

nib 1H25 shows strong core business, policyholder growth above industry average, nib managing claims inflation

- Total Group revenue \$1.8 billion, up 7.7% from \$1.7 billion in 1H24
- Group underlying operating profit (UOP) \$105.8 million, down from \$144.3 million 1H24
- Australian residents' policyholder growth at 3.3%
- Net profit after tax \$82.9 million from \$103.9 million 1H24
- Statutory earnings per share cents 17.1 from 22.0 cps 1H24
- Interim fully franked dividend of 13 cents per share, fully franked (1H24:15 cps)

nib Group Managing Director and Chief Executive Officer, Ed Close, said nib's 1H25 UOP result is above market expectations and reflects consistent, strong growth in nib's core business, private health insurance, and continuing efforts to manage inflationary pressures and contain costs.

The reduction in 1H25 UOP was anticipated, following unusually high margins in 1H24, and a fall in the New Zealand profit in 1H25 amidst slow economic growth and industry-wide, high claims inflation in New Zealand.

"Our Australian Residents Health Insurance (arhi) margins were well above target in 1H24 at 9.7% and have now returned to more sustainable levels in our long-term target range of 6-7%," Mr Close said.

nib Holdings Limited (nib) (ASX: NHF) reported Group UOP of \$105.8 million, for the six months to December 2024, down 26.7%, from \$144.3 million in 1H24. Group net profit after tax (NPAT) for the period was \$82.9 million, down from \$103.9 million in 1H24. Revenue was up 7.7%. Based on statutory earnings per share of 17.1 cents, nib will pay an interim fully franked dividend of 13 cents per share (1H24:15 cps).

"arhi had record, first-half sales growth in 1H25," Mr Close said. "We are growing our health insurance membership at a time when people are focused on finding value." Mr Close said nib will continue to actively manage claims inflation and deliver member value through its product mix, pricing, and contracting with major hospitals and other providers. "We are ambitious about delivering value for members," he said. "We have expanded our Australia-wide medical services 'Known Gap', and our 'No Gap' dental network, and continue to invest in our payer to partner strategy, automation and digital health experiences."

nib's international students and workers health insurance business grew solidly.

"We have taken measures to get New Zealand back on track for 2H25, with December and January both profitable. Private health insurance remains an attractive proposition in the NZ market," Mr Close said.

During 1H25, nib's Group Operating Expense Ratio¹ reduced 0.4% from 17.9% in 1H24, and arhi non-marketing MER reduced to 6.1% in 1H25, from 6.4% in 1H24. All business lines are currently undergoing a broad operating review, with productivity benefits expected to continue into FY26.

1H25 net investment income added \$41.1 million to pre-tax earnings, up 23.4% on 1H24. nib will pay an interim fully franked dividend of 13 cents per share, reflecting nib's long-term value to investors, Mr Close said.

Australian Residents Health Insurance (arhi) and International Inbound Health Insurance (iihi)

In December 2024, nib consolidated its Australian residents and international workers and students health insurance operations into one division, supporting 1.6 million Australian residents and international visitors under the leadership of James Barr. nib's engine room of growth and earnings will deliver improved member experiences and synergies in core operations. The new division is known as Australian Private Health Insurance (aphi).

arhi

Mr Close said in 1H25 arhi underlying operating profit was \$100.0 million, down 21.4%, from \$127.3 million in 1H24, which was a period of unusually high margins at 9.7%. Margins returned to more sustainable levels, at 7.0% in 1H25. "We are happy with the stabilisation of arhi net margins, which are at the top end of our target range of 6% to 7%, helped by productivity and improvements to our Management Expense Ratio (MER)," Mr Close said. Insurance revenue grew 7.4% to \$1.4 billion.

¹ Operating expense ratio is a function of expenses (marketing and non-marketing) and total income less reinsurance expense.

“nib continued to grow membership, across its organic channels and white label partnerships,” Mr Close said. “We invested in technology agreements and broadened our reach, buying into an insurance services business that will boost future growth,” he said.

In 1H25, arhi policyholder numbers rose 3.3%. Growth is expected to continue to be above system, reflecting nib’s product offering, pricing and value for members in a competitive market. nib’s product and distribution strategy, which includes strong partnerships with leading Australian corporates and brokers, continues to underpin health insurance outperformance against sector growth.

Mr Close said nib renewed major contracts with Australia’s private hospital sector in 1H25, significantly reducing risk by extending timelines, and including partnership arrangements and dynamic pricing. nib contracts 84% of private hospitals across Australia. “Those contracts ensure access to services, and they limit out of pocket costs for members,” Mr Close said. More than 40% of hospital benefit outlays now sit within a partnership model, allowing joint governance, shared performance measures, and a transition to more sustainable funding that balances access and affordability to deliver better health outcomes for members.

Incurred claims inflation eased from 5.9% at 30 June 2024, to 5.0% at 31 December 2024, Mr Close said. “We are seeing claims inflation abating but remain cautious due to hospital indexation, and a decision by the NSW Government to increase rates private health insurers pay for private beds in public hospitals. Those pressures continue to be managed through pricing or costs and claims efficiencies.”

iihi

nib’s international students and workers business performed strongly during 1H25. iihi policyholder numbers grew 10.6%. Underlying operating profit was \$12.9 million, up 11.2% from \$11.6 million in 1H24. Revenue was up 14.6%, driven by an increase in student policy volumes and re-pricing.

“Uncertainty around Australia’s immigration policy affected the sector, but revenue growth of 14.6% was driven by an increase in student policy numbers and re-pricing,” Mr Close said. “Gross margins increased, expenses were steady, and we saw a good uptake of digital services.”

nib NZ

nib NZ delivered an underlying operating loss of \$10.1 million in 1H25 (1H24 profit \$11.2 million) in line with nib’s market outlook, dated 12 November 2024. High, industry-wide claims growth and challenging economic conditions in NZ affected the sector. Insurance revenue was at \$195.7 million from \$183.1 million in 1H24. The New Zealand business is showing signs of recovery, with December and January both profitable months. nib NZ has undergone a core technology update and invested in new life and living insurance products.

nib Travel

nib Travel reported an underlying operating profit of \$1.9 million, down from \$4.1 million in 1H24. Gross written premium was \$84.4 million, down from \$85.4 million in 1H24. 1H25 sales were flat. However, in 2Q25 and following the launch of new products in the USA, gross written premium growth was solid at 10.9%.

nib Thrive

nib’s NDIS business, nib Thrive, reported an underlying operating profit of \$8.4 million, up from \$6.4 million in 1H24. In 1H25, nib managed plans for about 45,000 NDIS participants, including Instacare², a plan management business acquired in December. nib Thrive is now at sufficient scale to deliver sustainable earnings.

nib Health Services

In 2H25 nib will move to full ownership of Honeysuckle Health. Honeysuckle Health and digital health company, Midnight Health³ intend to merge operations, under the leadership of Honeysuckle Health Chief Executive, Rhod McKensy.

Combined losses in those two businesses continue to reduce, to \$5.3 million in 1H25 from \$15.0 million in 1H24.

Honeysuckle Health is expected to breakeven in 4Q25, and Midnight Health in 4Q26. The planned merger may bring forward the combined breakeven date in FY26.

² Instacare has ~9,000 participants.

³ nib owns 80% of Midnight Health.

The merger of Honeysuckle Health and Midnight Health will enable nib to scale its health services capabilities, driving high-value outcomes for members, payers, and providers in large, growing healthcare markets. It will also deliver synergies to enhance operational efficiency and maximise value for clients and customers.

nib and Cigna will continue to work closely together in the Australian market via its ongoing corporate health insurance services arrangement. There will be no changes to other existing client relationships.

Outlook

nib confirmed FY25 Group UOP guidance at \$235 million to \$250 million. In 2H25 UOP is expected to be supported by a favourable working day impact, continued strong performance in arhi and iihi, and an expected return to full-year profitability in the New Zealand business.

arhi FY25 net policyholder growth is forecast at ~3% and arhi margins are expected in the upper end of nib's 6-7% target range. Pricing and management actions are expected to offset inflation.

Dividend

The Board declared a fully franked interim dividend of 13 cents per share (1H24 15 cps). The interim dividend has an ex-dividend and record date of 6 March and 7 March 2025 respectively. Payment will be made to shareholders on 9 April 2025. A dividend reinvestment plan is available.

Investor Briefing

nib will conduct an investor briefing at 9.30am (AEDT) today, via webcast and teleconference. The webcast is accessible via nib.com.au/shareholders.

Register for the webcast via this link: <https://edge.media-server.com/mmc/p/e4o9ratm/>

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



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