OTHER ENTITIES

a) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 31 December 2022 and 30 June 2022:

Name of entity	Place of business / country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount \$m	
		31 Dec 22	30 Jun 22			31 Dec 22	30 Jun 22
Honeysuckle Health Pty Ltd	Australia	50.0%	50.0%	Joint venture	Equity	3.9	6.2
Aohua Insurance Consulting Co. Ltd	China	75.1%	75.1%	Joint venture	Equity	6.6	6.8
Kangaroo Technologies Co. Ltd	China	24.9%	24.9%	Joint venture	Equity	3.6	3.7
Midnight Health Pty Ltd*	Australia	63.1%	50.0%	Joint venture	Equity	-	2.5
Total equity accounting investments						14.1	19.2

Honeysuckle Health Pty Ltd is a specialist healthcare data science and services company. It is a strategic investment complementing the Group's health insurance business.

Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd offers health checks and lump-sum critical illness products across China. During the half year, the Group announced the intention to liquidate the operations, as detailed in note 7.

*Midnight Health Pty Ltd is a digital health company that provides telehealth platforms for online consultations, e-prescriptions and delivery of treatments. During the financial year 2022, nib holdings limited acquired 50% of share capital in Midnight Health Pty Ltd. On 8 July 2022, nib holdings limited acquired an additional equity holding for \$12.0 million, resulting in an increased ownership percentage to 63.14%. During the half year, the Group consolidated the financial statements of Midnight Health Pty Ltd and recognised \$7.2 million of goodwill and a non-controlling interest of \$4.2 million.

7. DISCONTINUED OPERATIONS

During the half year the Group announced the intention to liquidate the China joint venture entities Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd as shown above.

The financial information relating to the discontinued operation is set out below.

	31 Dec 22	31 Dec 21
	\$m	\$m
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	(0.3)	(0.8)
Profit / (loss) before income tax	(0.3)	(0.8)
Income tax expense	0.1	0.2
Profit / (loss) from discontinued operations	(0.2)	(0.6)

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

8. INTANGIBLE ASSETS

	Notes	Goodwill \$m	Software \$m	Brands and Trademarks \$m	Customer Contracts and relationships \$m	Total \$m
At 30 June 2022						
Cost		236.3	178.0	32.4	79.4	526.1
Accumulated amortisation and impairment		-	(117.4)	(17.2)	(51.2)	(185.8)
Net book amount		236.3	60.6	15.2	28.2	340.3
Half year ended 31 December 2022						
Opening net book amount		236.3	60.6	15.2	28.2	340.3
Additions		-	19.1	-	-	19.1
Acquisition of business	6,17	59.2	0.1	-	-	59.3
Amortisation charge for the period		-	(9.7)	(0.2)	(3.2)	(13.1)
Exchange differences		2.0	0.3	-	0.3	2.6
Closing net book amount		297.5	70.4	15.0	25.3	408.2
At 31 December 2022						
Cost		297.5	196.1	32.4	80.7	606.7
Accumulated amortisation and impairment		-	(125.7)	(17.4)	(55.4)	(198.5)
Net book amount		297.5	70.4	15.0	25.3	408.2

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 2022, no indicators of impairment have been identified for any CGU.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

9. BORROWINGS

	31 Dec 22	30 Jun 22
	\$m	\$m
Current		
Bank overdraft	1.8	2.1
	1.8	2.1
Non-current		
Bank loans	230.9	258.8
	230.9	258.8

a) Bank loans

During the period nib holdings limited refinanced its AUD \$85.0 million variable rate loan with NAB to extend its maturity date to 16 December 2025. It also has an AUD \$80.5 million variable rate loan with NAB with a maturity date of 9 December 2024 and an AUD \$50.0 million revolving credit facility with a maturity date of 9 December 2024, of which AUD \$30.0 million was repaid during the half year. 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 2024.

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

Financial Covenant	Ratio as at 31 December 2022
Group Gearing Ratio will not be more than 45%	20%
Group Interest Cover Ratio ¹ will not be less than 3:1	31:1

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 2022

nib holdings limited

10. CLAIMS LIABILITIES

	31 Dec 22	30 Jun 22
	\$m	\$m
Outstanding Claims Liability		
Outstanding claims - central estimate of the expected future payment for claims incurred ¹	153.1	146.9
Risk margin	19.5	18.3
Claims handling costs	2.2	1.9
Gross outstanding claims liability	174.8	167.1
Outstanding claims - expected payment to the RESA ² in relation to the central estimate	20.2	21.7
Risk margin	1.3	1.4
Net outstanding claims liability	196.3	190.2
Provision for deferred and suspended claims		
Provision for deferred and suspended claims	124.0	110.2
	124.0	110.2
Total claims liabilities	320.3	300.4

1. Includes \$0.7 million of outstanding claims for nib Travel's underwriting company nib Travel Services Europe Limited which is 100% reinsured.

2. Risk Equalisation Special Account (RESA) Levy represents expenses incurred under Risk Equalisation Trust Fund arrangements which are provided for within the legislation to support the principle of community rating.

a) Outstanding claims liability

Movements in the gross outstanding claims are as follows:

	31 Dec 22	30 Jun 22 ¹
	\$m	\$m
Gross outstanding claims at beginning of period	167.1	157.7
Risk margin	(18.3)	(14.8)
Administration component	(1.9)	(2.1)
Central estimate at beginning of period	146.9	140.8
Change in claims incurred for the prior year	0.6	(0.2)
Claims paid in respect of the prior year	(136.8)	(138.5)
Claims incurred during the period	972.3	1,749.1
Claims paid during the period	(830.4)	(1,603.8)
Effect of changes in foreign exchange rates	0.5	(0.5)
Central estimate at end of period	153.1	146.9
Risk margin	19.5	18.3
Administration component	2.2	1.9
Gross outstanding claims at end of period	174.8	167.1

1. Comparatives are 12 months amounts to 30 June 2022.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

10. CLAIMS LIABILITIES continued

a) Outstanding claims liability continued

i) Actuarial assumptions

	31 Dec 22			30 Jun 22		
	Hospital %	Medical %	General %	Hospital %	Medical %	General %
Australian Residents Health Insurance						
Assumed proportion paid to date	89.5%	93.1%	98.8%	89.5%	91.7%	98.6%
Expense rate	0.8%	0.8%	0.8%	0.75%	0.75%	0.75%
Discount rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk margin	6.5%	6.5%	6.5%	6.6%	6.6%	6.6%
Risk equalisation rate	18.4%	18.4%	0.0%	20.2%	20.2%	0.0%
Risk margin for risk equalisation	6.5%	6.5%	0.0%	6.6%	6.6%	0.0%
International Students Health Insurance						
Assumed proportion paid to date	73.8%	92.1%	98.8%	78.0%	92.6%	97.5%
Expense rate	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%
Discount rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk margin	27.7%	27.7%	27.7%	28.0%	28.0%	28.0%
International Workers Health Insurance						
Assumed proportion paid to date	72.8%	88.0%	94.1%	73.5%	88.0%	93.8%
Expense rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Discount rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk margin	29.1%	29.1%	29.1%	28.5%	28.5%	28.5%
NZ Health Insurance						
	Surgical %	Medical %		Surgical %	Medical %	
Assumed proportion paid to date	90.4%	91.6%		90.2%	91.8%	
Expense rate	2.7%	2.7%		2.7%	2.7%	
Risk margin	38.1%	38.1%		38.1%	38.1%	

ii) Actuarial methods and critical accounting judgements and estimates

The risk margin of the underlying liability has been estimated to equate to a probability of adequacy of 95% for nib health funds and 99.5% for nib NZ (June 2022: 95% nib health funds, 99.5% nib NZ).

A deferred claims liability (DCL) has not been utilised in NZ (given differing circumstances to Australia). COVID-19 case numbers remain high and it appears increasingly likely that any catch-up in NZ will occur over a longer time horizon than initially expected. Consequently the Board and Management have determined to keep the probability of sufficiency for OSC and LAT unchanged from the previous valuation for nib NZ.

iii) Sensitivity analysis – impact of key variables

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

		31 Dec 22	31 Dec 21
Variable	Movement in variable	Profit after tax \$m	Profit after tax \$m
Chain ladder development factors	+0.5%	(13.9)	(15.2)
	-0.5%	13.9	15.2
Expense rate	+1.0%	(1.2)	(1.7)
	-1.0%	1.2	1.7
Risk equalisation allowance	+2.5%	(2.0)	(3.1)
	-2.5%	2.0	3.1
Risk margin	+1.0%	(1.2)	(1.8)
	-1.0%	1.2	1.8

10. CLAIMS LIABILITIES continued

b) Provision for deferred and suspended claims

i) Critical accounting judgements and estimates

Given the lower claims activity due to COVID-19 related lockdowns, restrictions on elective surgery and allied service providers, the Group believes it has an obligation to recognise as part of claims liabilities a provision for deferred claims based on a present constructive obligation resulting from a past event under relevant accounting standards.

In nib's case, the event (impacts of COVID-19 on the availability of and access to procedures since March 2020) has triggered the deferral of claims activity and benefits that would have otherwise been provided to members. If cover remains in place, a responsibility exists to provide for these claims that would have ordinarily been incurred under normal circumstances.

nib members with continuing cover would have had an expectation to use and therefore claim on hospital, surgical and ancillary services had the pandemic not arisen, notwithstanding the backlog of activity. The provision is therefore management's estimate of the cost of claims which might have occurred up until 31 December but did not as a result of ongoing COVID-19 service availability impacts and are therefore deferred at that date.

A deferred claims liability (DCL) has not been utilised in NZ (given differing circumstances to Australia), and the remaining commentary relates to nib health funds.

In estimating the provision for nib health funds, three key steps were undertaken:

1. **Estimating the reduction in claims and risk equalisation (net of any estimated claims catch-up to date) due to reduced access to services.** Incurred claims estimates produced from the period from March 2020 to 31 December 2022 as part of the outstanding claims provisioning process were compared to a forecast produced using data prior to March 2020 which considers changing age, product mix and industry participation rates since this time. The difference between forecast and actual incurred was calculated by modality (claim type) to estimate the financial impact of COVID-19 from March 2020 to December 2022.
2. **Applying a deferral rate (percentage of the reduction in net claims to date due to COVID-19 that is expected to be caught up in later periods).** Certain factors need to be considered when assessing that not all estimated savings translate to a claims payment backlog at balance date. For example:
 - a. there has continued to be lapses of memberships in the normal course of business;
 - b. some types of private health benefits are less likely to have been deferred;
 - c. catch up of benefits between ancillary and hospital categories differs due to capacity in facilities, lead time to arrange procedures etc.
 - d. prior experience in different states.

nib's deferral rates have been estimated as 29% (June 2022: 33%) of net Australian claims reduction to date.

3. **An analytical review over time periods and a comparison of the calculated DCL to industry is conducted with further review of deferral rates to ensure the outcome appears reasonable.**

Risks and uncertainties have been taken into account in the measurement of the liability and are reflected in the key inputs and judgements. The key risks associated with estimating the components of the provision is the under/over estimation of the claims deferral rate and to a lesser extent, the under/over estimation of the claims savings (net of risk equalisation impact).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

10. CLAIMS LIABILITIES continued

b) Provision for deferred and suspended claims continued

Movements in the deferred and suspended claims are as follows:

	31 Dec 22	30 Jun 22 ¹
	\$m	\$m
Net deferred and suspended claims at beginning of period	110.2	34.0
Claims handling costs	(0.8)	(0.2)
Gross deferred and suspended claims at beginning of period	109.4	33.8
Change in deferred and suspended claims estimate for prior period	(40.8)	(33.8)
Deferred and suspended claims provision made during the period	68.6	129.5
Deferred and suspended claims paid during the period	(14.1)	(20.1)
Gross deferred and suspended claims at end of period	123.1	109.4
Claims handling costs	0.9	0.8
Net deferred and suspended claims at end of period	124.0	110.2

1. Comparatives are 12 months amounts to 30 June 2022.

The table below describes how a change in the estimate relating to deferred and suspended claims provision disclosed above will affect the profit after tax.

		31 Dec 22	31 Dec 21
Variable	Movement in variable	Profit after tax \$m	Profit after tax \$m
Reduction in claims activity	+2.0%	(1.7)	(0.8)
	-2.0%	1.7	0.8
Claims deferral rate	+10.0%	(29.9)	(16.6)
	-10.0%	29.9	16.6
Catch up of claims to date	+20.0%	2.2	2.4
	-20.0%	(2.2)	(2.4)

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

11. POLICY LIABILITIES – LIFE INSURANCE

Policy liabilities contains the following components:

	31 Dec 22	30 Jun 22
	\$m	\$m
Future policy benefits	61.8	66.0
Balance of future expenses	48.5	53.0
Future cost of reinsurance	3.0	3.0
Planned margins of revenues over expenses	10.9	11.4
Balance of future revenues	(128.9)	(137.7)
Policy liabilities for products measured under an accumulation basis	(1.0)	(0.7)
Net policy liabilities at the end of the period	(5.7)	(5.0)
Deferred tax	(2.3)	(2.3)
Gross policy liabilities (net of reinsurance) at end of period	(8.0)	(7.3)

Movements in policy liabilities

	31 Dec 22	30 Jun 22
	\$m	\$m
Policy liabilities at beginning of the period	(7.3)	-
Policy liabilities on acquisition of business	-	(7.7)
Change in policy liabilities recognised during the period	(0.5)	0.3
Exchange differences	(0.2)	0.1
Gross policy liabilities (net of reinsurance) at end of period	(8.0)	(7.3)

The balance of future expenses and the balance of future revenues within total policy liabilities specifically relating to the future cost of reinsurance are included in the below reconciliation.

	31 Dec 22	30 Jun 22
	\$m	\$m
Balance at beginning of the period	3.0	-
Balance on acquisition of business	-	2.1
Increase/(decrease) in future cost of reinsurance recognised during the period	(0.1)	1.0
Exchange differences	0.1	(0.1)
Balance at end of period	3.0	3.0

As nib nz insurance limited was acquired effective in second half financial year 2022, there are no December 2021 comparatives in the following tables.

Profit after tax for nib New Zealand life insurance business.

	31 Dec 22	31 Dec 21
	\$m	\$m
Planned margins of revenues over expenses	0.4	-
Change in economic assumptions	(0.5)	-
Experience profit on projected business	0.3	-
Profit on products measured under an accumulation basis	0.7	-
Investment earnings on assets in excess of policy liabilities	0.2	-
Profit after tax	1.1	-

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

12. CONTRIBUTED EQUITY

a) Share capital

	31 Dec 22	30 Jun 22
	\$m	\$m
Ordinary shares		
Fully paid	301.6	141.1
Other equity securities		
Treasury shares	(0.8)	(2.9)
Total contributed equity	300.8	138.2

b) Movements in share capital

Date	Details	No. of shares	Price \$	\$m
1 Jul 2021	Opening balance	457,742,203		132.1
5 Oct 2021	Shares issued - Dividend reinvestment plan	715,992	6.69	4.8
4 Apr 2022	Shares issued - Dividend reinvestment plan	646,574	6.51	4.2
30 Jun 2022	Balance	459,104,769		141.1
1 Jul 2022	Opening 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			(2.1)
14 Nov 2022	Capital raise - Share purchase plan	3,424,218	6.74	23.1
31 Dec 2022	Balance	482,676,307		301.6

c) Treasury shares

Date	Details	No. of shares	\$m
30 Jun 2021	Balance	1,013,837	4.9
	Acquisition of shares by the Trust	138,750	0.9
	Employee share issue - LTIP	(295,090)	(1.5)
	Employee share issue - STI	(251,695)	(1.4)
30 Jun 2022	Balance	605,802	2.9
	Acquisition of shares by the Trust	46,250	0.3
	Employee share issue - LTIP	(211,040)	(1.1)
	Employee share issue - STI	(271,261)	(1.3)
31 Dec 2022	Balance	169,751	0.8

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

13. DIVIDENDS

a) Ordinary shares

	Half year	
	31 Dec 22	31 Dec 21
	\$m	\$m
Final dividend for the year ended 30 June 2022 of 11.0 cents (2021 - 14.0 cents) per fully paid share paid on 4 October 2022		
Fully franked based on tax paid at 30%	50.5	64.0
Total dividends provided for or paid	50.5	64.0

b) Dividends not recognised at half year end

	Half year	
	31 Dec 22	31 Dec 21
	\$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 13.0 cents (2022 - 11.0 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 3 April 2023 out of retained profits at 31 December 2022, but not recognised as a liability at the end of the half year, is:	62.7	50.4

14. EARNINGS PER SHARE

		Half year	
		31 Dec 22	31 Dec 21
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	93.9	82.0
Weighted average number of ordinary shares	#m	468.3	458.1
Basic / Diluted EPS	cents	20.1	17.9

		Half year	
		31 Dec 22	31 Dec 21
Profit attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	93.7	81.4
Weighted average number of ordinary shares	#m	468.3	458.1
Basic / Diluted EPS	cents	20.0	17.8

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

15. 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 three substantial regulated entities. Capital is monitored separately for each of these 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 2022 and 30 June 2022.

	31 Dec 22	30 Jun 22
	\$m	\$m
Equity	946.0	734.3
Net tangible assets ¹	381.4	256.2
Gearing (debt/debt plus equity)	20.0%	26.6%
Debt / EBITDA	0.9x	1.2x
Dividend recommended at balance date	62.7	50.5

1. Net tangible assets excludes intangible assets, deferred acquisition costs, 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 2022 and 30 June 2022 are as follows:

	31 Dec 22	30 Jun 22
	\$m	\$m
Total assets nib health funds limited (excluding unclosed business contributions - unearned)	1,354.3	1,379.4
Capital adequacy requirement	753.6	845.4
Surplus assets for Capital Adequacy¹	600.7	534.0

1. Surplus assets for Capital Adequacy based on most recent APRA return.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

15. CAPITAL MANAGEMENT continued

nib nz limited

nib nz limited, a controlled entity, is required to comply with the Solvency Standard for Non-Life Insurance Business (2014) published by the Reserve Bank of New Zealand (RBNZ). The Solvency Standards determine the Minimum Solvency Capital (MSC) required. A requirement of nib nz limited's insurance licence is that it maintains capital above the MSC. nib nz limited has an internal target of 2.25x MSC.

Any capital in excess of the benchmark, taking a 12-month forward looking view, will be reduced by way of dividend to nib nz holdings limited, unless management decide to retain funds for strategic purposes.

The following table shows nib nz heath funds limited's capital position compared to the MSC as at 31 December 2022 and 30 June 2022.

	31 Dec 22	30 Jun 22
	\$m	\$m
Net tangible assets	50.3	49.2
Actual Solvency Capital	49.0	46.4
Minimum Solvency Capital	14.7	14.4
Solvency Margin	34.3	32.0
Capital Adequacy Coverage Ratio	3.33x	3.23x

nib nz insurance limited

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

Based on actuarial advice, the Directors have determined that \$10.1 million is the Minimum Solvency Capital required. For the purposes of this calculation the Company is treated as having and being one statutory fund. The Actual Solvency Capital determined under that standard is \$24.2 million. Therefore the Solvency Margin is \$14.1 million.

Solvency requirements at 31 December 2022 and 30 June 2022 are as follows:

	31 Dec 22	30 Jun 22
	\$m	\$m
Actual Solvency Capital	24.2	22.4
Minimum Solvency Capital	10.1	10.1
Solvency Margin	14.1	12.3
Solvency Ratio	239%	222%

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

16. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

nib holdings Limited announced on 7 February 2023 that it will defer its arhi private health insurance premiums annual increase (2.72%) for five months to 1 September 2023.

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 2022

nib holdings limited

17. BUSINESS COMBINATION

a) Current period

On 14 November 2022, nib completed the acquisition of Maple Plan Pty Ltd for a consideration of \$41.3 million.

The acquisition will allow nib to enter 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	41.0
Payables	0.3
Total purchase consideration	41.3

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	5.1
Trade and other receivables	0.1
Prepayments	0.2
Property, plant and equipment	0.1
Right-of-use assets - properties	0.6
Deferred tax assets	0.1
Payables	(5.0)
Lease liability	(0.6)
Current tax payable	(0.2)
Provision for employee entitlements	(0.2)
Net identifiable assets acquired	0.2
Add: Goodwill	41.1
Net assets acquired	41.3

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 year.

i) Acquisition related costs

Total acquisition related costs of \$1.1 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 \$1.4 million to Group revenue and \$0.3 million to net profit after tax for the period 15 November 2022 to 31 December 2022.

Provisional purchase consideration – cash outflow

	\$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	41.0
Less: Cash balances acquired	(5.1)
Outflow of cash – investing activities	35.9

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

17. BUSINESS COMBINATION continued

a) Current period continued

On 30 November 2022, nib nz holdings limited acquired OrbitProtect Limited for a provisional consideration of \$11.3 million.

Aligned with the Group's strategy, the acquisition will allow nib to help a wider customer base to access health insurance products in New Zealand.

Details of the provisional purchase consideration are as follows:

	\$m
Purchase consideration	
Cash	11.1
Payables	0.2
Total purchase consideration	11.3

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	0.4
Trade and other receivables	1.6
Property, plant and equipment	0.1
Software	0.1
Payables	(1.6)
Current tax payable	(0.1)
Provision for employee entitlements	(0.1)
Net identifiable assets acquired	0.4
Add: Goodwill	10.9
Net assets acquired	11.3

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 year.

i) Acquisition related costs

Total acquisition related costs of \$0.2 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 \$0.2m to Group revenue and no impact on net profit after tax for the period 1 December 2022 to 31 December 2022.

Provisional purchase consideration – cash outflow

	\$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	11.1
Less: Cash balances acquired	(0.4)
Outflow of cash – investing activities	10.7

b) Prior year

As disclosed in the annual report for the year ended 30 June 2022, the acquisition of Kiwi Insurance Limited (a wholly owned subsidiary of Kiwi Group Holdings Limited, now renamed nib nz insurance limited) was provisionally determined. The fair values of assets and liabilities may change upon the purchase price allocation finalisation in the next financial period.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2022

nib holdings limited

18. PARENT ENTITY FINANCIAL INFORMATION

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

	31 Dec 22	30 Jun 22
	\$m	\$m
Balance Sheet		
ASSETS		
Current assets	110.8	90.7
Non-current assets	859.4	792.0
Total assets	970.2	882.7
Current liabilities	6.4	37.3
Non-current liabilities	165.5	195.5
Total liabilities	171.9	232.8
NET ASSETS	798.3	649.9
EQUITY		
Share capital	570.6	410.2
Share-based payments	(7.9)	(7.7)
Retained profits	235.6	247.4
Total equity	798.3	649.9
	31 Dec 22	31 Dec 21
	\$m	\$m
Profit for the half year	38.8	38.5
Total comprehensive income for the half year	38.8	38.5

19. 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 17 February 2023. The company has the power to amend and reissue the Financial Report.

Directors' Declaration

For the half year ended 31 December 2022

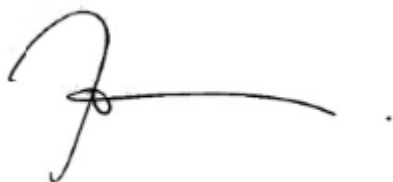
nib holdings limited

In the Directors' opinion:

- a) the financial statements and notes set out on pages 6 to 35 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 2022 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
Director

17 February 2023



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 during the half-year (together the Group), which comprises the Consolidated Balance Sheet as at 31 December 2022, 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, significant accounting policies and 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 2022 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 2022 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 stylized, handwritten signature of the PricewaterhouseCoopers firm, written in a dark ink.

PricewaterhouseCoopers

A handwritten signature of Scott Fergusson, written in a dark ink.

Scott Fergusson
Partner

Newcastle
17 February 2023

