

Interim Report

31 December 2024



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Directors' Report

For the half year ended 31 December 2024

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 2024.

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
Jacqueline Chow
Peter Harmer
Anne Loveridge
Donal O'Dwyer
Jill Watts
Brad Welsh

Mark Fitzgibbon retired as Managing Director on 30 November 2024, and Ed Close was appointed as Managing Director on 1 December 2024.

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. The Group also underwrites and distributes life and living insurance in New Zealand. The nib Travel business specialises in the sale and distribution of travel insurance policies globally, and through nib Thrive the Group operates under the National Disability Insurance Scheme (NDIS). As part of our Payer to Partner (P2P) strategy, the Group undertakes specialist health care services through Honeysuckle Health, and digital health services through Midnight Health.

REVIEW OF OPERATIONS

The review of operations provides commentary on nib's financial performance for the six months to 31 December 2024 (1H25) compared to the six months to 31 December 2023 (1H24) unless otherwise stated. Policyholder growth figures stated are for the 12 months to 31 December 2024.

nib Group

The nib Group result is in line with director expectations and reflects our intention to return Australian Resident Health Insurance (arhi) net margins back to the 6-7% target range.

nib Group delivered an underlying operating profit (UOP) of \$105.8 million, down 26.7% on the 1H24 result of \$144.3 million, largely due to the return of arhi net margins back to the target range of 6-7% (1H25: 7.0%, 1H24: 9.7%) and a reduction in NZ UOP due to higher than expected industry-wide claims inflation.

Statutory operating profit for 1H25 is \$86.8 million, which is a decrease of 32.5% from \$128.6 million in 1H24. This was also impacted by the reduction in arhi margins and NZ UOP, as well as increased one-off costs relating to the integration of nib Thrive where five separate businesses were brought together under one common IT platform and one brand.

As noted in nib's FY24 Results, Australian claims inflation increased in the June 2024 quarter. Signs of stabilisation have been observed in the December 2024 quarter with management actions also put in place. NZ has seen a similar trend, albeit at higher levels, and significant industry repricing has also been observed to mitigate the high inflation impacts.

The arhi business grew its policyholders by 3.3%, the International Inbound Health Insurance (iihi) business had policyholder growth of 10.6%, and nib New Zealand's policyholder base declined 0.7% amidst challenging trading conditions. nib Group insurance revenue increased by 7.7% and incurred claims increased by 12.5%.

nib continued to deliver on its purpose of 'your better health and wellbeing' funding over 240,000 hospital admissions and 2,100,000 ancillary visits.

Insurance service expenses increased, primarily due to higher marketing costs to drive policyholder growth as well as a continued investment in technology.

Other income and expenses included a \$8.4 million net contribution from nib Thrive. Since FY23, nib has completed the acquisition of seven NDIS plan management businesses, a support coordination business and a digital marketplace platform.

REVIEW OF OPERATIONS continued

nib Group continued

Other income and expenses also included a net \$3.2 million loss from nib's newly formed nib Health Services segment, which was a 71.9% improvement on the loss in 1H24 of \$11.4 million. The segment brings together Honeysuckle Health, Midnight Health and Insurance Services, consolidating scale and integrating our service offerings through a simplified business model.

One-off transactions, merger and acquisition, and business integration costs of \$12.8 million include costs associated with the acquisition and integration of the nib Thrive businesses, new business opportunities and organisational changes to optimise business performance.

Net investment income increased 23.4% to \$41.1 million (1H24: \$33.3m) reflecting positive performance of global financial markets. Statutory earnings were 17.1 cents per share, down 22.3% (1H24: 22.0cps).

During the period, nib acquired a support coordination business (MTGDM Pty Ltd, now nib Thrive Support Coordination Pty Ltd) and a plan management business (Instacare Pty Ltd) for \$19.2 million. nib also acquired a 43.9% ownership share in insurance services business The ItsMy Group Pty Ltd for \$12.5 million and invested a further \$5.75 million in Midnight Health Pty Ltd resulting in an increased ownership percentage of 80.2% (2024: 77.4%).

During the period nib also received \$4.9 million on the sale of the China joint venture entities Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd.

The Board has declared a fully franked dividend of 13.0 cents per share (1H24: 15.0cps). The interim dividend has an ex-dividend and record date of 6 March 2025 and 7 March 2025 respectively with payment to be made to shareholders on 9 April 2025. nib's dividend reinvestment plan (DRP) is applicable to this dividend. A copy of nib's DRP rules is available at nib's shareholder website nib.com.au/shareholders.

Australian residents health insurance business (arhi)

nib's arhi business reported an underlying operating profit of \$100.0 million, down 21.4% from \$127.3 million in 1H24 as margins return to the 6-7% target range. Insurance revenue grew 7.4% to \$1,405.7 million (1H24: \$1,308.7m) due to strong policyholder growth and recognition of COVID member givebacks in the comparative period.

Policyholders increased 3.3% to over 729,000 with all channels delivering higher sales against 1H24.

Incurred claims increased 11.3% to \$1,159.9 million (1H24: \$1,042.5m). Policyholder growth, working days and inflation were key drivers and, while we remain alert to ongoing hospital input cost pressures, claims inflation appears to be stabilising.

Insurance service expenses increased 5.5%. The marketing management expense ratio (MER) increased 10bps to 4.2% as we maintain investment in marketing and acquisition offers supporting above-system growth. The Other MER decreased by 30bps to 6.1% following cost containment initiatives. Net margin of 7.0% (1H24: 9.7%), was at the top of the target range as it normalises after recent periods.

arhi's net promoter score increased to +35 (1H24: +34) with improvements in customer service and our digital offering.

International inbound health insurance (iihi)

Strong policyholder growth for the students businesses boosted the iihi underlying operating profit result 11.2% to \$12.9 million (1H24: \$11.6m). iihi now provides cover to over 220,000 policyholders. Insurance revenue increased 14.6% to \$107.4 million compared to \$93.7 million in 1H24.

Incurred claims were up 13.3% to \$64.9 million due to the increase in policyholders, inflation, a small number of high-cost claims and changes to underwriting arrangements in our NZ visitors segment, noting pandemic impacts on tenure and the risk pool are continuing to unwind. Gross margin increased 80bps to 39.2% supported by pricing updates and improvements in tenure mix of the portfolio.

Insurance service expenses increased 16.7% with acquisition costs for students business boosting top line revenue growth. nib's digital health offerings continued their strong uptake, with app-based medical certificates up 465% vs 1H24.

The net promoter score for international workers increased to +59 (1H24: +58) and +59 for the international students business (1H24: +52) following ongoing improvements in member service levels and digital capability.

REVIEW OF OPERATIONS continued

nib New Zealand

nib New Zealand (nib NZ) delivered an underlying operating loss of \$10.1 million for 1H25 compared to an underlying operating profit of \$11.2 million in 1H24. The result was impacted by challenging economic conditions and high industry wide claims inflation. The industry is in the process of repricing to absorb inflationary impacts.

Insurance revenue increased 6.9% to \$195.7 million (1H24: \$183.1m) due to price adjustments. Resident PHI policyholders are flat impacted by affordability and cost of living pressures.

Incurred claims were up 23.6% to \$144.7 million due to inflation and increase in working days. Claims utilisation was up 9.3% and service costs increased 7.6%. Insurance service expenses grew 15.4%.

nib Travel

nib Travel reported an underlying operating profit of \$1.9 million, down 53.7% compared to \$4.1 million in 1H24. Excluding the impact of the end of the Qantas partnership, sales were flat in 1H25, with some slight improvement in operating income due to better realisation from underwriting agreements, and higher gross written premium driven by favourable pricing.

Gross profit after acquisition costs decreased 11.9% to \$23.8 million (1H24: \$27.0m) due to higher acquisition costs from launch of new products in UK and US with new underwriters, as well as digital marketing inflation. Operating expenses declined to \$21.8 million due to lower claiming activity.

nib Thrive

nib Thrive contributed \$8.4 million in underlying operating profit to the 1H25 Group result, compared to \$6.4 million in 1H24. Operating margin improved to 31.1% driven by higher revenue and cost containment. Integration of five plan management businesses was completed in December 2024, and they now operate under the nib Thrive brand.

During 1H25, nib completed the acquisition of its seventh NDIS plan management businesses, Instacare Pty Ltd. nib now provides plan management and support coordination services to approximately 45,000 NDIS participants.

Organic participant growth was impacted in the half by a reduction in service levels during the business and technology integration.

In 1H25, nib Thrive commissioned a report exploring 'Navigator' models to assist Government and the disability community in considering how a 'Navigator' role could be implemented. The 'Navigator' concept was part of a broader range of recommended reforms following the Independent Review of the NDIS to secure the sustainability of the NDIS.

nib Health Services

Segment UOP including share of net profit/(loss) from associates and joint ventures improved, with a \$3.2 million loss for the half (1H24: \$11.4m loss). Improved UOP performance was driven by ongoing growth in Midnight Health net income of \$5.8 million (1H24: \$2.3m) and Honeysuckle Health continues to grow external client revenues with total client revenues for 1H25 of \$11.6 million (1H24: \$9.2m).

Penetration of digital health service offerings to the broader nib member base continues to grow rapidly with Midnight Health gross income attributable to nib members in 1H25 increasing to \$1.3m (1H24: \$0.1m).

REVIEW OF OPERATIONS continued

CAPITAL MANAGEMENT

At 31 December 2024, the Group had net assets of \$1,062.9 million (June 2024: \$1,043.8m) and a return on invested capital of 13.7%, using average shareholders' equity attributable to owners of nib holdings limited and average interest-bearing debt over a rolling 12-month period (December 2023: 11.9%).

At 31 December 2024 the Group had a gearing ratio of 20.8% (June 24: 20.5%) and a times interest cover ratio of 15:1 (June 24: 19:1).

nib Group holds sufficient capital to meet minimum capital requirements under stressed conditions. At 31 December 2024, nib health funds held a capital base of \$516.2 million, which is \$241.7 million above the minimum requirement of the APRA private health insurance capital framework. The nib health funds prescribed capital amount ratio at 31 December 2024 was 1.88x (June 24: 1.90x).

DIVIDENDS

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

	31 Dec 24	31 Dec 23
	\$m	\$m
Final dividend for the year ended 30 June 2024 of 14.0 cents (2023 - 15.0 cents) per fully paid share paid on 8 October 2024	67.9	72.5
	67.9	72.5

In addition to these dividends, since the end of the financial half year the Directors have recommended the payment of a fully franked interim dividend of \$63.2 million (13.0 cents per fully paid ordinary share) to be paid on 9 April 2025 out of retained profits at 31 December 2024.

AUDITOR'S INDEPENDENCE DECLARATION

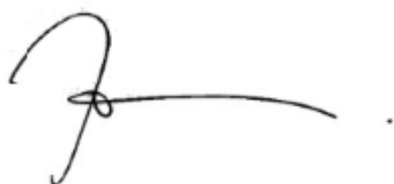
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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 AM
Director

21 February 2025



Auditor's Independence Declaration

As lead auditor for the review of nib holdings limited for the half-year ended 31 December 2024, 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 'C. Mara'.

Caroline Mara
Partner
PricewaterhouseCoopers

Newcastle
21 February 2025

Financial Report

For the half year ended 31 December 2024

nib holdings limited

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Consolidated Income Statement

For the half year ended 31 December 2024

nib holdings limited

	Notes	Half year	
		31 Dec 24	31 Dec 23
		\$m	\$m
Insurance revenue		1,712.5	1,589.6
Insurance service costs - incurred claims		(1,370.9)	(1,218.5)
Insurance service costs - other insurance service expenses		(237.0)	(217.7)
Reinsurance expense		(16.3)	(16.6)
Reinsurance income		9.8	8.0
Insurance service result		98.1	144.8
Other underwriting revenue		2.4	2.3
Insurance operating result		100.5	147.1
Other income	4	79.6	75.6
Other expenses	5	(92.6)	(91.8)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method		(0.7)	(2.3)
Operating profit		86.8	128.6
Finance income		0.1	0.1
Finance costs	5	(9.4)	(8.6)
Investment income		42.4	34.5
Investment expenses	5	(1.3)	(1.2)
Profit before income tax		118.6	153.4
Income tax expense		(35.7)	(49.3)
Profit from continuing operations		82.9	104.1
Profit / (loss) from discontinued operations (attributable to equity holders of the company)		-	(0.2)
Profit for the half year		82.9	103.9
Profit / (loss) for the half year is attributable to:			
Owners of nib holdings limited		82.9	106.3
Non-controlling interests		(0.8)	(2.7)
Charitable foundation		0.8	0.3
		82.9	103.9
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	9	17.1	22.0
Diluted earnings per share	9	17.1	22.0
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share	9	17.1	22.0
Diluted earnings per share	9	17.1	22.0

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 2024

nib holdings limited

	Notes	Half year	
		31 Dec 24	31 Dec 23
		\$m	\$m
Profit for the half year		82.9	103.9
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(0.9)	1.7
Income tax related to these items		(0.4)	(0.4)
<i>Items that will not be reclassified to profit or loss</i>			
Transactions with non-controlling interests		(1.7)	-
Other comprehensive income for the half year, net of tax		(3.0)	1.3
Total comprehensive income for the half year		79.9	105.2
Total comprehensive income / (loss) for the half year is attributable to:			
Owners of nib holdings limited		79.9	107.6
Non-controlling interests		(0.8)	(2.7)
Charitable foundation		0.8	0.3
		79.9	105.2
Total comprehensive income / (loss) for the half year attributable to owners of nib holdings limited:			
Continuing operations		79.9	107.8
Discontinued operations		-	(0.2)
		79.9	107.6

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

Consolidated Balance Sheet

As at 31 December 2024

nib holdings limited

	Notes	31 Dec 24 \$m	30 Jun 24 \$m
ASSETS			
Current assets			
Cash and cash equivalents		203.7	275.3
Receivables		44.8	42.8
Financial assets at amortised cost		5.8	6.0
Financial assets at fair value through profit or loss		1,055.3	1,084.9
Insurance contracts assets	3	34.6	13.1
Reinsurance contracts assets	3	2.0	1.8
Current tax assets		14.0	-
Finance lease receivable		2.6	2.5
Total current assets		1,362.8	1,426.4
Non - current assets			
Investments accounted for using the equity method		16.9	2.6
Insurance contracts assets	3	116.3	109.1
Property, plant and equipment		10.5	11.1
Intangible assets		566.3	541.0
Right-of-use assets		17.2	19.1
Finance lease receivable		4.0	5.3
Total non - current assets		731.2	688.2
Total assets		2,094.0	2,114.6
LIABILITIES			
Current liabilities			
Payables		95.9	115.8
Insurance contracts liabilities	3	514.4	539.5
Lease liabilities		8.6	8.3
Provisions and employee entitlements		8.9	8.7
Current tax liabilities		-	7.6
Total current liabilities		627.8	679.9
Non - current liabilities			
Borrowings	7	274.8	264.6
Insurance contracts liabilities	3	51.1	57.4
Lease liabilities		29.5	33.9
Provisions and employee entitlements		4.6	4.3
Deferred tax liabilities		43.3	30.7
Total non - current liabilities		403.3	390.9
Total liabilities		1,031.1	1,070.8
Net assets		1,062.9	1,043.8
EQUITY			
Contributed equity		324.1	314.1
Retained profits		741.4	726.4
Reserves		(18.2)	(11.4)
Capital and reserves attributable to owners of nib holdings limited		1,047.3	1,029.1
Charitable foundation		14.5	13.7
Non-controlling interests		1.1	1.0
Total equity		1,062.9	1,043.8

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 2024

nib holdings limited

Notes	Attributable to owners of nib holdings limited				Non-controlling interests	Charitable foundation	Total equity
	Contributed equity	Retained profits	Reserves	Total			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2023	302.5	685.9	(8.3)	980.1	3.0	13.7	996.8
Profit / (loss) for the half year	-	106.3	-	106.3	(2.7)	0.3	103.9
Movement in foreign currency translation, net of tax	-	-	1.3	1.3	-	-	1.3
Total comprehensive income / (loss) for the half year	-	106.3	1.3	107.6	(2.7)	0.3	105.2
Transactions with owners in their capacity as owners:							
Ordinary shares issued	6.5	-	-	6.5	-	-	6.5
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust	(1.2)	-	-	(1.2)	-	-	(1.2)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	4.3	-	(2.2)	2.1	-	-	2.1
Employee performance rights - value of employee services	-	-	1.0	1.0	-	-	1.0
Dividends paid	-	(72.5)	-	(72.5)	-	-	(72.5)
	9.6	(72.5)	(1.2)	(64.1)	-	-	(64.1)
Balance at 31 December 2023	312.1	719.7	(8.2)	1,023.6	0.3	14.0	1,037.9
Balance at 1 July 2024	314.1	726.4	(11.4)	1,029.1	1.0	13.7	1,043.8
Profit / (loss) for the half year	-	82.9	-	82.9	(0.8)	0.8	82.9
Movement in foreign currency translation, net of tax	-	-	(1.3)	(1.3)	-	-	(1.3)
Transactions with non-controlling interests	-	-	(1.7)	(1.7)	-	-	(1.7)
Total comprehensive income / (loss) for the half year	-	82.9	(3.0)	79.9	(0.8)	0.8	79.9
Transactions with owners in their capacity as owners:							
Ordinary shares issued	6.1	-	-	6.1	-	-	6.1
Share capital in non-controlling interests	-	-	-	-	0.9	-	0.9
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust	(3.2)	-	-	(3.2)	-	-	(3.2)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	7.1	-	(4.9)	2.2	-	-	2.2
Employee performance rights - value of employee services	-	-	1.1	1.1	-	-	1.1
Dividends paid	-	(67.9)	-	(67.9)	-	-	(67.9)
	10.0	(67.9)	(3.8)	(61.7)	0.9	-	(60.8)
Balance at 31 December 2024	324.1	741.4	(18.2)	1,047.3	1.1	14.5	1,062.9

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 2024

nib holdings limited

	Notes	Half year	
		31 Dec 24	31 Dec 23
		\$m	\$m
Cash flows from operating activities			
Receipts from policyholders and customers (inclusive of goods and services tax)		1,814.5	1,721.4
Payments to policyholders and customers		(1,412.0)	(1,250.8)
Receipts from outwards reinsurance contracts		8.5	8.4
Payments for outwards reinsurance contracts		(15.2)	(16.5)
Payments to suppliers and employees (inclusive of goods and services tax)		(365.8)	(368.3)
		30.0	94.2
Dividends received		0.1	0.1
Interest received		8.3	7.4
Transaction costs relating to acquisition of business		(3.0)	(2.1)
Interest paid		(6.3)	(4.9)
Income taxes paid		(43.6)	(25.9)
Net cash inflow / (outflow) from operating activities		(14.5)	68.8
Cash flows from investing activities			
Proceeds from disposal of financial assets at fair value through profit or loss		133.7	151.1
Payments for financial assets at fair value through profit or loss ¹		(72.4)	(87.9)
Payments for property, plant and equipment and intangibles		(29.9)	(22.6)
Payments for acquisition of business combination, net of cash acquired		(19.4)	(46.7)
Proceeds from disposal of investments in associates and joint ventures		4.9	-
Payments for investments in associates and joint ventures		(15.0)	-
Net cash inflow / (outflow) from investing activities		1.9	(6.1)
Cash flows from financing activities			
Proceeds from issue of shares		6.1	6.5
Proceeds from borrowings		274.7	-
Repayments of borrowings		(264.0)	-
Principal elements of lease payments		(3.6)	(3.5)
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		(3.2)	(1.2)
Transactions with non-controlling interests		(0.8)	-
Dividends paid to the company's shareholders	8	(67.9)	(72.5)
Net cash inflow / (outflow) from financing activities		(58.7)	(70.7)
Net increase / (decrease) in cash and cash equivalents		(71.3)	(8.0)
Cash and cash equivalents at the beginning of the year		275.3	248.4
Effects of exchange rate changes on cash and cash equivalents		(0.3)	0.4
Cash and cash equivalents at the end of the half year		203.7	240.8
Reconciliation to Consolidated Balance Sheet			
Cash and cash equivalents		203.7	241.5
Borrowings - overdraft		-	(0.7)
		203.7	240.8

1. Comparatives have been restated, previously \$91.0 million.

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 2024

nib holdings limited

1. SUMMARY OF MATERIAL 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 2024 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 2024 and any public announcements made by nib holdings limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

b) Accounting policies

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

c) New and amended standards adopted by the Group

The Group has adopted 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.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* and AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*

The amendments above did not have any impact on the amounts recognised in the current period.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

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 health insurance segments as this type of activity is driven by the central treasury function, which manages the cash position of the Australian health insurance 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 six reportable segments:

Australian Residents Health Insurance	nib's core product offering within the Australian private health insurance industry
International (Inbound) Health Insurance	nib's offering of health insurance products for international students and workers, and commission from other insurance products
New Zealand Insurance	nib's product offerings within the New Zealand private health and life insurance industry
nib Travel	nib's distribution of travel insurance products
nib Thrive	nib's offering as a Plan Manager, Support Coordinator and Digital Marketplace Platform under the National Disability Insurance Scheme (NDIS)
nib Health Services	nib's healthcare delivery and insurance services business including Midnight Health, share of Honeysuckle Health and share of ItsMy Group

"Unallocated to segments" includes corporate expenses 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 2024

nib holdings limited

2. SEGMENT REPORTING continued

	For the half year ending 31 December 2024							
	Australian Residents Health Insurance	International (Inbound) Health Insurance	New Zealand Insurance	nib Travel	nib Thrive	nib Health Services	Unallocated to segments	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Insurance revenue	1,405.7	107.4	195.7	3.7	-	-	-	1,712.5
Insurance service costs - incurred claims	(1,159.9)	(64.9)	(144.7)	(1.4)	-	-	-	(1,370.9)
Insurance service costs - other insurance service expenses	(144.9)	(27.9)	(60.7)	(1.5)	-	-	-	(235.0)
Reinsurance expense	(5.7)	(6.7)	(1.8)	(2.1)	-	-	-	(16.3)
Reinsurance income	3.2	3.7	1.5	1.4	-	-	-	9.8
Underlying insurance service result	98.4	11.6	(10.0)	0.1	-	-	-	100.1
Other underwriting revenue	1.6	0.9	(0.1)	-	-	-	-	2.4
Underlying insurance operating result	100.0	12.5	(10.1)	0.1	-	-	-	102.5
Other income	-	0.4	-	44.0	27.0	7.2	1.0	79.6
Other expenses	-	-	-	(42.2)	(18.6)	(9.7)	(5.1)	(75.6)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	-	(0.7)	-	(0.7)
Underlying operating profit / (loss)	100.0	12.9	(10.1)	1.9	8.4	(3.2)	(4.1)	105.8
Items not included in underlying operating profit								
Amortisation of acquired intangibles	(0.6)	(0.5)	(0.9)	(0.3)	(3.9)	-	-	(6.2)
One-off transactions, merger, acquisition and new business implementation costs					(10.1)		(2.7)	(12.8)
Finance income							0.1	0.1
Finance costs							(9.4)	(9.4)
Investment income							42.4	42.4
Investment expenses							(1.3)	(1.3)
Profit before income tax from continuing operations								118.6
Inter-segment other income ¹	-	-	-	-	-	-	-	-
Depreciation and amortisation	0.7	0.3	3.1	0.4	4.1	-	15.4	24.0
Total assets	1,376.5		280.2	133.3	212.1	36.9	55.0	2,094.0
Total liabilities	615.4		51.5	11.9	26.0	4.2	322.1	1,031.1

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 2024

nib holdings limited

2. SEGMENT REPORTING continued

	For the half year ending 31 December 2023							
	Australian Residents Health Insurance	International (Inbound) Health Insurance	New Zealand Insurance	nib Travel	nib Thrive	nib Health Services	Unallocated to segments	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Insurance revenue	1,308.7	93.7	183.1	4.1	-	-	-	1,589.6
Insurance service costs - incurred claims	(1,042.5)	(57.3)	(117.1)	(1.6)	-	-	-	(1,218.5)
Insurance service costs - other insurance service expenses	(137.4)	(23.9)	(52.6)	(1.7)	-	-	-	(215.6)
Reinsurance expense	(5.1)	(6.2)	(3.1)	(2.2)	-	-	-	(16.6)
Reinsurance income	2.1	3.4	0.9	1.6	-	-	-	8.0
Underlying insurance service result	125.8	9.7	11.2	0.2	-	-	-	146.9
Other underwriting revenue	1.5	0.8	-	-	-	-	-	2.3
Underlying insurance operating result	127.3	10.5	11.2	0.2	-	-	-	149.2
Other income	-	2.0	0.3	43.4	24.8	3.6	0.9	75.0
Other expenses	-	(0.9)	(0.3)	(39.5)	(18.4)	(12.7)	(5.8)	(77.6)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	-	(2.3)	-	(2.3)
Underlying operating profit / (loss)	127.3	11.6	11.2	4.1	6.4	(11.4)	(4.9)	144.3
Items not included in underlying operating profit								
Amortisation and impairment of acquired intangibles	(0.8)	(0.7)	(0.9)	(0.4)	(2.2)	-	-	(5.0)
Amortisation of acquired intangibles - relating to prior periods following finalisation of purchase price allocation	-	-	-	-	(1.7)	-	-	(1.7)
One-off transactions, merger, acquisition and new business implementation costs					(5.6)		(3.4)	(9.0)
Finance income							0.1	0.1
Finance costs							(8.6)	(8.6)
Investment income							34.5	34.5
Investment expenses							(1.2)	(1.2)
Profit before income tax from continuing operations								153.4
Inter-segment other income ¹	-	-	-	-	-	-	-	-
Depreciation and amortisation	1.0	0.4	1.2	0.4	3.9	0.3	12.1	19.3
Total assets	1,351.5		296.1	130.8	183.5	22.4	55.3	2,039.6
Total liabilities	632.0		51.2	14.1	10.7	3.2	290.5	1,001.7

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 2024

nib holdings limited

3. INSURANCE CONTRACTS

The Group applies the Premium Allocation Approach (PAA) to all insurance contracts on the basis that all of its insurance and reinsurance contracts meet the eligibility requirements.

a) Insurance and reinsurance contracts balance sheet composition

i) Insurance contracts

	31 Dec 24 \$m	30 Jun 24 \$m
Insurance contracts issued		
Total		
Insurance contracts assets	150.9	122.2
Insurance contracts liabilities	(565.5)	(596.9)
Net insurance contracts assets / (liabilities)	(414.6)	(474.7)
Made up of:		
Insurance contracts assets		
- assets for remaining coverage (acquisition cash flows assets - pre coverage period)	150.9	122.2
Insurance contracts assets	150.9	122.2
Insurance contracts liabilities		
- liability for remaining coverage (LRC)		
- unearned premium cash flows	(272.7)	(303.6)
- acquisition cash flows assets relating to coverage period	44.3	64.0
- private health insurance premiums reduction scheme receivable	48.7	47.7
	(179.7)	(191.9)
- liability for incurred claims (LIC)		
- outstanding claims (IBNR)	(249.3)	(253.9)
- premium payback and waiver of premium liability	(12.4)	(11.8)
- claims processed not yet paid and RESA payable	(124.1)	(139.3)
	(385.8)	(405.0)
Insurance contracts liabilities	(565.5)	(596.9)
Net insurance contracts assets / (liabilities)	(414.6)	(474.7)

ii) Reinsurance contracts

	31 Dec 24 \$m	30 Jun 24 \$m
Reinsurance contracts issued		
Current		
Reinsurance contracts assets	2.0	1.8
Net reinsurance contracts assets	2.0	1.8

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

3. INSURANCE CONTRACTS continued

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

	31 Dec 24				30 Jun 24			
	LRC and IACF ²	LIC		Total	LRC and IACF ²	LIC		Total
	Excluding loss component \$m	Present value of future cash flow \$m	Risk adjustment for non-financial risk \$m		Excluding loss component \$m	Present value of future cash flow \$m	Risk adjustment for non-financial risk \$m	
Insurance contracts issued								
Opening insurance contracts assets	122.2	-	-	122.2	112.6	-	-	112.6
Opening insurance contracts liabilities	(191.9)	(374.8)	(30.2)	(596.9)	(164.1)	(377.8)	(32.8)	(574.7)
Net insurance assets / (liabilities) as at 1 July	(69.7)	(374.8)	(30.2)	(474.7)	(51.5)	(377.8)	(32.8)	(462.1)
Insurance service result¹								
Insurance revenue	1,712.5	-	-	1,712.5	3,211.6	-	-	3,211.6
Incurred claims and other directly attributable expenses								
Claims expense	-	(1,230.4)	3.9	(1,226.5)	-	(2,216.7)	2.6	(2,214.1)
RESA levy	-	(123.1)	-	(123.1)	-	(231.5)	-	(231.5)
State levies	-	(21.3)	-	(21.3)	-	(41.6)	-	(41.6)
Other insurance service expenses	-	(193.5)	-	(193.5)	-	(376.4)	-	(376.4)
Insurance acquisition amortisation	(42.3)	-	-	(42.3)	(76.7)	-	-	(76.7)
Insurance service result	1,670.2	(1,568.3)	3.9	105.8	3,134.9	(2,866.2)	2.6	271.3
Other changes - exchange differences	(0.6)	-	-	(0.6)	(0.3)	(0.1)	-	(0.4)
Cash flows								
Premiums received	(1,680.6)	-	-	(1,680.6)	(3,244.9)	-	-	(3,244.9)
Claims and other directly attributable expenses paid	-	1,583.6	-	1,583.6	-	2,869.3	-	2,869.3
Insurance acquisition cash flows	51.9	-	-	51.9	92.1	-	-	92.1
Total cash flows	(1,628.7)	1,583.6	-	(45.1)	(3,152.8)	2,869.3	-	(283.5)
Net insurance assets / (liabilities) as at end of the period	(28.8)	(359.5)	(26.3)	(414.6)	(69.7)	(374.8)	(30.2)	(474.7)
Closing insurance contracts assets	150.9	-	-	150.9	122.2	-	-	122.2
Closing insurance contracts liabilities	(179.7)	(359.5)	(26.3)	(565.5)	(191.9)	(374.8)	(30.2)	(596.9)
Net insurance assets / (liabilities) as at end of the period	(28.8)	(359.5)	(26.3)	(414.6)	(69.7)	(374.8)	(30.2)	(474.7)

1. Comparatives are 12 months amounts to 30 June 2024.

2. Liability for remaining coverage (LRC) for the half year ended 31 December 2024 included a derecognition from Insurance acquisition cash flow (IACF) assets of \$23.2m (12 months to 30 June 2024: \$82.5m) to insurance contracts liabilities. No loss components exist for insurance contracts.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

3. INSURANCE CONTRACTS continued

c) Reinsurance contract reconciliation of remaining coverage and incurred claims components

	31 Dec 24				30 Jun 24			
	Remaining coverage \$m	Present value of future cash flow \$m	Risk adjustment for non-financial risk \$m	Total \$m	Remaining coverage \$m	Present value of future cash flow \$m	Risk adjustment for non-financial risk \$m	Total \$m
Reinsurance contracts held								
Opening reinsurance contracts assets	(2.7)	4.5	-	1.8	(1.3)	5.1	-	3.8
Net reinsurance assets as at 1 July	(2.7)	4.5	-	1.8	(1.3)	5.1	-	3.8
Insurance service result ¹								
Reinsurance expenses	(16.3)	-	-	(16.3)	(32.1)	-	-	(32.1)
Claims recovered	-	9.8	-	9.8	-	15.5	-	15.5
Net income (expenses) from reinsurance contracts held	(16.3)	9.8	-	(6.5)	(32.1)	15.5	-	(16.6)
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	15.2	-	-	15.2	30.7	-	-	30.7
Recoveries from reinsurance	-	(8.5)	-	(8.5)	-	(16.1)	-	(16.1)
Total cash flows	15.2	(8.5)	-	6.7	30.7	(16.1)	-	14.6
Net reinsurance assets as at end of the period	(3.8)	5.8	-	2.0	(2.7)	4.5	-	1.8
Closing reinsurance contracts assets	(3.8)	5.8	-	2.0	(2.7)	4.5	-	1.8
Net reinsurance assets as at end of the period	(3.8)	5.8	-	2.0	(2.7)	4.5	-	1.8

1. Comparatives are 12 months amounts to 30 June 2024.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

3. INSURANCE CONTRACTS continued

d) Actuarial assumptions

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

	31 Dec 24		30 Jun 24	
	nib health funds	nib NZ	nib health funds	nib NZ
Expense rate	1.1%	2.4%	1.2%	2.4%
Risk adjustment	10.3%	22.7%	12.8%	22.7%
Risk equalisation rate	18.0%	n/a	18.0%	n/a
Risk adjustment for risk equalisation	10.3%	n/a	12.8%	n/a

The risk adjustment for non-financial risk reflects the compensation that nib Group requires for bearing the uncertainty about the amount and timing of the expected cash flows as it fulfils its insurance contracts. A confidence level technique was used for determining the risk adjustment, comparing historical claims cash flow volatility with the required compensation for non-financial risk.

The confidence level used to determine the risk adjustment is 95% for nib health funds and nib NZ (June 2024: 98% for nib health funds and 95% for nib NZ).

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

		31 Dec 24	31 Dec 23
Variable	Movement in variable	Profit after tax \$m	Profit after tax \$m
Central estimate	+0.5%	(8.4)	(8.3)
	-0.5%	8.4	8.3
Expense rate ¹	+0.5%	(0.7)	(1.1)
	-0.5%	0.7	1.1
Risk equalisation allowance	+2.5%	(2.7)	(4.1)
	-2.5%	2.7	4.1
Risk adjustment	+1.0%	(1.5)	(2.2)
	-1.0%	1.5	2.2

1. Comparatives have been restated, previously movement in variable 1.0%.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

4. OTHER INCOME

	Notes	Half year	
		31 Dec 24	31 Dec 23
		\$m	\$m
Travel insurance commission		44.0	43.4
NDIS fee income		27.0	24.8
Package fee income - Midnight Health ¹		5.8	2.3
Commission on other insurance products		1.8	3.3
Insurance recoveries		0.2	0.6
Sundry income		0.8	1.2
Other income		79.6	75.6

1. Comparatives have been restated as a result of Midnight Health acting as an agent, previously \$11.0 million (1H25 as a principal would be \$24.0m).

5. EXPENSES

	Notes	Half year	
		31 Dec 24	31 Dec 23
		\$m	\$m
Expenses by function			
Insurance service costs - other insurance service expenses		237.0	217.7
Other expenses		92.6	91.8
Finance costs		9.4	8.6
Investment expenses		1.3	1.2
Total expenses (excluding direct claims expenses)		340.3	319.3
Expenses by nature			
Amortisation of acquired intangibles		6.2	5.0
Amortisation of acquired intangibles - relating to prior periods following finalisation of purchase price allocation		-	1.7
Bank charges		3.2	3.3
Communications, postage and telephone expenses		1.3	1.9
Depreciation and amortisation		17.8	12.6
Depreciation of right-of-use assets		2.0	1.8
Employee costs		121.7	124.2
Finance costs		8.4	7.5
Finance costs - interest on lease liabilities		1.0	1.1
Information technology expenses		22.5	20.0
Investment expenses		1.3	1.2
Marketing expenses - excluding commissions		29.8	27.4
Marketing expenses - commissions		91.8	83.4
Merger, acquisition and new business implementation costs		3.0	2.1
Professional fees		23.5	17.3
Other expenses ¹		6.8	8.8
Total expenses (excluding direct claims expenses)		340.3	319.3

1. Comparatives have been restated as a result of Midnight Health acting as an agent, previously \$16.5 million (1H25 as a principal would be \$25.1m).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

6. 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 2024 and 30 June 2024:

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Group at 31 December 2024				
Assets				
Receivables	-	0.5	-	0.5
Financial assets at fair value through profit or loss				
Equity securities	179.0	-	-	179.0
Interest-bearing securities ¹	447.4	406.9	2.6	856.9
Property trusts	-	19.4	-	19.4
Finance lease receivable	-	6.6	-	6.6
Total assets	626.4	433.4	2.6	1,062.4

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Group at 30 June 2024				
Assets				
Receivables	-	0.5	-	0.5
Financial assets at fair value through profit or loss				
Equity securities	184.5	-	-	184.5
Interest-bearing securities ¹	443.1	434.3	3.4	880.8
Property trusts	-	19.6	-	19.6
Finance lease receivable	-	7.8	-	7.8
Total assets	627.6	462.2	3.4	1,093.2

1. Level 2 Interest-bearing securities comprise cash and term deposits invested in unit trusts, which are valued based on quoted market prices.

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 2024

nib holdings limited

6. FAIR VALUE MEASUREMENT continued

b) Valuation techniques used to determine fair values

The investments traded in active markets are valued at their quoted market prices, these instruments are included in Level 1.

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 2024 and 30 June 2024:

	31 Dec 24	30 Jun 24
	\$m	\$m
Fair value measurement as at 1 July	3.4	1.7
Purchased	-	2.8
Sales	(0.3)	(0.2)
Change in fair value	(0.5)	(0.9)
Fair value measurement at end of period	2.6	3.4

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 2024.

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 2024			
Interest-bearing securities	2.6	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by \$0.3m
At 30 June 2024			
Interest-bearing securities	3.4	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 2024

nib holdings limited

7. BORROWINGS

	31 Dec 24	30 Jun 24
	\$m	\$m
Non - current		
Bank loans	274.8	264.6
	274.8	264.6

a) Bank loans

During the half year, nib holdings limited entered into new funding facilities under a common terms deed structure on behalf of the Group. nib nz holdings limited, a wholly owned subsidiary of nib holdings limited, also entered into certain facilities under this arrangement as a borrower. The total amount available under the new facilities is \$350.0 million. As at 31 December 2024, \$276.0 million was drawn down in total, including a drawing of NZD \$76.0 million by nib nz holdings limited. Of these drawings, \$178.5 million had a maturity date of 8 October 2027, and \$97.5 million had a maturity date of 8 October 2028. All loans are variable rate loans and are carried at amortised cost.

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

Financial Covenant	Ratio as at 31 December 2024
Group Gearing Ratio will not be more than 45%	20.8%
Group Interest Cover Ratio ¹ will not be less than 3:1	15:1

1. Excludes interest on lease liabilities.

nib holdings limited acts as a guarantor on behalf of nib nz holdings limited in respect of the facilities to which it is a party.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

8. DIVIDENDS

a) Ordinary shares

	Half year	
	31 Dec 24	31 Dec 23
	\$m	\$m
Final dividend for the year ended 30 June 2024 of 14.0 cents (2023 - 15.0 cents) per fully paid share paid on 8 October 2024		
Fully franked based on tax paid at 30%	67.9	72.5
	67.9	72.5

b) Dividends not recognised at half year end

	Half year	
	31 Dec 24	31 Dec 23
	\$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 (2024 - 15.0 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 9 April 2025 out of retained profits at 31 December 2024, but not recognised as a liability at the end of the half year, is:	63.2	72.6

9. EARNINGS PER SHARE

		Half year	
		31 Dec 24	31 Dec 23
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	82.9	106.5
Weighted average number of ordinary shares	#m	485.6	483.8
Basic / Diluted EPS	cents	17.1	22.0

		Half year	
		31 Dec 24	31 Dec 23
Profit attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	\$m	82.9	106.3
Weighted average number of ordinary shares	#m	485.6	483.8
Basic / Diluted EPS	cents	17.1	22.0

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

10. CAPITAL MANAGEMENT

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

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

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

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

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

nib holdings limited

Below are the key performance indicators of capital adequacy for the Group as at 31 December 2024 and 30 June 2024.

	31 Dec 24	30 Jun 24
	\$m	\$m
Equity	1,062.9	1,043.8
Net tangible assets ¹	285.8	301.9
Gearing (debt/debt plus equity)	20.8%	20.5%
Debt / EBITDA	0.9x	0.8x
Dividend recommended at balance date	63.2	67.9

1. Net tangible assets excludes intangible assets, insurance acquisition cash flows asset, charitable foundation and non-controlling interests.

nib health funds limited

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

The surplus assets over capital adequacy requirement based on current APRA capital standards at 31 December 2024 and 30 June 2024 are as follows:

	31 Dec 24	30 Jun 24
	\$m	\$m
Net tangible assets ¹	435.9	451.9
Capital base	516.2	524.1
Prescribed Capital Amount	274.5	275.3
Excess capital over PCA	241.7	248.8
PCA multiple	1.88x	1.90x

1. Net tangible assets excludes intangible assets and insurance acquisition cash flows asset.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

10. CAPITAL MANAGEMENT continued

nib nz limited

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

Based on actuarial advice, the Directors have determined that \$414.7 million is the Prescribed Capital Requirement. The Solvency Capital determined under the standard is \$471.3 million. Therefore, the Solvency Margin is \$56.6 million.

The solvency positions of nib nz limited determined under the requirements of the Solvency Standard at 31 December 2024 and 30 June 2024 are set out below:

	31 Dec 24	30 Jun 24
	\$m	\$m
Solvency Capital	471.3	531.6
Prescribed Capital Requirement	414.7	464.0
Solvency Margin	56.6	67.6
Solvency Ratio	114%	115%

nib nz insurance limited

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

Based on actuarial advice, the Directors have determined that \$21.1 million is the Prescribed Capital Requirement. For the purposes of this calculation nib nz insurance limited is treated as having and being one statutory fund. The Solvency Capital determined under the standard is \$35.5 million. Therefore the Solvency Margin is \$14.4 million.

The solvency positions of nib nz insurance limited determined under the requirements of the Solvency Standard at 31 December 2024 and 30 June 2024 are set out below:

	31 Dec 24	30 Jun 24
	\$m	\$m
Solvency Capital	35.5	28.4
Prescribed Capital Requirement	21.1	18.6
Solvency Margin	14.4	9.8
Solvency Ratio	168%	153%

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

11. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 21 February 2025, nib acquired the residual 50% stake in Honeysuckle Health Pty Ltd from Cigna for \$24.0 million to take full ownership.

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.

12. INTEREST IN OTHER ENTITIES

a) Interest in associates and joint ventures

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. During the half year, nib holdings limited invested a further \$2.5 million in Honeysuckle Health Pty Ltd.

On 28 October 2024, nib holdings limited invested \$12.5 million in The ItsMy Group Pty Ltd with 43.9% of ownership interest. The ItsMy Group Pty Ltd provides SaaS, sales, brokerage and customer experience solutions across the insurance and financial services sector.

During the period, the Group received \$4.9 million on sale of the China joint venture entities Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd. The outstanding receivable amount is \$0.4 million as at the end of the financial period.

b) Non-controlling interests

Midnight Health Pty Ltd is a digital health company that provides telehealth platforms for online consultations, e-prescriptions and delivery of treatments. During the half year, nib holdings limited invested a further \$5.75 million in Midnight Health Pty Ltd, resulting in an increased ownership percentage to 80.2% (2024: 77.4%).

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

13. BUSINESS COMBINATION

a) Current period

During the half year, nib acquired MTGDM Pty Ltd (now nib Thrive Support Coordination Pty Ltd) and Instacare Pty Ltd.

Details of the provisional purchase consideration are as follows:

	\$m
Purchase consideration	
Cash	19.2
Total purchase consideration	19.2

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

	Provisional fair value \$m
Cash and cash equivalents	0.5
Trade and other receivables	0.2
Prepayments	0.4
Deferred tax assets	0.3
Payables	(0.5)
Current tax payable	(0.3)
Deferred tax liabilities	(0.2)
Provision for employee entitlements	(0.1)
Net identifiable assets acquired	0.3
Add: Goodwill	18.9
Net assets acquired	19.2

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

i) Acquisition related costs

Total acquisition related costs of \$1.9 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 \$1.0 million to Group revenue and \$0.3 million to net profit after tax for the period since acquisition.

Provisional purchase consideration – cash outflow

	\$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	19.2
Less: Cash balances acquired	(0.5)
Outflow of cash – investing activities	18.7

The Outflow of cash of \$18.7m for current period acquisitions together with deferred consideration of \$0.7m for Kynd Pty Limited being paid in this period agrees to the Statement of Cash Flows amount of \$19.4m.

b) Prior year

As disclosed in the annual report for the year ended 30 June 2024, the acquisitions were provisionally determined as the fair values of assets and liabilities may change upon finalisation of the purchase price allocation and alignment with Group accounting policies.

The acquisitions have been finalised during the half year and there were no changes from the provisional amounts disclosed in the Annual Report ended 30 June 2024.

Notes to the Consolidated Financial Statements continued

For the half year ended 31 December 2024

nib holdings limited

14. PARENT ENTITY FINANCIAL INFORMATION

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

	31 Dec 24	30 Jun 24
	\$m	\$m
Balance Sheet		
ASSETS		
Current assets	219.1	191.3
Non-current assets	909.7	891.4
Total assets	1,128.8	1,082.7
LIABILITIES		
Current liabilities	10.0	13.6
Non-current liabilities	206.1	200.5
Total liabilities	216.1	214.1
NET ASSETS	912.7	868.6
EQUITY		
Share capital	594.7	588.6
Share-based payments	(10.5)	(6.7)
Retained profits	328.5	286.7
Total Equity	912.7	868.6

	Half year	
	31 Dec 24	31 Dec 23
	\$m	\$m
Profit for the half year	109.7	87.1
Total comprehensive income for the half year	109.7	87.1

15. 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 21 February 2025. The company has the power to amend and reissue the Financial Report.

Directors' Declaration

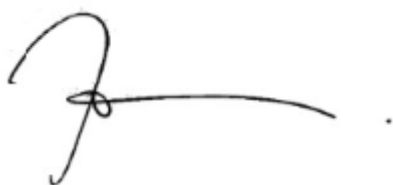
For the half year ended 31 December 2024
nib holdings limited

In the Directors' opinion:

- a) the financial statements and notes set out on pages 6 to 29 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 2024 and of its performance for the financial half year ended on that date; and
- b) there are reasonable grounds to believe that nib holdings limited will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



David Gordon
Director



Anne Loveridge AM
Director

21 February 2025



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 2024, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Consolidated Income Statement for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2024 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, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 2024 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Newcastle
21 February 2025

