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**nib holdings limited**  
**ABN 51 125 633 856**

## **Half-year report for the period ended 31 December 2021**

This report should be read in conjunction with the annual financial report for the year ended 30 June 2021.

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## Appendix 4D

For the half year ended 31 December 2021  
nib holdings limited

### Results for announcement to the market

	6 months to 31 Dec 21 \$m	6 months to 31 Dec 20 \$m	Movement up / (down) \$m	Movement %
Revenue from ordinary activities	1,386.1	1,293.6	92.5	7%
Profit from ordinary activities after tax attributable to members	81.4	65.2	16.2	25%
Net profit attributable to members	81.4	65.2	16.2	25%

	6 months to 31 Dec 21 Amount per security (cps)	6 months to 31 Dec 20 Franking amount per security	6 months to 31 Dec 20 Amount per security (cps)	6 months to 31 Dec 20 Franking amount per security
Interim Dividend				
Ordinary Dividend	11.00	100%	10.00	100%
Special Dividend	0.00	100%	0.00	100%
Total Interim Dividend	11.00	100%	10.00	100%
Record date for determining entitlements to the dividend	4 March 2022			
Date the interim dividend is payable	4 April 2022			

#### Brief explanation of figures reported above:

Net profit after tax attributable to owners of nib holdings limited for the half year to 31 December 2021 calculated on a statutory basis equated to a profit of \$81.4 million.

For further information, refer to the Directors' Report in the attached Interim Report of nib holdings limited for the period ended 31 December 2021.

## Appendix 4D

For the half year ended 31 December 2021

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 85.71 (67.07 as at 31 Dec 2020)	
<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>	Not applicable – no change in control of entities	
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 2021</p> <ul style="list-style-type: none"> <li>• Notes to the financial statement</li> </ul> <p>- Dividends</p>	Note 11
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 FY22 interim dividend. Shareholders can participate in the DRP by completing the application form by visiting <a href="http://nib.com.au/easyupdate">nib.com.au/easyupdate</a> . DRP elections for the FY21 interim dividend must be received by no later than 5pm (AEST) on Monday 7 March 2022.	
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 2021</p> <ul style="list-style-type: none"> <li>• Notes to the financial statement</li> </ul> <p>- Interest in Other Entities</p>	Note 6

## Appendix 4D

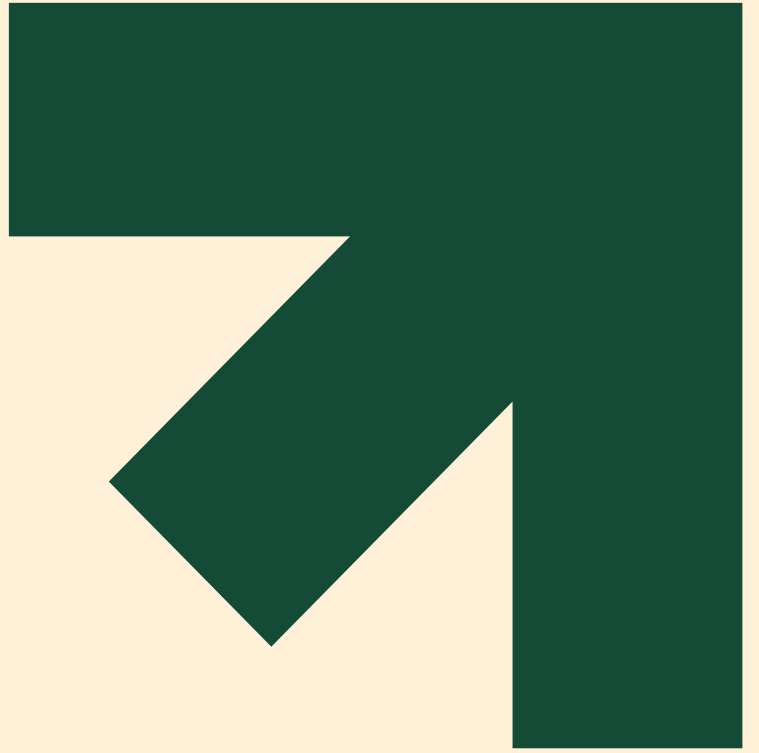
For the half year ended 31 December 2021

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 18 February 2022**



# Interim Report

31 December 2021

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# Directors' Report

For the half year ended 31 December 2021

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 2021.

## 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  
Lee Ausburn  
Jacqueline Chow  
Anne Loveridge  
Donal O'Dwyer

Steve Crane retired as Chair and Director on 29 July 2021, and Peter Harmer was appointed a Director on 29 July 2021.

## 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 undertakes specialist health care data science services through its joint venture with Cigna, Honeysuckle Health.

## REVIEW OF OPERATIONS

### nib Group

At a Group level, nib's operating performance for first half fiscal year 2022 (1H22) delivered an improved underlying operating profit of \$109.6 million, up 28.5% on 1H21. This was driven by strong premium revenue growth of 8.2% due to uplift in policyholders during the period and the April 2020 pricing deferral impact on the 1H21 prior comparable period.

Net claims expenses grew 6.4% during the period, impacted mainly by movements in our deferred claims liability (DCL) and changes in risk equalisation as well as higher claiming in our iih and New Zealand businesses.

Ongoing COVID-19 lockdowns and restrictions on non-urgent elective surgery continued to disrupt healthcare treatment during 1H22. However, as previously stated, some treatments are likely to have been postponed to future periods and not cancelled entirely. As such, to meet the expected claims catch-up after balance date, the DCL for the Group has been increased to \$59.2 million (arhi \$55.9 million, NZ \$3.3 million).

Underwriting expenses have increased 8.9% to support policyholder growth and our investment in our Payer to Partner (P2P) personalisation strategy.

Net profit after tax lifted 24.7% to \$81.2 million, with net investment income of \$15.1 million compared to \$28.0 million in 1H21 reflecting the normalisation of the strong returns in the prior comparable period. Earnings per share (statutory) was 17.8 cents per share, up 24.7%.

We have continued to support our members and travellers throughout the pandemic with our COVID-19 member and community support package now valued at more than \$90 million. This includes the member give back announced in August 2021, as well as the five-month deferral of arhi premium increases until 1 September 2022 and several elements of the package being extended to 31 December 2022.

The Board has declared a fully franked interim dividend of 11.0 cents per share (1H21: 10.0 cents per share). The interim dividend has an ex-dividend and record date of 3 March 2022 and 4 March 2022 respectively with payment to be made to shareholders on 4 April 2022. 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](https://nib.com.au/docs/shareholders-drp-booklet)

Overall, the Group remains well capitalised with \$89.5 million in available capital above internal targets after allowing for the payment of the interim dividend.

## REVIEW OF OPERATIONS continued

### Australian residents health insurance business (arhi)

nib's core arhi business delivered strong top line and earnings growth for 1H22. Premium revenue rose 7.8% to \$1,151.0 million with underlying operating profit up 39.8% to \$123.6 million.

arhi's net policyholder growth for the 12 months to 31 December 2021 was 2.8% compared to 3.2% for the prior corresponding period reflecting higher retention across the market and less switching activity between insurers.

Claims expenses continue to be impacted by COVID-19 with lower claims experience offset by an increase in our DCL provision and the effect of claims catch up in the prior comparable period.

Management expenses of \$112.1 million includes increased investment in our P2P strategy which has delivered the launch of digital health programs, Limber and SilverCloud Health, as well as over 3,400 members enrolled in one of our health management programs.

Our arhi net promoter score improved to 31 following a decline in FY21 due to multiple price increases.

### International inbound health insurance (iihi)

Performance of our iihi segment continues to reflect the different markets of the international students and international workers businesses.

iihi premium revenue increased 2.7% thanks to a strong performance in the workers business. While net policyholders decreased 1.7%<sup>2</sup>, the reduction in international students policyholders was largely offset by international workers sales through the Pacific and Australia Labour Mobility (PALM)<sup>1</sup> scheme.

Our claims experience continues to be impacted by the delayed reopening of international borders with an increasing number of claims from onshore students combined with the limited intake of new students arriving in the country impacting the tenure mix.

The 1H22 net promoter score of 49 in both iwhi and ishi has improved on 1H21 (iwhi: 41 and ishi: 46). This has been driven by continued improvements in the member claims experience through greater claims automation as well as the introduction of digital servicing channels.

Despite continued uncertainty around the intake of international students and workers for Australia, the iihi business is well positioned for future growth and recovery when travel and border restrictions ease.

### nib New Zealand

nib New Zealand delivered strong premium revenue growth of 13.8% lifting to \$144.4 million. This was driven by policyholder growth of 4.1%<sup>2</sup> and premium adjustments to account for claims inflation.

Claims expenses rose 17.2% mainly due to policyholder growth and claims inflation. Initiatives such as our First Choice Network continue to be a focus in helping to manage inflation levels and ensure premiums remain affordable.

Net margin declined to 6.3% reflecting the increase in claims expense as well as our investment in core systems to refresh legacy platforms and add new functionality to drive efficiency.

Pleasingly, New Zealand's net promoter score grew to 36 (1H21: 34) demonstrating our success in delivering ongoing improvements in the member journey including a new online help centre and enhancements to the member claim experience.

As announced in November 2021, nib will acquire (subject to regulatory approval) Kiwi Insurance Limited (a wholly owned subsidiary of Kiwi Group Holdings Limited) and enter into an exclusive relationship with Kiwibank. Aligned with nib's P2P strategy, the acquisition will allow us to provide health insurance members and Kiwibank customers with a more comprehensive suite of products. The acquisition is expected to complete in 2H22.

<sup>1</sup> From April 2022, the Seasonal Worker Programme and Pacific Labour Scheme will be consolidated under a single PALM scheme.

<sup>2</sup> Net policyholder growth for the 12 months to 31 December 2021.



**REVIEW OF OPERATIONS continued**

**nib Travel**

nib Travel's underlying operating loss of \$(7.9) million was within expectations and reflects the continued impact of COVID-19 on travel. The business also saw a temporary pause in Australian and New Zealand sales while new underwriting arrangements, which are more cost effective and supportive of future growth ambitions, were pursued and put into place.

A rebound in international sales and resumption of international travel from Australia from November 2021 saw gross written premium increase 550.0% from 1H21 to \$18.2 million while operating income increased 86.4% to \$8.2 million. Despite the uncertainty surrounding the Omicron outbreak, nib Travel has continued to offer products with some cover for COVID-19 related events to meet traveller needs which has been well received.

Operating expenses increased 7.7% from 1H21 due to the impact of discontinued wage subsidies (\$3.2m was received in 1H21), increased marketing expenditure following an uplift in sales volumes and, additional expenses incurred in relation to sourcing new underwriting agreements.

We remain focused on the recovery of travel and leveraging the pent-up demand from travellers to get out and explore the world, while continuing to manage the cost base of the business.

**CAPITAL MANAGEMENT**

At 31 December 2021 the Group had net assets of \$731.2 million (June 2021: \$706.2 million) and a return on equity of 26.2%, using average shareholders' equity and NPAT for the previous 12 months over a rolling 12-month period (December 2020: 16.1%). Further, at 31 December 2021 the Group had available capital of \$89.5 million above our internal benchmark (after allowing for the payment of an interim dividend of 11.0 cents per share, totalling \$50.4 million, in April 2022), up from \$65.7 million at 30 June 2021.

**DIVIDENDS**

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

	31 Dec 21 \$m	31 Dec 20 \$m
Final dividend for the half year ended 30 June 2021 of 14.0 cents (2020 - 4.0 cents) per fully paid share paid on 5 October 2021	64.0	18.3
	<b>64.0</b>	<b>18.3</b>

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 \$50.4 million (11.0 cents per fully paid ordinary share) to be paid on 4 April 2022 out of retained profits at 31 December 2021.

**AUDITOR'S INDEPENDENCE DECLARATION**

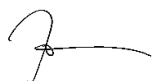
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

**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

18 February 2022



## Auditor's Independence Declaration

As lead auditor for the review of nib holdings limited for the half year ended 31 December 2021, 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', written in a cursive style.

Scott Fergusson  
Partner  
PricewaterhouseCoopers

Newcastle  
18 February 2022

# Financial Report

For the half year ended 31 December 2021

nib holdings limited

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# Consolidated Income Statement

For the half year ended 31 December 2021

nib holdings limited

	Notes	Half year	
		31 Dec 21	31 Dec 20 <sup>1</sup>
		\$m	\$m
Premium revenue	3	1,366.5	1,271.1
Outwards reinsurance premium expense	3	(10.4)	(17.8)
<b>Net premium revenue</b>		<b>1,356.1</b>	<b>1,253.3</b>
Claims expense		(932.6)	(875.7)
Reinsurance and other recoveries revenue		5.7	9.3
RESA levy		(114.8)	(110.0)
State levies		(20.5)	(18.0)
(Increase) / decrease in premium payback liability		4.3	0.8
Claims handling expenses	4	(9.1)	(9.4)
<b>Net claims incurred</b>		<b>(1,067.0)</b>	<b>(1,003.0)</b>
<b>Other underwriting revenue</b>	3	<b>2.8</b>	<b>1.7</b>
Acquisition costs	4	(80.8)	(79.7)
Other underwriting expenses	4	(88.8)	(76.4)
<b>Underwriting expenses</b>		<b>(169.6)</b>	<b>(156.1)</b>
<b>Underwriting result</b>		<b>122.3</b>	<b>95.9</b>
Other income	3	10.6	9.6
Other expenses	4	(25.8)	(33.1)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method		(2.5)	(2.4)
<b>Operating profit</b>		<b>104.6</b>	<b>70.0</b>
Finance income	3	0.1	-
Finance costs	4	(3.1)	(3.7)
Investment income	3	16.5	29.0
Investment expenses	4	(1.4)	(1.0)
<b>Profit before income tax</b>		<b>116.7</b>	<b>94.3</b>
Income tax expense		(35.5)	(29.2)
<b>Profit for the half year</b>		<b>81.2</b>	<b>65.1</b>
<b>Profit / (loss) for the half year is attributable to:</b>			
Owners of nib holdings limited		81.4	65.2
Charitable foundation		(0.2)	(0.1)
		<b>81.2</b>	<b>65.1</b>
		Cents	Cents
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic earnings per share	12	17.8	14.2
Diluted earnings per share	12	17.8	14.2
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
Basic earnings per share	12	17.8	14.2
Diluted earnings per share	12	17.8	14.2

1. Comparative information has been restated. For further details, refer to Note 15.

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 2021

nib holdings limited

	Notes	Half year	
		31 Dec 21 \$m	31 Dec 20 <sup>1</sup> \$m
<b>Profit for the half year</b>		<b>81.2</b>	<b>65.1</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		0.9	-
Income tax related to these items		(0.2)	-
<b>Other comprehensive income for the half year, net of tax</b>		<b>0.7</b>	<b>-</b>
<b>Total comprehensive income for the half year</b>		<b>81.9</b>	<b>65.1</b>
<b>Total comprehensive income / (loss) for the half year is attributable to:</b>			
Owners of nib holdings limited		82.1	65.2
Charitable foundation		(0.2)	(0.1)
		<b>81.9</b>	<b>65.1</b>

1. Comparative information has been restated. For further details, refer to Note 15.

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

# Consolidated Balance Sheet

As at 31 December 2021

nib holdings limited

	Notes	31 Dec 21 \$m	30 Jun 21 \$m
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		194.6	213.9
Receivables		104.5	93.9
Financial assets at amortised cost		8.2	7.7
Financial assets at fair value through profit or loss		925.4	870.1
Deferred acquisition costs		59.6	55.0
Current tax assets		0.8	1.4
Finance lease receivable		2.1	1.7
<b>Total current assets</b>		<b>1,295.2</b>	<b>1,243.7</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	6	19.3	17.8
Deferred acquisition costs		66.9	71.3
Property, plant and equipment		6.9	7.9
Intangible assets		322.4	325.0
Right-of-use assets		23.8	26.5
Finance lease receivable		11.3	10.6
<b>Total non-current assets</b>		<b>450.6</b>	<b>459.1</b>
<b>Total assets</b>		<b>1,745.8</b>	<b>1,702.8</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		185.5	184.3
Borrowings	8	2.1	1.6
Claims liabilities	9	267.7	217.1
Unearned premium liability		192.2	218.1
Premium payback liability		6.8	8.2
Lease liabilities		7.0	6.9
Provision for employee entitlements		4.6	7.6
Current tax liabilities		11.2	2.6
<b>Total current liabilities</b>		<b>677.1</b>	<b>646.4</b>
<b>Non-current liabilities</b>			
Payables		3.0	4.3
Borrowings	8	231.4	230.7
Unearned premium liability		27.2	31.3
Premium payback liability		6.8	9.5
Lease liabilities		47.5	50.7
Provision for employee entitlements		3.3	3.2
Deferred tax liabilities		18.3	20.5
<b>Total non-current liabilities</b>		<b>337.5</b>	<b>350.2</b>
<b>Total liabilities</b>		<b>1,014.6</b>	<b>996.6</b>
<b>Net assets</b>		<b>731.2</b>	<b>706.2</b>
<b>EQUITY</b>			
Contributed equity	10	134.9	127.2
Retained profits		585.1	567.7
Reserves		(4.7)	(4.8)
<b>Capital and reserves attributable to owners of nib holdings limited</b>		<b>715.3</b>	<b>690.1</b>
Charitable foundation		15.9	16.1
<b>Total equity</b>		<b>731.2</b>	<b>706.2</b>

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 2021

nib holdings limited

	Attributable to owners of nib holdings limited						
	Notes	Contributed equity	Retained profits	Reserves	Total	Charitable foundation	Total equity
		\$m	\$m	\$m	\$m	\$m	\$m
<b>Balance at 1 July 2020</b>		<b>121.4</b>	<b>470.5</b>	<b>(5.5)</b>	<b>586.4</b>	<b>16.7</b>	<b>603.1</b>
Profit / (loss) for the half year		-	65.2	-	65.2	(0.1)	65.1
Movement in foreign currency translation, net of tax		-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the half year</b>		<b>-</b>	<b>65.2</b>	<b>-</b>	<b>65.2</b>	<b>(0.1)</b>	<b>65.1</b>
<b>Transactions with owners in their capacity as owners:</b>							
Ordinary shares issued	10	1.5	-	-	1.5	-	1.5
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust	10	(1.1)	-	-	(1.1)	-	(1.1)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	10	2.2	-	(1.0)	1.2	-	1.2
Employee performance rights - value of employee services		-	-	0.5	0.5	-	0.5
Dividends paid	11	-	(18.3)	-	(18.3)	-	(18.3)
		<b>2.6</b>	<b>(18.3)</b>	<b>(0.5)</b>	<b>(16.2)</b>	<b>-</b>	<b>(16.2)</b>
<b>Balance at 31 December 2020</b>		<b>124.0</b>	<b>517.4</b>	<b>(6.0)</b>	<b>635.4</b>	<b>16.6</b>	<b>652.0</b>
<b>Balance at 1 July 2021</b>		<b>127.2</b>	<b>567.7</b>	<b>(4.8)</b>	<b>690.1</b>	<b>16.1</b>	<b>706.2</b>
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
<b>Total comprehensive income / (loss) for the half year</b>		<b>-</b>	<b>81.4</b>	<b>0.7</b>	<b>82.1</b>	<b>(0.2)</b>	<b>81.9</b>
<b>Transactions with owners in their capacity as owners:</b>							
Ordinary shares issued	10	4.8	-	-	4.8	-	4.8
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	10	2.9	-	(1.5)	1.4	-	1.4
Employee performance rights - value of employee services		-	-	0.9	0.9	-	0.9
Dividends paid	11	-	(64.0)	-	(64.0)	-	(64.0)
		<b>7.7</b>	<b>(64.0)</b>	<b>(0.6)</b>	<b>(56.9)</b>	<b>-</b>	<b>(56.9)</b>
<b>Balance at 31 December 2021</b>		<b>134.9</b>	<b>585.1</b>	<b>(4.7)</b>	<b>715.3</b>	<b>15.9</b>	<b>731.2</b>

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 2021

nib holdings limited

	Notes	Half year	
		31 Dec 21	31 Dec 20 <sup>1</sup>
		\$m	\$m
<b>Cash flows from operating activities</b>			
Receipts from policyholders and customers (inclusive of goods and services tax)		1,388.9	1,272.6
Payments to policyholders and customers		(1,019.5)	(1,029.3)
Receipts from outwards reinsurance contracts		6.9	10.5
Payments for outwards reinsurance contracts		(9.5)	(24.0)
Payments to suppliers and employees (inclusive of goods and services tax)		(240.0)	(222.1)
		<b>126.8</b>	<b>7.7</b>
Dividends received		0.2	0.1
Interest received		1.1	1.4
Distributions received		1.0	0.9
Interest paid		(2.0)	(1.8)
Income taxes paid		(28.7)	(52.2)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>98.4</b>	<b>(43.9)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of financial assets at fair value through profit or loss		102.8	227.7
Payments for financial assets at fair value through profit or loss		(144.5)	(199.7)
Proceeds from sale of property, plant and equipment and intangibles		0.1	0.1
Payments for property, plant and equipment and intangibles		(10.8)	(10.9)
Payments for investments in associates and joint ventures	6	(2.0)	(5.7)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(54.4)</b>	<b>11.5</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		4.8	1.5
Principal elements of lease payments		(4.6)	(5.2)
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		-	(1.1)
Dividends paid to the company's shareholders		(64.0)	(18.3)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(63.8)</b>	<b>(23.1)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(19.8)</b>	<b>(55.5)</b>
Cash and cash equivalents at beginning of the half year		212.3	196.0
Effects of exchange rate changes on cash and cash equivalents		-	(0.2)
<b>Cash and cash equivalents at the end of the half year</b>		<b>192.5</b>	<b>140.3</b>
<b>Reconciliation to Consolidated Balance Sheet</b>			
Cash and cash equivalents		194.6	142.3
Borrowings - overdraft		(2.1)	(2.0)
		<b>192.5</b>	<b>140.3</b>

1. Comparative information has been restated. For further details, refer to Note 15.

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 2021

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 2021 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 2021 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.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

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 and impairment of acquired intangibles.

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:**

<b>Australian Residents Health Insurance</b>	nib's core product offering within the Australian private health insurance industry
<b>New Zealand Health Insurance</b>	nib's core product offering within the New Zealand private health insurance industry
<b>International (Inbound) Health Insurance</b>	nib's offering of health insurance products for international students and workers
<b>nib Travel</b>	nib's distribution of travel insurance products

"Unallocated to segments" includes commission of other insurance products, corporate expenses, share of profit / (loss) of Honeysuckle Health, China and Midnight Health 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 2021

nib holdings limited

## 2. SEGMENT REPORTING continued

	For the half year ending 31 December 2021					
	Australian Residents Health Insurance	International (Inbound) Health Insurance	New Zealand Health Insurance	nib Travel	Unallocated to segments	Total
	\$m	\$m	\$m	\$m	\$m	\$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)
<b>Net premium revenue</b>	<b>1,151.0</b>	<b>59.9</b>	<b>144.4</b>	<b>0.8</b>	<b>-</b>	<b>1,356.1</b>
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	(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)
<b>Net claims incurred</b>	<b>(923.1)</b>	<b>(49.7)</b>	<b>(94.1)</b>	<b>(0.1)</b>	<b>-</b>	<b>(1,067.0)</b>
<b>Other underwriting revenue</b>	<b>1.8</b>	<b>0.9</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>2.8</b>
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)
<b>Underlying underwriting expenses</b>	<b>(106.1)</b>	<b>(18.5)</b>	<b>(41.2)</b>	<b>(0.8)</b>	<b>-</b>	<b>(166.6)</b>
<b>Underlying underwriting result</b>	<b>123.6</b>	<b>(7.4)</b>	<b>9.2</b>	<b>(0.1)</b>	<b>-</b>	<b>125.3</b>
Other income	-	-	-	8.2	2.3	10.5
Other expenses	-	-	-	(16.0)	(7.7)	(23.7)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	(2.5)	(2.5)
<b>Underlying operating profit / (loss)</b>	<b>123.6</b>	<b>(7.4)</b>	<b>9.2</b>	<b>(7.9)</b>	<b>(7.9)</b>	<b>109.6</b>
<b>Items not included in underlying operating profit</b>						
Amortisation of acquired intangibles	(0.9)	(0.4)	(1.7)	(0.9)	-	(3.9)
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)
<b>Profit before income tax from continuing operations</b>						<b>116.7</b>
Inter-segment other income <sup>1</sup>	-	-	-	-	-	-
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
<b>Total insurance liabilities</b>	<b>442.0</b>		<b>58.2</b>	<b>0.5</b>	<b>-</b>	<b>500.7</b>

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 2021

nib holdings limited

## 2. SEGMENT REPORTING continued

	For the half year ending 31 December 2020					
	Australian Residents Health Insurance	International (Inbound) Health Insurance	New Zealand Health Insurance	nib Travel	Unallocated to segments	Total <sup>2</sup>
	\$m	\$m	\$m	\$m	\$m	\$m
Premium revenue	1,073.5	69.9	127.1	0.6	-	1,271.1
Outwards reinsurance premium expense	(5.7)	(11.6)	(0.2)	(0.3)	-	(17.8)
<b>Net premium revenue</b>	<b>1,067.8</b>	<b>58.3</b>	<b>126.9</b>	<b>0.3</b>	-	<b>1,253.3</b>
Claims expense	(749.5)	(45.7)	(80.1)	(0.4)	-	(875.7)
Reinsurance and other recoveries revenue	3.0	5.9	-	0.4	-	9.3
RESA	(110.0)	-	-	-	-	(110.0)
State levies	(18.0)	-	-	-	-	(18.0)
(Increase) / decrease in premium payback liability	-	-	0.8	-	-	0.8
Claims handling expenses	(6.8)	(1.1)	(1.3)	(0.2)	-	(9.4)
<b>Net claims incurred</b>	<b>(881.3)</b>	<b>(40.9)</b>	<b>(80.6)</b>	<b>(0.2)</b>	-	<b>(1,003.0)</b>
<b>Other underwriting revenue</b>	<b>0.8</b>	<b>0.9</b>	-	-	-	<b>1.7</b>
Acquisition costs	(52.0)	(7.4)	(20.1)	(0.2)	-	(79.7)
Other underwriting expenses	(46.9)	(10.6)	(15.7)	(0.1)	-	(73.3)
<b>Underlying underwriting expenses</b>	<b>(98.9)</b>	<b>(18.0)</b>	<b>(35.8)</b>	<b>(0.3)</b>	-	<b>(153.0)</b>
<b>Underlying underwriting result</b>	<b>88.4</b>	<b>0.3</b>	<b>10.5</b>	<b>(0.2)</b>	-	<b>99.0</b>
Other income	-	-	-	4.4	5.0	9.4
Other expenses	-	-	-	(12.0)	(8.7)	(20.7)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	(2.4)	(2.4)
<b>Underlying operating profit / (loss)</b>	<b>88.4</b>	<b>0.3</b>	<b>10.5</b>	<b>(7.8)</b>	<b>(6.1)</b>	<b>85.3</b>
<b>Items not included in underlying operating profit</b>						
Amortisation of acquired intangibles	(1.0)	(0.4)	(1.7)	(1.0)	-	(4.1)
Impairment of acquired intangibles	-	-	-	(7.0)	-	(7.0)
One-off transactions, merger, acquisition and new business implementation costs	-	-	-	-	(4.2)	(4.2)
Finance costs					(3.7)	(3.7)
Investment income					29.0	29.0
Investment expenses					(1.0)	(1.0)
<b>Profit before income tax from continuing operations</b>						<b>94.3</b>
Inter-segment other income <sup>1</sup>	0.1	-	-	-	-	0.1
Depreciation and amortisation	1.4	0.9	1.7	-	9.1	13.1
Total assets	1,156.8		221.3	146.2	91.2	1,615.5
Total liabilities	620.7		78.6	35.1	229.2	963.6
Insurance liabilities						
Claims liabilities	227.5		17.5	0.2	-	245.2
Unearned premium liability	196.4		22.0	0.2	-	218.6
Premium payback liability	-		19.3	-	-	19.3
<b>Total insurance liabilities</b>	<b>423.9</b>		<b>58.8</b>	<b>0.4</b>	-	<b>483.1</b>

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

2. Comparative information has been restated. For further details, refer to Note 15.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 3. REVENUE AND OTHER INCOME

	Half year	
	31 Dec 21	31 Dec 20
	\$m	\$m
Premium revenue	1,366.5	1,271.1
Outwards reinsurance premiums	(10.4)	(17.8)
<b>Net premium revenue</b>	<b>1,356.1</b>	<b>1,253.3</b>
Agency fee	0.2	0.2
Sundry income	2.6	1.5
<b>Other underwriting revenue</b>	<b>2.8</b>	<b>1.7</b>
<b>Other income</b>		
Travel insurance commission	8.0	3.3
Commission on other insurance products	1.4	1.4
Insurance recoveries	0.1	0.1
Sundry income	1.1	4.8
	<b>10.6</b>	<b>9.6</b>
<b>Finance income</b>	<b>0.1</b>	<b>-</b>
<b>Investment income</b>		
Interest	1.1	1.4
Net realised gain (loss) on financial assets at fair value through profit or loss	6.6	4.2
Net unrealised gain (loss) on financial assets at fair value through profit or loss	8.6	23.3
Dividends	0.2	0.1
	<b>16.5</b>	<b>29.0</b>

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 4. EXPENSES

	Half year	
	31 Dec 21	31 Dec 20 <sup>1</sup>
	\$m	\$m
<b>Expenses by function</b>		
Claims handling expenses	9.1	9.4
Acquisition costs	80.8	79.7
Other underwriting expenses	88.8	76.4
Other expenses	25.8	33.1
Finance costs	3.1	3.7
Investment expenses	1.4	1.0
<b>Total expenses (excluding direct claims expenses)</b>	<b>209.0</b>	<b>203.3</b>
<b>Expenses by nature</b>		
Amortisation of acquired intangibles	3.9	4.1
Bank charges	1.8	1.4
Communications, postage and telephone expenses	2.2	2.4
Depreciation and amortisation	10.0	9.0
Depreciation of right-of-use assets	1.7	3.5
Employee costs	76.5	76.3
Finance costs	1.7	1.7
Finance costs - interest on lease liabilities	1.4	2.0
Impairment of acquired intangibles	-	7.0
Information technology expenses	14.4	12.9
Investment expenses	1.4	1.0
Marketing expenses - excluding commissions	15.8	13.7
Marketing expenses - commissions	56.5	49.0
Merger, acquisition and new business implementation costs	1.3	0.3
Professional fees	13.7	12.4
Other expenses	6.7	6.6
<b>Total expenses (excluding direct claims expenses)</b>	<b>209.0</b>	<b>203.3</b>

1. Comparative information has been restated. For further details, refer to Note 15.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

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 2021 and 30 June 2021:

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<b>Group at 31 December 2021</b>				
<b>Assets</b>				
Receivables	-	1.0	-	1.0
Financial assets at fair value through profit or loss				
Equity securities	214.2	-	-	214.2
Interest-bearing securities	656.0	40.6	4.1	700.7
Property trusts <sup>1</sup>	-	10.5	-	10.5
Finance lease receivable	-	13.4	-	13.4
<b>Total assets</b>	<b>870.2</b>	<b>65.5</b>	<b>4.1</b>	<b>939.8</b>
<b>Liabilities</b>				
Payables <sup>2</sup>	-	2.0	-	2.0
<b>Total liabilities</b>	<b>-</b>	<b>2.0</b>	<b>-</b>	<b>2.0</b>

1. Level 3 investment in the Unlisted property trusts at 30 June 2021 were redeemed during the period. Level 2 Unlisted property trusts were invested during 1H22.

2. Remaining consideration payable to Midnight Health Pty Ltd. Refer to Note 6 for further details.

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<b>Group at 30 June 2021</b>				
<b>Assets</b>				
Receivables	-	1.0	-	1.0
Financial assets at fair value through profit or loss				
Equity securities	213.2	-	-	213.2
Interest-bearing securities	605.2	39.2	1.3	645.7
Property trusts	-	-	11.2	11.2
Finance lease receivable	-	12.3	-	12.3
<b>Total assets</b>	<b>818.4</b>	<b>52.5</b>	<b>12.5</b>	<b>883.4</b>

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.

<b>Level 1</b>	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.
<b>Level 2</b>	The fair value of financial instruments that are not traded in active markets (for example 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. These instruments are included in level 2.
<b>Level 3</b>	If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

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. For the Group this includes the valuation of interest bearing securities.

### 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 2021 and 30 June 2021:

	31 Dec 21	30 Jun 21
	\$m	\$m
Fair value measurement as at 1 July	12.5	10.5
Purchased	3.8	1.8
Sales	(12.5)	(0.6)
Change in fair value	0.4	0.7
Exchange differences	(0.1)	0.1
<b>Fair value measurement at end of period</b>	<b>4.1</b>	<b>12.5</b>

**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 2021.

**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 measurement.

Description	Fair value \$m	Unobservable inputs	Relationship of unobservable inputs to fair value
<b>At 31 December 2021</b>			
Interest-bearing securities	4.1	Redemption price	Higher/(low er) redemption price (+/- 10%) would increase/(decrease) fair value by \$0.4m
<b>At 30 June 2021</b>			
Interest-bearing securities and Unlisted property trusts	12.5	Redemption price	Higher/(low er) redemption price (+/- 10%) would increase/(decrease) fair value by \$1.3m



# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 6. INTEREST IN OTHER ENTITIES

### a) Interest in associates and joint ventures

During the period nib holdings limited entered into a Shareholders Deed to acquire 50% of share capital in Midnight Health Pty Ltd. The share capital will be acquired for \$4.0 million over 3 tranches. The first tranche of \$2.0 million was made in November 2021.

Set out below are the associates and joint ventures of the Group as at 31 December 2021 and 30 June 2021:

Name of entity	Place of business / country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount \$m	
		31 Dec 21	30 Jun 21			31 Dec 21	30 Jun 21
		Honeysuckle Health Pty Ltd	Australia			50.0%	50.0%
Midnight Health Pty Ltd	Australia	50.0%	0.0%	Joint venture	Equity	4.0	-
Aohua Insurance Consulting Co Ltd (formerly Sino-Australia Insurance Consulting Co., Ltd)	China	75.1%	75.1%	Joint venture	Equity	7.7	8.2
Kangaroo Technologies Ltd (formerly Kangaroo Insurance Broker Co., Ltd.)	China	24.9%	24.9%	Joint venture	Equity	3.7	4.0
<b>Total equity accounting investments</b>						<b>19.3</b>	<b>17.8</b>

1. 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.

2. Midnight Health Pty Ltd is a digital health company that provides telehealth platforms for online consultations, e-prescriptions and delivery of treatments.

3. Aohua Insurance Consulting Co., Ltd and Kangaroo Technologies Ltd currently offers health checks and will offer lump-sum critical illness products across China.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 7. INTANGIBLE ASSETS

### 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) Key assumptions used for value-in-use calculations

Goodwill is assessed for impairment annually unless indicators for impairment are identified. At 31 December 2021, no indicators of impairment have been identified for arhi, iih or nz, however the ongoing COVID-19 related challenges for nib Travel and the impairment in the prior period are indicators of possible impairment.

#### i) nib Travel Group

The assumptions for nib Travel Group have been reviewed for the ongoing impact of COVID-19 on the travel industry, to which nib is exposed via the nib Travel Group CGU.

FY22 to FY25 cashflows are based on nib internal budget assumptions, and scenarios on the reopening of borders and the timing of return to inflation-adjusted pre-COVID-19 revenue levels (from 1H20 revenues). These have been set with reference to external industry forecasts, as well as Federal Budget expectations. International tourism has continued to recover internationally during second half 2021 and has resumed from Australia in late-2021 (calendar periods). It's assumed this recovery will continue across all markets & regions during 2022 and first half 2023 calendar periods. A gradual recovery is assumed, with reduced volumes initially and full return to pre-COVID levels in FY24.

Terminal growth rates of 2.5% compound annual growth rate has been applied for growth beyond FY25.

The following tables set out the key assumptions for the nib travel Group CGU and indefinite life brand names and trademarks.

	Revenue growth rate (forecast years) <sup>1</sup>		Long term growth rate		Pre-tax discount rate	
	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21
	%	%	%	%	%	%
nib travel	3.7	3.7	2.5	2.5	14.6	14.8

1. 1H20 revenues have been assumed to represent pre-COVID levels of activity which have then been run rated. Expected FY25 revenue represents a 3.7% pa compound annual growth rate (CAGR) from 1H20.

	Revenue growth rate (forecast years)		Royalty rate		Long term growth rate		Pre-tax discount rate	
	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21	31 Dec 21	30 Jun 21
	%	%	%	%	%	%	%	%
Brandnames and trademarks								
WorldNomads.com	3.7	3.7	2.5	2.5	2.5	2.5	14.6	14.8

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 7. INTANGIBLE ASSETS continued

### c) Significant estimate: Impact of possible changes in key assumptions

Based on the assumptions in section b), no impairment was required for the nib Travel Group CGU. A further deterioration in these assumptions may result in an impairment of goodwill.

Should the travel industry return back to pre-COVID-19 levels of activity be delayed by one year (i.e. from FY24 to FY25) an impairment of approximately \$15.3 million would be present. Given the high level of uncertainty around whether the travel industry will return to pre-COVID-19 levels, the nib Travel Group Australia CGU will continually be assessed as more information evolves.

The following table outlines the sensitivity to reasonably possible changes in assumptions that would lead to an impairment.

Sensitivity to changes in assumptions	Carrying value	Recoverable value	Excess/(deficit) in carrying value
	\$m	\$m	\$m
<b>nib Travel Group CGU</b>	<b>106.5</b>	<b>107.0</b>	<b>0.5</b>

Change in recoverable value	Movement in variable	Change in recoverable value	Excess/(deficit) in carrying value
		\$m	\$m
Change in cashflow across FY22 - FY25	+10.0%	11.3	11.8
	-10.0%	(11.3)	(10.8)
Change in pre-tax discount rate	+1.0%	(9.8)	(9.3)
	-1.0%	11.7	12.2
Change in long term growth rate	+1.0%	11.1	11.6
	-1.0%	(9.0)	(8.5)

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 8. BORROWINGS

	31 Dec 21	30 Jun 21
	\$m	\$m
<b>Current</b>		
Bank overdraft	2.1	1.6
	<b>2.1</b>	<b>1.6</b>
<b>Non-current</b>		
Bank loans	231.4	230.7
	<b>231.4</b>	<b>230.7</b>

### a) Bank loans

During the period nib holdings limited refinanced its AUD \$80.5 million variable rate loan with NAB to extend its maturity date to 9 December 2024 and put in place a new AUD \$50.0 million revolving credit facility with a maturity date of 9 December 2024. It also has an AUD \$85.0 million variable rate loan with NAB with a maturity date of 16 December 2023. All loans are carried at amortised cost.

nib nz holdings limited, a wholly owned subsidiary of nib holdings limited, refinanced its NZD \$70.0 million variable rate loan with NAB during the period to extend the maturity date to 9 December 2024.

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

Financial Covenant	Ratio as at 31 December 2021
Group Gearing Ratio will not be more than 45%	24.6%
Group Interest Cover Ratio <sup>1</sup> will not be less than 3:1.	76:1

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 2021

nib holdings limited

## 9. CLAIMS LIABILITIES

	31 Dec 21	30 Jun 21
	\$m	\$m
<b>Outstanding Claims Liability</b>		
Outstanding claims - central estimate of the expected future payment for claims incurred <sup>1</sup>	160.9	140.8
Risk margin	15.8	14.8
Claims handling costs	2.1	2.1
<b>Gross outstanding claims liability</b>	<b>178.8</b>	<b>157.7</b>
Outstanding claims - expected payment to the RESA <sup>2</sup> in relation to the central estimate	27.9	24.1
Risk margin	1.8	1.3
<b>Net outstanding claims liability</b>	<b>208.5</b>	<b>183.1</b>
<b>Provision for deferred and suspended claims</b>		
Provision for deferred and suspended claims	59.2	34.0
	<b>59.2</b>	<b>34.0</b>
<b>Total claims liabilities</b>	<b>267.7</b>	<b>217.1</b>

1. Includes \$0.2 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 21	30 Jun 21
	\$m	\$m
Gross outstanding claims at beginning of period	157.7	124.4
Risk margin	(14.8)	(9.8)
Administration component	(2.1)	(2.0)
<b>Central estimate at beginning of period</b>	<b>140.8</b>	<b>112.6</b>
Change in claims incurred for the prior year	1.5	(2.5)
Claims paid in respect of the prior year	(131.2)	(107.8)
Claims incurred during the period (expected)	897.7	1,804.7
Claims paid during the period	(748.1)	(1,666.0)
Effect of changes in foreign exchange rates	0.2	(0.2)
<b>Central estimate at end of period</b>	<b>160.9</b>	<b>140.8</b>
Risk margin	15.8	14.8
Administration component	2.1	2.1
<b>Gross outstanding claims at end of period</b>	<b>178.8</b>	<b>157.7</b>

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 9. CLAIMS LIABILITIES continued

### a) Outstanding claims liability continued

#### i) Actuarial assumptions

	31 Dec 21			30 Jun 21		
	Hospital %	Medical %	General %	Hospital %	Medical %	General %
<b>Australian Residents Health Insurance</b>						
Assumed proportion paid to date	78.7%	86.3%	97.7%	90.8%	91.8%	98.5%
Expense rate	0.75%	0.75%	0.75%	0.80%	0.80%	0.80%
Discount rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk margin	6.8%	6.8%	6.8%	6.5%	6.5%	6.5%
Risk equalisation rate	21.0%	21.0%	0.0%	20.8%	20.8%	0.0%
Allowance for risk equalisation claims eligibility	2.9%	2.9%	0.0%	3.4%	3.4%	0.0%
Risk margin for risk equalisation	6.5%	6.5%	0.0%	6.5%	6.5%	0.0%
<b>International Students Health Insurance</b>						
Assumed proportion paid to date	50.0%	84.3%	94.7%	69.9%	90.5%	98.1%
Expense rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Discount rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk margin	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%
<b>International Workers Health Insurance</b>						
Assumed proportion paid to date	59.1%	80.1%	87.7%	78.2%	88.3%	93.2%
Expense rate	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%
Discount rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk margin	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%
<b>NZ Health Insurance</b>						
	Surgical %	Medical %		Surgical %	Medical %	
Assumed proportion paid to date	90.4%	91.2%		91.8%	92.0%	
Expense rate	2.6%	2.6%		3.2%	3.2%	
Discount rate	0.0%	0.0%		0.0%	0.0%	
Risk margin	5.4%	5.4%		5.1%	5.1%	

The assumed proportion of hospital paid to date for the Australian Residents Health Insurance Business is lower than ordinary trends as it allows for an amount of known claims backlog from hospital contracted groups that were not submitted and processed by 31 December 2021.

#### 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% (June 2021: 95%) for the Group.

The risk margin within each territory is set at the probability of adequacy adopted for the local accounts and is 95% in Australia (June 2021: 95%) and 75% in New Zealand (June 2021: 75%) with the benefit of diversification across the Group now negligible after adjustment to achieve an overall Group probability of adequacy of 95%.

The assumptions show the central estimate allowance for ineligible risk equalisation claims, expressed as an additional margin to the estimated outstanding claims expense. The risk margin for risk equalisation is applied to both the estimated outstanding risk equalisation liabilities and the allowance for ineligible claims.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 9. CLAIMS LIABILITIES continued

### a) Outstanding claims liability continued

#### iii) Sensitivity analysis – impact of key variables

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

Variable	Movement in variable	31 Dec 21	31 Dec 20
		Profit after tax \$m	Profit after tax \$m
Chain ladder development factors	+0.5%	(15.2)	(13.8)
	-0.5%	15.2	13.8
Expense rate	+1.0%	(1.7)	(1.0)
	-1.0%	1.7	1.0
Risk equalisation allowance	+2.5%	(3.1)	(1.7)
	-2.5%	3.1	1.7
Risk margin	+1.0%	(1.8)	(1.1)
	-1.0%	1.8	1.1

### b) Provision for deferred and suspended claims

#### i) Critical accounting judgements and estimates

As a result of COVID-19, Private Health Insurers (PHIs) in both Australia and New Zealand continue experiencing unusually low claims volumes due to the temporary closure of elective surgery and reduced access to ancillary benefits in FY21 and 1H22.

Given the lower claims activity, the Group believes it has an obligation to recognise 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 COVID-19 impacts and are therefore deferred at that date.

In estimating the provision, two key steps were undertaken:

- 1. Estimating the reduction in claims and risk equalisation (net of any estimated claims catch-up to date) due to temporary closure of elective surgery and reduced access to ancillary benefits.** Incurred claims estimates produced across the period from March 2020 to 31 December 2021 as part of the outstanding claims provisioning process were compared to the forecast produced leading up to March 2020 when COVID-19 impacted claims activity. The difference between forecast and actual incurred was calculated by modality (claim type) to estimate the financial impact of COVID-19 across the March 2020 to December 2021 period.
- 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 each jurisdiction.

nib's deferral rates have been estimated as follows:

- 22% (June 2021: 20%) of net Australian claims reduction to date to be deferred; and
- 72% (June 2021: 0%) of New Zealand net claims reduction to be deferred.

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 9. CLAIMS LIABILITIES continued

### b) Provision for deferred and suspended claims continued

#### i) *Critical accounting judgements and estimates continued*

No deferred claims liability for nib New Zealand was recognised in the 30 June 2021 statutory accounts, however a deferred claims liability has been raised for 1H22 given recent lower claiming during the period due to the Delta and Omicron variants of COVID-19.

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).

Movements in the deferred and suspense claims are as follows:

	31 Dec 21	30 Jun 21
	\$m	\$m
Net Deferred and Suspended Claims at beginning of period	34.0	98.8
Claims handling costs	(0.2)	(0.8)
<b>Gross Deferred and Suspended Claims at beginning of period</b>	<b>33.8</b>	<b>98.0</b>
Change in deferred and suspended claims estimate for prior period	(3.6)	(46.1)
Deferred and suspended claims provision made during the period	48.3	24.6
Deferred and suspended claims paid during the period	(19.6)	(42.7)
Effect of changes in foreign exchange rates	(0.1)	-
<b>Gross Deferred and Suspended Claims at end of period</b>	<b>58.8</b>	<b>33.8</b>
Claims handling costs	0.4	0.2
<b>Net Deferred and Suspended Claims at end of period</b>	<b>59.2</b>	<b>34.0</b>

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.

Variable	Movement in variable	31 Dec 21	31 Dec 20
		Profit after tax \$m	Profit after tax \$m
Reduction in claims activity	+2.0%	(0.8)	(1.5)
	-2.0%	0.8	1.5
Claims deferral rate	+10.0%	(16.6)	(7.3)
	-10.0%	16.6	7.3
Catch up of claims to date	+20.0%	2.4	4.4
	-20.0%	(2.4)	(4.4)



# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 10. CONTRIBUTED EQUITY

### a) Share capital

	31 Dec 21	30 Jun 21
	\$m	\$m
<b>Ordinary shares</b>		
Fully paid	136.9	132.1
<b>Other equity securities</b>		
Treasury shares	(2.0)	(4.9)
<b>Total contributed equity</b>	<b>134.9</b>	<b>127.2</b>

### b) Movements in share capital

Date	Details	No. of shares	Price \$	\$m
<b>1 Jul 2020</b>	<b>Opening balance</b>	<b>456,819,526</b>		<b>127.4</b>
6 Oct 2020	Shares issued - Dividend reinvestment plan	346,540	4.22	1.5
6 Apr 2021	Shares issued - Dividend reinvestment plan	576,137	5.52	3.2
<b>30 Jun 2021</b>	<b>Balance</b>	<b>457,742,203</b>		<b>132.1</b>
1 Jul 2021	Opening balance	457,742,203		132.1
5 Oct 2021	Shares issued - Dividend reinvestment plan	715,992	6.69	4.8
<b>31 Dec 2021</b>	<b>Balance</b>	<b>458,458,195</b>		<b>136.9</b>

### c) Treasury shares

Date	Details	No. of shares	\$m
<b>30 Jun 2020</b>	<b>Balance</b>	<b>1,071,443</b>	<b>6.0</b>
	Acquisition of shares by the Trust	223,679	1.1
	Employee share forfeiture	52,071	-
	Employee share issue - LTIP	(141,334)	(1.0)
	Employee share issue - STI	(192,022)	(1.2)
<b>30 Jun 2021</b>	<b>Balance</b>	<b>1,013,837</b>	<b>4.9</b>
	Employee share issue - LTIP	(295,090)	(1.5)
	Employee share issue - STI	(251,695)	(1.4)
<b>31 Dec 2021</b>	<b>Balance</b>	<b>467,052</b>	<b>2.0</b>

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 11. DIVIDENDS

### a) Ordinary shares

	Half year	
	31 Dec 21	31 Dec 20
	\$m	\$m
Final dividend for the year ended 30 June 2021 of 14.0 cents (2020 - 4.0 cents) per fully paid share paid on 5 October 2021		
Fully franked based on tax paid at 30%	64.0	18.3
<b>Total dividends provided for or paid</b>	<b>64.0</b>	<b>18.3</b>

### b) Dividends not recognised at half year end

	Half year	
	31 Dec 21	31 Dec 20
	\$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 11.0 cents (2021 - 10.0 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 4 April 2022 out of retained profits at 31 December 2021, but not recognised as a liability at the end of the half year, is:	50.4	45.7

## 12. EARNINGS PER SHARE

		Half year	
		31 Dec 21	31 Dec 20
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	81.4	65.2
Weighted average number of ordinary shares	#m	458.1	457.0
<b>Basic / Diluted EPS</b>	cents	<b>17.8</b>	<b>14.2</b>

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 13. 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.

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*

At 31 December 2021 the Group had available capital of \$89.5 million above our internal capital target (after allowing for the payment of a fully franked interim ordinary dividend of 11.0 cents per share, totalling \$50.4 million, in April 2022).

Below is a reconciliation of net assets to available capital as at the reporting end date (after allowing for payment of an interim dividend):

	31 Dec 21	30 Jun 21
	\$m	\$m
Net assets	<b>731.2</b>	<b>706.2</b>
Less:		
nib health fund capital required	(524.2)	(514.4)
nib nz capital required	(105.3)	(100.0)
Investment in associates	(19.3)	(17.8)
Capital required looking forward 12 months	(9.0)	(9.7)
nib nz intangibles	(31.2)	(31.5)
ihi intangibles	(18.4)	(18.4)
nib travel intangibles	(102.5)	(102.7)
Charitable foundation	(15.9)	(16.1)
Borrowings	231.4	230.7
Other assets and liabilities	3.1	3.5
Interim dividend	(50.4)	(64.1)
Available capital (after allowing for payment of interim dividend)	<b>89.5</b>	<b>65.7</b>

nib expects to complete the acquisition of Kiwi Insurance Limited (a wholly owned subsidiary of Kiwi Group Holdings Limited) in Q4 FY22, which will be funded through a combination of existing capital and debt.

### *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.

Any capital in excess of the internal capital target, taking a 12-month forward looking view, will be reduced by way of dividend to nib holdings limited. nib health funds limited paid a dividend of \$25.8 million in August 2021 to nib holdings limited.

The surplus assets over capital adequacy requirement and internal capital target at 31 December 2021 and 30 June 2021 are as follows:

	31 Dec 21	30 Jun 21
	\$m	\$m
Total assets nib health funds limited (excluding unclosed business contributions - unearned)	1,301.5	1,216.5
Capital adequacy requirement	884.3	823.7
<b>Surplus assets for Capital Adequacy<sup>1</sup></b>	<b>417.2</b>	<b>392.8</b>
Net assets nib health funds limited	600.2	540.2
Internal capital target	524.2	514.4
<b>Surplus assets over internal capital target</b>	<b>76.0</b>	<b>25.8</b>

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 2021

nib holdings limited

## 13. 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.

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 surplus assets over benchmark at 31 December 2021 and 30 June 2021 are as follows:

	31 Dec 21	30 Jun 21
	\$m	\$m
Actual Solvency Capital	35.7	38.7
Minimum Solvency Capital	14.9	13.2
<b>Solvency Margin</b>	<b>20.8</b>	<b>25.5</b>
Net assets nib nz limited	107.6	111.4
Capital Adequacy Coverage Ratio	2.40	2.93
Internal benchmark	2.25xMSC	2.25xMSC
Internal benchmark requirement	33.6	29.6
<b>Surplus assets over internal benchmark</b>	<b>2.1</b>	<b>9.1</b>

## 14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have not been any 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 2021

nib holdings limited

## 15. CHANGE IN ACCOUNTING POLICY

As a result of the Group's change in accounting policy at 30 June 2021 in relation to the treatment of Software-as-a-Service (SaaS) arrangements, comparatives in the Consolidated Income Statement and Consolidated Statement of Cash Flows have been amended as detailed in the tables below. The Group has determined that costs of \$1.6 million in 1H21 and \$2.9 million in 1H22 relating to the implementation of SaaS arrangements need to be expensed when they were incurred. Intangibles and Current tax liabilities in the Consolidated Balance Sheet as at 31 December 2020 also decreased by \$6.3 million and \$1.9 million respectively.

<b>Consolidated Income Statement</b>	<b>Restated</b>	<b>Change</b>	<b>Previously reported</b>
	<b>31 Dec 20</b>	<b>31 Dec 20</b>	<b>31 Dec 20</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Other underwriting expenses	(76.4)	(1.1)	(75.3)
<b>Underwriting expenses</b>	<b>(156.1)</b>	<b>(1.1)</b>	<b>(155.0)</b>
<b>Underwriting result</b>	<b>95.9</b>	<b>(1.1)</b>	<b>97.0</b>
Other expenses	(33.1)	(0.5)	(32.6)
<b>Operating profit</b>	<b>70.0</b>	<b>(1.6)</b>	<b>71.6</b>
<b>Profit before income tax</b>	<b>94.3</b>	<b>(1.6)</b>	<b>95.9</b>
Income tax expense	(29.2)	0.5	(29.7)
<b>Profit for the half year</b>	<b>65.1</b>	<b>(1.1)</b>	<b>66.2</b>
<b>Profit / (loss) for the half year is attributable to:</b>			
Owners of nib holdings limited	65.2	(1.1)	66.3
	<b>65.1</b>	<b>(1.1)</b>	<b>66.2</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic earnings per share	14.2	(0.3)	14.5
Diluted earnings per share	14.2	(0.3)	14.5
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
Basic earnings per share	14.2	(0.3)	14.5
Diluted earnings per share	14.2	(0.3)	14.5
<b>Consolidated Statement of Cash Flows</b>	<b>Restated</b>	<b>Change</b>	<b>Previously Reported</b>
	<b>31 Dec 20</b>	<b>31 Dec 20</b>	<b>31 Dec 20</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of goods and services tax)	(222.1)	(2.4)	(219.7)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(43.9)</b>	<b>(2.4)</b>	<b>(41.5)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment and intangibles	(10.9)	2.4	(13.3)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>11.5</b>	<b>2.4</b>	<b>9.1</b>

# Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2021

nib holdings limited

## 16. PARENT ENTITY FINANCIAL INFORMATION

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

	31 Dec 21	30 Jun 21
	\$m	\$m
<b>Balance Sheet</b>		
<b>ASSETS</b>		
Current assets	68.4	89.4
Non-current assets	749.7	744.0
<b>Total assets</b>	<b>818.1</b>	<b>833.4</b>
Current liabilities	26.4	20.2
Non-current liabilities	165.5	165.5
<b>Total liabilities</b>	<b>191.9</b>	<b>185.7</b>
<b>NET ASSETS</b>	<b>626.2</b>	<b>647.7</b>
<b>EQUITY</b>		
Share capital	405.9	401.1
Share-based payments	(8.5)	(7.9)
Retained profits	228.8	254.5
<b>Total Equity</b>	<b>626.2</b>	<b>647.7</b>
	31 Dec 21	31 Dec 20
	\$m	\$m
<b>Profit for the half year</b>	<b>38.5</b>	<b>26.7</b>
<b>Total comprehensive income for the half year</b>	<b>38.5</b>	<b>26.7</b>

## 17. 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 18 February 2022. The company has the power to amend and reissue the Financial Report.

## Directors' Declaration

For the half year ended 31 December 2021


nib holdings limited

In the Directors' opinion:

- a) the financial statements and notes set out on pages 5 to 32 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 2021 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

Newcastle, NSW  
18 February 2022



## 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 2021, 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 2021 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 2021 and of its

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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 handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Scott Fergusson' in a cursive style.

Scott Fergusson

Partner

Newcastle

18 February 2022

