# ASX release

27 February 2025

## Medibank Private Limited (MPL)
## Financial results for half year ended 31 December 2024

In accordance with the Listing Rules, Medibank Private Limited releases the following documents to the market:

(a) HY25 Results – Appendix 4D, Directors' Report and Financial Report;

(b) HY25 Results – Media Release; and

(c) HY25 Results – Investor Presentation.

**These documents have been authorised for release by the Board.**

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## MEDIBANK PRIVATE LIMITED
## ABN 47 080 890 259
## RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | Half-year ended 31 Dec 2024 $m | 31 Dec 2023 $m | Movement $m | Movement % |
|---|---|---|---|---|
| Health Insurance revenue | 4,113.9 | 3,919.4 | 194.5 | 5.0% |
| Other operating revenue | 156.8 | 78.0 | 78.8 | 101.0% |
| **Revenue (excluding net investment and other income) from ordinary activities** | **4,270.7** | **3,997.4** | **273.3** | **6.8%** |
| **Profit after tax from ordinary activities attributable to equity holders of the parent entity** | **340.3** | **343.2** | **(2.9)** | **(0.8%)** |
| **Net profit from ordinary activities attributable to equity holders of the parent entity** | **340.3** | **343.2** | **(2.9)** | **(0.8%)** |

For further information, refer to the directors' report in the attached interim financial report of Medibank Private Limited for the half-year period ended 31 December 2024. The Medibank Private Limited Group comprises the consolidated entity, consisting of Medibank Private Limited and its subsidiaries for the half-year period ended 31 December 2024.

**Dividend information**

On 26 September 2024, a fully franked final ordinary dividend of 9.40 cents per ordinary share was paid to shareholders, in respect of the six months ended 30 June 2024.

A fully franked interim ordinary dividend of 7.80 cents per ordinary share was determined on 27 February 2025 in respect of the six months ended 31 December 2024. This dividend is payable on 26 March 2025 to shareholders on the register as at close of business on 7 March 2025.

**Net tangible assets per ordinary share**

Net tangible assets are defined as the net assets of the Medibank Private Limited Group less intangible assets and right-of-use assets.

| | 31 Dec 2024 cents | 31 Dec 2023 cents |
|---|---|---|
| Net tangible assets per ordinary share | 65.3 | 72.3 |

This report is lodged with the ASX under listing rule 4.2A. This report is also to be read in conjunction with the Medibank Private Limited annual financial report for the year ended 30 June 2024, together with any public announcements made by Medibank Private Limited in accordance with its continuous disclosure obligations.

# MEDIBANK PRIVATE LIMITED

**ABN 47 080 890 259**

# INTERIM FINANCIAL REPORT
# 31 DECEMBER 2024

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The directors of Medibank Private Limited (Medibank) present their report on the consolidated entity consisting of Medibank and its subsidiaries (collectively referred to as the Group) for the half-year ended 31 December 2024.

## Directors

The names of directors in office during the half-year and up to the date of this report, unless stated otherwise, are as follows:

**Current**
- Mike Wilkins AO – Chair
- David Koczkar – Chief Executive Officer
- Dr Tracey Batten
- Gerard Dalbosco
- Peter Everingham
- David Fagan
- Kathryn Fagg AO
- Linda Bardo Nicholls AO
- Jay Weatherill AO

## Review of operations

| Six months ended 31 December ($m) | 2024 | 2023 | Change |
|---|---|---|---|
| **Group revenue from external customers** | **4,270.7** | **4,024.0** | **6.1%** |
| Health Insurance operating profit[1] | 349.2 | 317.0 | 10.2% |
| Medibank Health segment profit | 37.6 | 26.7 | 40.8% |
| **Segment operating profit** | **386.8** | **343.7** | **12.5%** |
| Corporate overheads | (26.7) | (24.3) | 9.9% |
| **Group operating profit** | **360.1** | **319.4** | **12.7%** |
| Net investment income | 114.5 | 83.6 | 37.0% |
| Other income/(expenses) | (8.0) | (8.8) | (9.1%) |
| Cybercrime costs | (17.2) | (17.6) | (2.3%) |
| **Profit before tax, before movement in COVID-19 reserve** | **449.4** | **376.6** | **19.3%** |
| Movement in COVID-19 reserve (excl. tax) | 43.6 | 115.3 | (62.2%) |
| **Profit before tax** | **493.0** | **491.9** | **0.2%** |
| Income tax expense | (148.9) | (148.7) | 0.1% |
| Non-controlling interests | (3.8) | - | n.m. |
| **NPAT attributable to Medibank shareholders** | **340.3** | **343.2** | **(0.8%)** |
| Effective tax rate | 30.2% | 30.2% | - |
| Earnings per share (EPS) (cents) | 12.4 | 12.5 | (0.8%) |
| Normalisation for investment returns | (11.1) | - | n.m. |
| Normalisation for COVID-19 reserve movements | (30.5) | (80.7) | (62.2%) |
| **Underlying NPAT[2]** | **298.7** | **262.5** | **13.8%** |
| Underlying EPS (cents)[2] | 10.8 | 9.5 | 13.8% |
| **Dividend per share (cents)** | **7.8** | **7.2** | **8.3%** |
| Dividend payout ratio[2] | 71.9% | 75.5% | (360bps) |

1. Health Insurance operating profit excludes the impacts of COVID-19.

2. Underlying NPAT is statutory NPAT normalised for growth asset returns to historical long-term expectations, credit spread movements, movement in COVID-19 reserve and one-off items. Dividend payout ratio based on underlying NPAT.

Unless otherwise stated, discussion of performance in this section of the report is on a management basis, which is consistent with how performance is assessed internally. This includes reporting the impacts of COVID-19 outside of Group operating profit.

### *Group*

Medibank's financial results for the six months ended 31 December 2024 (1H25) reflect our disciplined approach to growth in the resident Health Insurance business, demonstrate the important contribution of our non-resident insurance business to overall fund growth and highlight the strong momentum in Medibank Health.

Group operating profit was up 12.7% to $360.1 million, with a 10.2% increase in Health Insurance operating profit and a 40.8% increase in Medibank Health segment profit. Profit before tax and COVID-19 impacts increased 19.3% to $449.4 million, with a $30.9 million increase in net investment income to $114.5 million and $17.2 million of non-recurring cybercrime costs this period. The non-recurring cybercrime costs include IT security uplift and legal and other costs related to regulatory investigations and litigation associated with the 2022 cybercrime event. We expect non-recurring cybercrime costs of approximately $40 million for the full year (FY25), including investment associated with uplifting business resilience and customer trust (excludes the impacts of any potential findings or outcomes from regulatory investigations or litigation).

Reported net profit after tax (NPAT) attributable to Medibank shareholders decreased $2.9 million to $340.3 million. However, this has been impacted by the adoption of AASB 17 *Insurance Contracts* (AASB 17), which increased 1H25 and 1H24 statutory NPAT by $30.5 million and $80.7 million respectively, due to the timing and value of COVID-19 savings and give backs. Underlying NPAT, which adjusts statutory NPAT for movement in the COVID-19 equity reserve and the normalisation of investment returns, increased 13.8% to $298.7 million.

Reported earnings per share (EPS) was 0.8% lower at 12.4 cents per share, while Underlying EPS was up 13.8% to 10.8 cents per share.

The key reasons for the movements in the Health Insurance and Medibank Health results, as well as net investment income, are outlined in this report.

### *Health Insurance overview*

Our resident Health Insurance business has remained resilient, with benefits arising from our treatment of COVID-19 claims trends and disciplined approach to growth.

Gross margin was 50 basis points higher at 16.2%, with improved risk equalisation and stable downgrading outcomes in our resident portfolio and a 10 basis benefit from the strong growth in higher margin non-resident policies.

Our management expense ratio remained flat at 7.6% despite higher operating expenses driven largely by inflation, resulting in a 40 basis point increase in operating margin to 8.5%.

#### *Industry and customer growth*

The resident health insurance market has remained buoyant with policyholder growth[1] in the 12 months to 31 December 2024 expected to be only modestly below the 2.3% growth in the 12 months to 30 September 2024, with continued strong growth in customers aged 25 to 30 years.

Cost of living pressures have resulted in a modest increase in the number of customers across the industry both lapsing and switching funds. While the market continues to be competitive, a number of sensible opportunities are emerging to pursue further growth.

For the 12 months to 31 December 2024 the number of resident policyholders increased by 18,500 or 0.9%, with a modest 0.1% decline in the Medibank brand and 3.8% growth in ahm. This includes an increase of 7,500 policyholders in 1H25, which is double the growth in the prior six month period to 31 December 2023 (1H24).

During the six months to 31 December 2024, our resident acquisition rate decreased 10 basis points to 5.2%. The Medibank brand acquisition rate was down 20 basis points to 4.1%, while ahm remained stable at 8.5% with sales through direct channels increasing from 48% in 1H24 to 50% this period. Increasing acquisition in

[1] Industry average, resident policyholders, APRA quarterly private health insurance statistics to Sep 24 with estimate for Dec 24 quarter.

the Medibank brand through additional marketing and investment in product benefits will be a key area of focus during the second half of 2025 (2H25).

Our resident lapse rate improved by 30 basis points to 4.8%, with improvement across both brands. Further retention improvement opportunities exist, particularly in ahm by improving the customer experience.

Looking forward we aim to grow in line with market during 2H25, including volume growth in the Medibank brand in FY25. This will be supported by further capitalising on our dual brand strategy, increasing focus on our priority segments including the growing corporate market and supporting retention through additional product benefits and our final customer give back. In FY25, we expect to finalise our customer give back program with permanent net claims savings due to COVID-19 returned to customers.

In the non-resident business, we saw momentum continue with policy units increasing 12.6% to 347,600 driven largely by the student segment, despite acquisition being impacted by lower visa approvals in the last six months.

*Revenue*

During the period, Health Insurance revenue increased 4.1% to $4,085.7 million reflecting a 3.6% increase in resident revenue to $3,936.2 million and an 18.8% increase in non-resident revenue to $149.5 million.

*Claims*

Total gross claims increased 4.1% to $3,423.1 million while net claims, which includes risk equalisation, increased by 3.5% to $3,424.1 million.

Resident gross claims rose 3.7% to $3,325.6 million, while net claims expense increased 3.1% to $3,326.6 million. Risk equalisation provided a 60 basis point benefit to net claims growth this period compared to a 20 basis point benefit in the prior corresponding period.

Resident claims growth per policy unit increased 30 basis points to 2.3% with a 100 basis point increase in hospital claims growth, partially offset by a 170 basis point decrease in extras claims growth. During the period the claims environment has largely stabilised with private surgical claims utilisation in line with expectations, while softness across other claim types has continued and is now largely factored into expectations. The increase in hospital claims growth was largely driven by higher private hospital indexation as well as Medicare Benefits Schedule (MBS) and public hospital price increases linked to the 2024 CPI, which was partially offset by an improved risk equalisation outcome. The decrease in extras claims growth reflects $16.5 million of prior period claims favourability due to COVID-19 impacts and economic conditions impacting consumer spending across most services.

Claims growth in 2H25 will be impacted by an increase in the New South Wales private room rate charges effective from 1 January 2025 and further pressure on private hospital indexation, partially offset by additional benefit from the shift to same day and short stay procedures and potential for further softness in extras claims. In light of this, we have revised our FY25 expected claims growth per policy unit outlook to between 2.4% and 2.6% (previous expectation was approximately 2.7%) which includes the potential for some of the risk equalisation improvement from 1H25 to unwind.

Non-resident net claims expense increased by 17.9% to $97.5 million, in line with softer claims this period.

*Gross Profit*

Total gross profit increased 7.4% to $661.6 million, with gross margin improving 50 basis points to16.2%.

Resident gross margin increased 40 basis points to 15.5%, with improved risk equalisation and stable downgrading outcomes consistent with our disciplined approach to growth with revenue growth per policy unit of 2.8% remaining above claims growth per policy unit of 2.3%. The 30 basis point increase in revenue growth per policy unit to 2.8% reflects the higher average premium increase, while downgrading has remained stable at 50 basis points in line with our disciplined approach to growth and ongoing portfolio management activities.

We expect downgrading for the full year to be modestly higher than 1H25 in line with premiums increasing by an average of 3.99% on 1 April 2025 and higher policyholder acquisition expected in 2H25, subject to no deterioration in the economic environment.

Momentum in our non-resident portfolio has continued with policy units increasing 12.6% driven largely by the student segment. Non-resident gross profit increased 20.6% to $52.0 million and gross margin was up 50 basis points to 34.8%. Claims growth was modestly lower than the prior period and an improved visitor margin was partially offset by modest tenure impacts on the student margin.

We expect policy unit and solid gross profit growth in the non-resident portfolio to continue in 2H25, as we continue to invest in product value and expanding our health offering, while targeting market share gains in both the student and worker segments, noting that policy unit growth will depend on visa approval numbers.

*Operating costs*

Management expenses increased 4.5% to $312.4 million, while the management expense ratio remained stable at 7.6%.

The major drivers of expense growth this period was an increase in depreciation and amortisation in line with increased investment in our digital assets and higher operating expenses, partially offset by a $4.2 million reduction in sales commissions. Non-resident sales commissions were down in line with lower sales, while the resident portfolio had a higher percentage of ahm sales through direct channels this period.

Operating expenses were up 6.8%, driven by cost inflation of approximately 4.5%, modest volume impacts and a $6.0 million uplift in digital and other technology delivery capability, partially offset by approximately $4.0 million of productivity savings during the period.

Based on our expectation that inflation has peaked and including an additional marketing investment in 2H25, we expect FY25 management expenses of around $650 million, which includes $10.0 million of productivity savings. We will continue to target a stable to modestly improving management expense ratio and will remain disciplined as we monitor the competitive environment and our financial position for further sensible opportunities to invest in growth.

***Medibank Health financial performance***

Medibank Health segment profit increased 40.8% to $37.6 million with organic growth and a higher contribution from Myhealth following our increased investment in January 2024. This was partially offset by a $0.7 million increase in losses from our growing portfolio of joint venture short stay hospital investments, including initial losses from two hospitals that are opening in early 2H25. While this earnings profile is consistent with new hospital operations, performance is expected to improve in the short term as the portfolio matures.

We increased our investment in Myhealth Medical Group from 49.0% to 90.1% in January 2024. The Myhealth business continues to track well, with increasing consultation numbers, improved billing mix and better operating efficiency. The growth in management expenses includes approximately $3.0 million of additional investment in a new virtual health platform, while operating profit was $9.0 million for the period.

Excluding the contribution from Myhealth, revenue increased 12.3% to $158.8 million reflecting strong growth in health and wellbeing and diversified insurances, as well as improving growth in health services. Gross profit was up 15.5% to $84.4 million and gross margin improved 140 basis points to 53.1%, with strong growth in higher margin businesses and an improved margin in health services. This was partially offset by a $7.5 million increase in management expenses, reflecting business mix, inflation and investment for future growth. Whilst the management expense ratio increased, operating margin was up 20 basis points to 19.6%.

We continue to target on average, organic profit growth of at least 15% per annum between FY24 and FY26 with a key focus on further volume and performance uplift in healthcare services, meeting the needs of more Medibank and ahm customers and offering existing services to a broader set of payors. Further, we aim to augment this growth by investing between $150 million to $250 million over the same period in M&A that adds scale, capability or expands geographic coverage. With a strong pipeline of assets, our near term focus is on expanding our primary and virtual care footprint and broadening our participation in the fast growing corporate health and wellbeing sector.

### *Net investment income*

Net investment income of $114.5 million was up $30.9 million or 37.0% with a $16.5 million and $13.1 million increase in our growth and defensive portfolio income, respectively.

The increase in our growth portfolio income reflects a higher return in all asset classes other than Australian equities, with particularly strong performance in international equities including the benefit from the weakening Australian versus U.S. dollar. The $13.1 million increase in our defensive portfolio income includes a $1.8 million benefit from the higher RBA cash rate and higher asset balances, an improved return on international fixed interest holdings and a $1.9 million benefit from tighter credit spreads.

Consistent with previous practice, we have adjusted net investment income for the impact of short-term market returns that are expected to normalise over the medium to longer term in our underlying NPAT. After normalisation, net investment income was up $15.0 million from $83.6 million[2] in 1H24 to $98.6 million this period. The $15.0 million increase in underlying net investment income includes a $2.5 million benefit from the higher RBA cash rate, which was partially offset by manager underperformance in unlisted property and resulted in the underlying investment return increasing 39 basis points to 3.00%. On an annualised basis, this is a 164 basis point spread to the RBA cash rate and above the bottom end of our target range of 150 to 200 basis points, noting that achieving the top end of the range is more difficult in a higher interest rate environment. While further RBA cash rate cuts are possible, we do not expect any notable impact on investment income in 2H25.

### *Capital management and dividend*

Medibank's capital management objective is to maintain a strong financial risk profile and capacity to pay all eligible customer benefits, invest in the growth of our business to provide a return to shareholders and to meet financial commitments.

- On 1 July 2023, accounting standard AASB 17 *Insurance Contracts* and the new APRA capital standards became effective.
- In June 2023 APRA announced an additional capital adequacy requirement of $250 million for Medibank, with effect from 1 July 2023, following a review of the 2022 cybercrime event. As a result, we have temporarily increased Health Insurance business related capital to offset this supervisory adjustment. At 31 December 2024 this requirement remains in place.
- At 31 December 2024, Health Insurance required capital was $1,182.9 million and 1.9 times[3] the prescribed capital amount (PCA), with unallocated capital of $266.3 million.
- The target health insurance capital ratio is between 10% and 12% of premium revenue, however, the current ratio of 14.1% sits above this range to offset the $250 million temporary APRA supervisory adjustment.
- The $65.8 million increase in other capital employed to $451.1 million includes increased investment in Myhealth and $26.0 million relating to the fit-out cost for our new Melbourne head office, while other effects include funding growth in Medibank Health.

As a business we continue to have strong capital generation and are well placed to fund our $150 million to $250 million investment aspiration between FY24 and FY26, given the level of unallocated capital and ability to raise Tier 2 debt. We will consider capital management actions if suitable M&A opportunities do not eventuate in a reasonable timeframe.

The directors have determined a fully franked interim dividend of 7.8 cents per share up 8.3% from 1H24, representing a payout ratio of 71.9% of underlying net profit after tax. The interim dividend will be paid on Wednesday 26 March 2025 to eligible shareholders on the register as at the close of business on Friday 7 March 2025.

[2] The adjustment normalises growth asset returns to long term expectations and defensive asset returns for credit spread movements. Normalisation of returns for 1H25 benchmark performance decreased net investment income by $15.8 million (no net normalisation of investment returns for 1H24 benchmark performance).
[3] Calculated as Required Health Insurance capital less APRA supervisory adjustment, divided by Fund PCA less APRA adjustment.

## Rounding of amounts

The amounts contained in this directors' report and in the interim financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) unless specifically stated otherwise under the relief available pursuant to *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Medibank is an entity to which that relief applies.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is set out on page 7.

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

| | |
|---|---|
| Mike Wilkins AO<br>Chair | David Koczkar<br>Chief Executive Officer |

27 February 2025
Melbourne

# *Auditor's Independence Declaration*

As lead auditor for the review of Medibank Private 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 Medibank Private Limited and the entities it controlled during the period.

M. Laithwaite

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Melbourne
27 February 2025

# Consolidated statement of comprehensive income

For the half year ended 31 December 2024

| | Note | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|---|
| **Insurance revenue** | 2(a) 4(a) | **4,113.9** | **3,919.4** |
| **Insurance service expenses** | | | |
| Incurred claims | 4(a) | (3,339.1) | (3,121.6) |
| Other insurance service expenses | 3 | (312.1) | (303.7) |
| | | **(3,651.2)** | **(3,425.3)** |
| **Insurance service result** | | **462.7** | **494.1** |
| Other operating revenue | 2(a) | 156.8 | 78.0 |
| Other expenses | 3 | (236.5) | (161.8) |
| Share of net profit/(loss) from equity accounted investments | | (4.5) | (2.0) |
| **Profit before net investment income and income tax** | | **378.5** | **408.3** |
| Net investment income | 6(b) | 114.5 | 83.6 |
| **Profit for the half-year before income tax** | | **493.0** | **491.9** |
| Income tax expense | | (148.9) | (148.7) |
| **Profit for the half-year** | | **344.1** | **343.2** |
| **Total comprehensive income for the half-year, net of tax** | | **344.1** | **343.2** |
| **Profit and total comprehensive income for the half-year attributable to:** | | | |
| Equity holders of the parent entity | | 340.3 | 343.2 |
| Non-controlling interests | | 3.8 | - |
| | | **344.1** | **343.2** |
| | | **cents** | **cents** |
| **Earnings per share attributable to ordinary equity holders of the parent entity - basic and diluted** | | **12.4** | **12.5** |

The above statement should be read in conjunction with the accompanying notes.

# Consolidated statement of financial position

As at 31 December 2024

| | Note | 31 Dec 2024 $m | 30 Jun 2024 $m |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 454.0 | 691.0 |
| Trade and other receivables | | 46.4 | 39.5 |
| Financial assets at fair value | 6(b) | 2,891.0 | 3,048.2 |
| Other assets | | 34.5 | 27.6 |
| **Total current assets** | | **3,425.9** | **3,806.3** |
| **Non-current assets** | | | |
| Property, plant and equipment | | 196.4 | 205.0 |
| Intangible assets | | 477.1 | 467.0 |
| Deferred tax assets | | 51.4 | 142.1 |
| Equity accounted investments | 8 | 52.5 | 58.7 |
| Other assets | | 6.3 | 6.3 |
| **Total non-current assets** | | **783.7** | **879.1** |
| **Total assets** | | **4,209.6** | **4,685.4** |
| **Current liabilities** | | | |
| Trade and other payables | | 109.4 | 145.4 |
| Lease liabilities | | 29.8 | 31.7 |
| Borrowings | | 35.0 | 34.9 |
| Insurance contract liabilities | 4(b) | 1,188.6 | 1,636.1 |
| Tax liability | | 9.2 | 48.7 |
| Provisions and employee entitlements | | 105.0 | 118.0 |
| **Total current liabilities** | | **1,477.0** | **2,014.8** |
| **Non-current liabilities** | | | |
| Trade and other payables | | 19.0 | 18.4 |
| Lease liabilities | | 146.0 | 151.7 |
| Insurance contract liabilities | 4(b) | 152.7 | 165.8 |
| Provisions and employee entitlements | | 30.1 | 29.6 |
| **Total non-current liabilities** | | **347.8** | **365.5** |
| **Total liabilities** | | **1,824.8** | **2,380.3** |
| **Net assets** | | **2,384.8** | **2,305.1** |
| **Equity** | | | |
| Contributed equity | | 85.0 | 85.0 |
| Reserves | 7 | 182.3 | 152.3 |
| Retained earnings | | 2,119.3 | 2,068.4 |
| **Total equity (attributable to equity holders of the parent entity)** | | **2,386.6** | **2,305.7** |
| Non-controlling interests | | (1.8) | (0.6) |
| **Total equity** | | **2,384.8** | **2,305.1** |

The above statement should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the half-year ended 31 December 2024

| | Note | Total equity (attributable to equity holders of the parent entity) Contributed equity $m | Reserves $m | Retained earnings $m | Total $m | Non-controlling interests $m | Total equity $m |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2023** | | **85.0** | **233.5** | **1,925.2** | **2,243.7** | **-** | **2,243.7** |
| Profit for the half-year | | - | - | 343.2 | **343.2** | - | **343.2** |
| **Total comprehensive income for the half-year** | | **-** | **-** | **343.2** | **343.2** | **-** | **343.2** |
| Dividends paid | | - | - | (228.6) | **(228.6)** | - | **(228.6)** |
| Movement in COVID-19 reserve, net of tax | 7 | | 80.7 | (80.7) | **-** | | **-** |
| Acquisition and settlement of share-based payment, net of tax | | - | (7.0) | - | **(7.0)** | - | **(7.0)** |
| Share-based payment transactions | | - | 0.9 | - | **0.9** | - | **0.9** |
| **Balance at 31 December 2023** | | **85.0** | **308.1** | **1,959.1** | **2,352.2** | **-** | **2,352.2** |
| **Balance at 1 July 2024** | | **85.0** | **152.3** | **2,068.4** | **2,305.7** | **(0.6)** | **2,305.1** |
| Profit for the half-year | | - | - | 340.3 | **340.3** | 3.8 | **344.1** |
| **Total comprehensive income for the half-year** | | **-** | **-** | **340.3** | **340.3** | **3.8** | **344.1** |
| Dividends paid | | - | - | (258.9) | **(258.9)** | (4.1) | **(263.0)** |
| Movement in COVID-19 reserve, net of tax | 7 | - | 30.5 | (30.5) | **-** | - | **-** |
| Other movements in non-controlling interests | | - | - | - | **-** | (0.9) | **(0.9)** |
| Acquisition and settlement of share-based payment, net of tax | | - | (5.8) | - | **(5.8)** | - | **(5.8)** |
| Share-based payment transactions | | - | 5.3 | - | **5.3** | - | **5.3** |
| **Balance at 31 December 2024** | | **85.0** | **182.3** | **2,119.3** | **2,386.6** | **(1.8)** | **2,384.8** |

The above statement should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

For the half-year ended 31 December 2024

| | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Premium receipts | 3,663.3 | 3,705.8 |
| Medibank Health receipts | 170.3 | 97.0 |
| Payments for claims and levies | (3,343.3) | (3,123.2) |
| Payments to suppliers and employees | (566.9) | (464.7) |
| Income taxes paid | (98.0) | (150.5) |
| **Net cash inflow/(outflow) from operating activities** | **(174.6)** | **64.4** |
| | | |
| **Cash flows from investing activities** | | |
| Interest received | 67.2 | 57.2 |
| Investment management expenses | (3.2) | (2.5) |
| Net proceeds from sale of financial assets | 206.0 | 233.5 |
| Purchase of equity accounted investments | (4.2) | (9.4) |
| Loan to associate | (0.5) | - |
| Payments for the purchase of businesses, net of cash acquired | 6.1 | - |
| Purchase of plant and equipment | (8.2) | (2.5) |
| Purchase of intangible assets | (32.9) | (20.2) |
| **Net cash inflow from investing activities** | **230.3** | **256.1** |
| | | |
| **Cash flows from financing activities** | | |
| Purchase of shares to settle share-based payment | (6.4) | (7.5) |
| Lease principal and interest payments | (23.3) | (19.9) |
| Dividends paid to non-controllling interests | (4.1) | - |
| Dividends paid to equity holders of the parent entity | (258.9) | (228.6) |
| **Net cash outflow from financing activities** | **(292.7)** | **(256.0)** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | **(237.0)** | **64.5** |
| | | |
| Cash and cash equivalents at beginning of the half-year | 691.0 | 420.6 |
| | | |
| **Cash and cash equivalents at end of the half-year** | **454.0** | **485.1** |

The above statement should be read in conjunction with the accompanying notes.

## Note 1: Basis of preparation

Medibank Private Limited (Medibank) is a for-profit company incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

**(a) Basis of preparation of consolidated interim financial report**
The consolidated interim financial report for the half-year period ended 31 December 2024 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial statements are for the consolidated entity (the Group), consisting of Medibank and its subsidiaries.

The principal accounting policies adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the annual financial report for the year ended 30 June 2024, updated for the application of new and amended standards as set out below. This report includes, where necessary, updates to prior period comparatives for changes in classification of amounts in the current reporting period.

The consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Medibank during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

*Business acquisitions*
During the period, the step-acquisition accounting of the Myhealth Medical Group (Myhealth) was finalised, and goodwill recognised on acquisition was $124.6 million (30 June 2024: $119.2 million). Myhealth has been fully consolidated since the acquisition date of 5 January 2024.

**(b) Critical accounting estimates and judgements**
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are the same as those applied in the annual financial report for the year ended 30 June 2024.

## Note 2: Segment information

**(a) Segment information provided to the Chief Executive Officer (CEO)**
The CEO measures the performance of the Group's reportable segments based on the operating profit of the segments. The segment information provided to the CEO for the half-year ended 31 December 2024 is as follows.

| 31 Dec 2024 | Note | Health Insurance $m | Medibank Health $m | Total $m |
|---|---|---|---|---|
| **Revenue** | | | | |
| Total segment revenue | (i) | 4,085.7 | 228.4 | **4,314.1** |
| Inter-segment revenue | | - | (43.4) | **(43.4)** |
| **Revenue from external customers** | | **4,085.7** | **185.0** | **4,270.7** |
| **Operating profit** | | **349.2** | **37.6** | **386.8** |
| *Items included in segment operating profit:* | | | | |
| Depreciation and amortisation | | (31.9) | (16.1) | **(48.0)** |
| Interest income from loans to associates | | - | 0.2 | **0.2** |
| Share of profit/(loss) from equity accounted investments | | - | (4.5) | **(4.5)** |

## Note 2: Segment information (continued)

### (a) Segment information provided to the Chief Executive Officer (CEO) (continued)

| 31 Dec 2023 | Note | Health Insurance $m | Medibank Health $m | Total $m |
|---|---|---|---|---|
| **Revenue** | | | | |
| Total segment revenue | (i) | 3,925.3 | 141.4 | **4,066.7** |
| Inter-segment revenue | | - | (42.7) | **(42.7)** |
| **Revenue from external customers** | | **3,925.3** | **98.7** | **4,024.0** |
| **Operating profit** | | **317.0** | **26.7** | **343.7** |
| *Items included in segment operating profit:* | | | | |
| Depreciation and amortisation | | (32.6) | (5.4) | **(38.0)** |
| Interest income from loans to associates | | - | 0.1 | **0.1** |
| Share of profit/(loss) from equity accounted investments | | - | (0.9) | **(0.9)** |

(i) Segment health insurance revenue is after $28.2 million (31 December 2023: $20.7 million) of transfers between the Group's other operating segments in relation to the loyalty program and excludes insurance revenue related movements in the COVID-19 reserve of nil (31 December 2023: premium deferral cost of $26.6 million).

### (b) Other segment information

A reconciliation of segment operating profit to the profit for the half-year before income tax of the Group is as follows:

| | Note | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|---|
| **Total segment operating profit** | | **386.8** | **343.7** |
| *Unallocated to operating segments:* | | | |
| Corporate operating expenses | | (26.7) | (24.3) |
| **Group operating profit** | | **360.1** | **319.4** |
| Net investment income | 6(b) | 114.5 | 83.6 |
| Cybercrime expenses | (i) | (17.2) | (17.6) |
| Other income/(expenses) | (ii) | (8.0) | (8.8) |
| Movement in COVID-19 reserve | 7(a), (iii) | 43.6 | 115.3 |
| **Profit for the half-year before income tax** | | **493.0** | **491.9** |

(i) Cybercrime expenses of $17.2 million (31 December 2023: $17.6 million) incurred in relation to IT security uplift and legal and other costs associated with the Group's cybercrime event. Refer to Note 9 for further information.

(ii) Other income/(expenses) of $8.0 million (31 December 2023: $8.8 million) is comprised of mergers and acquisition expenses, net sublease rent, acquisition intangible amortisation, non-cash adjustment on step acquisition and interest on lease liabilities.

(iii) Movement in COVID-19 reserve is not included within Segment operating profit. Refer to Note 7(b) for further details.

## Note 3: Other operating expenses

The table below provides an analysis of other operating expenses incurred by the Group. Other operating expenses excludes incurred claims, share of profit/(loss) from equity accounted investments, net investment income and income tax expense.

| | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|
| Medical services expense | (26.4) | (16.9) |
| Employee benefits expense | (287.5) | (234.1) |
| Office and administration expense | (58.7) | (52.5) |
| Marketing and commissions expense | (73.9) | (75.4) |
| Information technology expense | (48.5) | (45.6) |
| Depreciation and amortisation expense | (49.6) | (40.2) |
| Finance expense | (4.0) | (0.8) |
| **Other expenses** | **(548.6)** | **(465.5)** |

## Note 4: Insurance contracts

### (a) Insurance service result

| | Note | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|---|
| **Insurance revenue** | | **4,113.9** | **3,919.4** |
| **Insurance service expenses** | | | |
| Claims incurred | (i) | (3,329.8) | (3,131.0) |
| Changes relating to past service | | 23.5 | 52.4 |
| Movement in risk adjustment for non-financial risk | | (2.1) | 4.1 |
| Net Risk Equalisation Special Account receipts/(payments) | | 2.2 | (20.8) |
| State levies | | (32.6) | (31.1) |
| Incurred claims, excluding claims handing costs | | **(3,338.8)** | **(3,126.4)** |
| Movement in claims handling costs for incurred claims | | (0.3) | 4.8 |
| Incurred claims | | **(3,339.1)** | **(3,121.6)** |
| Other insurance service expenses | | (312.1) | (303.7) |
| **Total insurance service expenses** | | **(3,651.2)** | **(3,425.3)** |
| **Insurance service result** | | **462.7** | **494.1** |

(i) Claims incurred are after the elimination of transactions with the Group's other operating segments of $41.7 million (31 December 2023: $41.1 million).

### (b) Reconciliation of movement in insurance contract liabilities

The table below provides an analysis of the movement in the net carrying amounts of insurance contract liabilities.

| | | 31 Dec 2024 | | | | 30 Jun 2024 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Liability for incurred claims | | | | Liability for incurred claims | | |
| | | Liability for remaining coverage $m | Present value of future cash flows $m | Risk adjustment for non-financial risk $m | Total insurance contract liabilities $m | Liability for remaining coverage $m | Present value of future cash flows $m | Risk adjustment for non-financial risk $m | Total insurance contract liabilities $m |
| **Insurance contract liabilities at 1 July** | | **811.1** | **937.7** | **53.1** | **1,801.9** | **690.7** | **759.6** | **55.7** | **1,506.0** |
| **Insurance revenue** | | **(4,113.9)** | **-** | **-** | **(4,113.9)** | **(7,623.1)** | **-** | **-** | **(7,623.1)** |
| **Insurance service expenses** | | | | | | | | | |
| Claims incurred | 4(a)(i) | - | 3,329.8 | 2.1 | **3,331.9** | - | 6,251.3 | (2.6) | **6,248.7** |
| Changes relating to past service | | - | (23.5) | - | **(23.5)** | - | (46.5) | - | **(46.5)** |
| Net Risk Equalisation Special Account payments/(receipts) | | - | (2.2) | - | **(2.2)** | - | 29.3 | - | **29.3** |
| State levies | | - | 32.6 | - | **32.6** | - | 62.4 | - | **62.4** |
| **Incurred claims, excluding claims handing costs** | | **-** | **3,336.7** | **2.1** | **3,338.8** | **-** | **6,296.5** | **(2.6)** | **6,293.9** |
| Movement in claims handling costs for incurred claims | | - | 0.3 | - | **0.3** | - | (4.6) | - | **(4.6)** |
| **Incurred claims** | | **-** | **3,337.0** | **2.1** | **3,339.1** | **-** | **6,291.9** | **(2.6)** | **6,289.3** |
| Other insurance service expenses | | - | 312.1 | - | **312.1** | - | 619.5 | - | **619.5** |
| **Total insurance service expenses** | | **-** | **3,649.1** | **2.1** | **3,651.2** | **-** | **6,911.4** | **(2.6)** | **6,908.8** |
| **Insurance service result** | | **(4,113.9)** | **3,649.1** | **2.1** | **(462.7)** | **(7,623.1)** | **6,911.4** | **(2.6)** | **(714.3)** |
| **Other movements** | 4(b)(i) | **286.9** | **(292.7)** | **-** | **(5.8)** | **(166.8)** | **157.2** | **-** | **(9.6)** |
| **Cash flows** | | | | | | | | | |
| Premium receipts | | 3,663.3 | - | - | **3,663.3** | 7,910.3 | - | - | **7,910.3** |
| Payments for claims and other expenses | | - | (3,655.4) | - | **(3,655.4)** | - | (6,890.5) | - | **(6,890.5)** |
| **Total cash flows** | | **3,663.3** | **(3,655.4)** | **-** | **7.9** | **7,910.3** | **(6,890.5)** | **-** | **1,019.8** |
| **Insurance contract liabilities at end of period** | | **647.4** | **638.7** | **55.2** | **1,341.3** | **811.1** | **937.7** | **53.1** | **1,801.9** |

(i) Includes the movement between the liability for remaining coverage (LFRC) and the liability for incurred claims (LFIC) in relation to the recognition and subsequent utilisation of the customer give back provision of $290.0 million (30 June 2024: $(156.9) million), as well as movements in balances that do not form part of insurance contract liabilities.

## Note 4: Insurance contracts (continued)

### (b) Reconciliation of movement in insurance contract liabilities (continued)

***Key estimate***

The liability for incurred claims (LFIC) includes the expected claims payments and expenses required to settle any insurance contract obligations. The LFIC estimate with respect to claims is based on an actuarial assessment of the hospital, ancillary and overseas claim categories.

| | |
|---|---|
| **Hospital and overseas** | Calculated using statistical methods adopted for all service months but with service levels for the most recent service month (hospital) or two service months (overseas) being based on the latest forecast adjusted for any observed changes in payment patterns. |
| **Ancillary** | Calculated using statistical methods adopted for all service months. |

The critical assumption is the extent to which claim incidence and development patterns are consistent with past experience. Adjustments are then applied to reflect any unusual or abnormal events that may affect the estimate of claims levels such as major variability to claims processing volumes.

The process for establishing the LFIC involves consultation with internal actuaries (including the Chief Actuary), claims managers and other senior management. The process includes monthly internal claims review meetings attended by senior management.

***Key estimate***

The risk adjustment reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk. The risk adjustment applied to the Group's outstanding claims central estimate (i.e. the claims reserve within the LFIC) at 31 December 2024 is 12.2% (30 June 2024: 12.2%). The risk adjustment is based on an analysis of past experience, including comparing the volatility of past payments to the adopted outstanding claims estimate. The risk adjustment has been estimated to equate to the Group's objective of achieving a probability of adequacy of at least 98% (30 June 2024: 98%).

## Note 5: Dividends

| | Cents per fully paid share | $m | Payment date |
|---|---|---|---|
| **31 Dec 2024** | | | |
| 2024 final fully franked dividend | 9.40 | 258.9 | 26 September 2024 |
| **31 Dec 2023** | | | |
| 2023 final fully franked dividend | 8.30 | 228.6 | 5 October 2023 |

**(a) Dividends not recognised at the end of the reporting period**

On 27 February 2025, the directors determined an interim fully franked ordinary dividend for the six months ended 31 December 2024 of 7.80 cents per share. The dividend is expected to be paid on 26 March 2025 and has not been provided for as at 31 December 2024.

**(b) Calculation of dividend paid**

Medibank's target dividend payout ratio for the 2025 financial year is 75-85% (2024: 75-85%) of full year normalised net profit after tax (underlying NPAT). Underlying NPAT is calculated based on statutory net profit after tax attributable to equity holders of the parent entity, adjusted for short-term outcomes that are expected to normalise over the medium to longer term, most notably in relation to the level of gains or losses from investments and movements in credit spreads, and for one-off items, especially those that are non-cash, such as impairments. Underlying NPAT is also adjusted for the net movement in the COVID-19 reserve.

## Note 5: Dividends (continued)

### (b) Calculation of dividend paid (continued)

| | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|
| **Profit for the half-year after tax, attributable to equity holders of the parent entity** | **340.3** | **343.2** |
| Normalisation for growth asset returns | (9.7) | 4.4 |
| Normalisation for defensive asset returns – credit spread movement | (1.4) | (4.4) |
| Normalisation for movement in COVID-19 reserve | (30.5) | (80.7) |
| **Underlying NPAT** | **298.7** | **262.5** |

## Note 6: Investment portfolio

This note provides information on the Group's net investment income and the carrying amounts of the Group's investments.

### (a) Portfolio composition

The following table sets out the carrying amounts of the financial assets residing in the two investment portfolios: the Health Fund Investment Portfolio (including the Short-term Operational Cash (STOC) sub-portfolio) and the Non-Health Fund Investment Portfolio.

| | 31 Dec 2024 $m | 30 Jun 2024 $m | 31 Dec 2024 % | 30 Jun 2024 % | Target asset allocation |
|---|---|---|---|---|---|
| **Growth** | | | | | |
| Australian equities | 109.0 | 127.0 | 4.1% | 4.5% | 3.0% |
| International equities | 137.0 | 109.9 | 5.2% | 3.9% | 4.0% |
| Property | 139.4 | 151.9 | 5.3% | 5.4% | 5.0% |
| Infrastructure | 101.8 | 98.3 | 3.9% | 3.5% | 6.0% |
| **Total Growth** | **487.2** | **487.1** | **18.5%** | **17.3%** | **18.0%** |
| **Defensive** | | | | | |
| Fixed income | 1,624.3 | 1,670.7 | 61.5% | 59.5% | 62.0% |
| Cash (1) | 529.8 | 651.6 | 20.0% | 23.2% | 20.0% |
| **Total Defensive** | **2,154.1** | **2,322.3** | **81.5%** | **82.7%** | **82.0%** |
| **Total Health Insurance Fund** | **2,641.3** | **2,809.4** | **100.0%** | **100.0%** | **100.0%** |
| Short-term operational cash portfolio (STOC) (2) | 396.4 | 642.9 | | | |
| Non-Health Fund Investment portfolio | 240.2 | 234.5 | | | |
| **Total investment portfolio** | **3,277.9** | **3,686.8** | | | |
| Operational cash | 67.1 | 52.4 | | | |
| **Total cash and cash equivalents and financial assets at fair value** | **3,345.0** | **3,739.2** | | | |

(1) For investment portfolio purposes, cash comprises cash and cash equivalents of $454.0 million (30 June 2024: $691.0 million), plus cash with longer maturities of $403.9 million (30 June 2024: $484.2 million), less Non-Health Fund Investment portfolio cash of $18.8 million (30 June 2024: $12.9 million), less short-term operational cash of $226.7 million (30 June 2024: $410.9 million), less cash allocated to the fixed income portfolio of $15.5 million (30 June 2024: 47.4 million), less operational cash of $67.1 million (30 June 2024: $52.4 million).

(2) The STOC sub-portfolio is in place to fund claims deferred due to COVID-19 and customer give backs and also includes $167.0 million (30 June 2024: $167.0 million) to support the amount held for the APRA supervisory adjustment. Given the short-term nature of this sub-portfolio, it is managed separately from the target asset allocation framework.

## Note 6: Investment portfolio (continued)

### (b) Net investment income

| | 31 Dec 2024 $m | 31 Dec 2023 $m |
|---|---|---|
| Interest income [1] | 73.9 | 61.8 |
| Trust distributions | 22.1 | 21.8 |
| Investment management expenses | (3.2) | (2.3) |
| Net gain/(loss) on fair value movements on financial assets | 29.9 | (9.9) |
| Net gain/(loss) on disposal of financial assets | (7.0) | 12.2 |
| Interest expense | (1.2) | - |
| **Net investment income** | **114.5** | **83.6** |

(1) Includes interest income of $6.2 million (31 December 2023: $5.6 million) relating to financial assets at fair value through other comprehensive income (Non-Health Fund Investments).

### (c) Fair value hierarchy

The Group's financial instruments are categorised according to the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted current bid price) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following tables present the Group's financial assets measured and recognised at fair value on a recurring basis.

| 31 Dec 2024 | Level 1 $m | Level 2 $m | Level 3 $m | Total $m |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| Australian equities [1] | - | 109.0 | - | **109.0** |
| International equities [1] | - | 137.0 | - | **137.0** |
| Property [1] | - | - | 139.4 | **139.4** |
| Infrastructure [1] | - | - | 101.8 | **101.8** |
| Fixed income | 65.6 | 2,104.9 | - | **2,170.5** |
| **Financial assets at fair value through other comprehensive income - Fixed income** | - | 233.3 | - | **233.3** |
| **Balance at 31 December 2024** | **65.6** | **2,584.2** | **241.2** | **2,891.0** |

| 30 Jun 2024 | Level 1 $m | Level 2 $m | Level 3 $m | Total $m |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| Australian equities [1] | - | 127.0 | - | **127.0** |
| International equities [1] | - | 109.9 | - | **109.9** |
| Property [1] | - | - | 151.9 | **151.9** |
| Infrastructure [1] | - | - | 98.3 | **98.3** |
| Fixed income | 65.1 | 2,274.4 | - | **2,339.5** |
| **Financial assets at fair value through other comprehensive income - Fixed income** | - | 221.6 | - | **221.6** |
| **Balance at 30 June 2024** | **65.1** | **2,732.9** | **250.2** | **3,048.2** |

(1) Australian equities, international equities, property and infrastructure are indirectly held through unit trusts.

The Group's other financial instruments, being trade and other receivables and trade and other payables, are not measured at fair value. The fair value of these instruments has not been disclosed, as due to their short-term nature, their carrying amounts are assumed to approximate their fair values.

The Group recognises any transfers into and transfers out of fair value hierarchy levels from the date of effect of the transfer. There were no transfers between the fair value hierarchy levels during the period.

## Note 6: Investment portfolio (continued)

### (c) Fair value hierarchy (continued)

*Fair value measurements using significant unobservable market data (level 3)*
The Group's investments in infrastructure and property financial assets are classified within level 3 of the fair value hierarchy. These assets are held in unlisted unit trusts and are valued at the redemption value per unit as reported by the managers of such funds. They are classified within level 3 of the fair value hierarchy as their fair values are not based on observable market data due to the infrequent trading of these investments which results in limited price transparency.

The following table presents the changes in level 3 financial assets during the period.

| | Infrastructure $m | Property $m | Total $m |
|---|---|---|---|
| **Balance at 1 July 2024** | **98.3** | **151.9** | **250.2** |
| Disposals | - | (10.5) | **(10.5)** |
| Net unrealised gain/(loss) on fair value movements | 3.5 | (2.0) | **1.5** |
| **Balance at 31 December 2024** | **101.8** | **139.4** | **241.2** |

## Note 7: Reserves

| | Note | 31 Dec 2024 $m | 30 Jun 2024 $m |
|---|---|---|---|
| Equity reserve | | 17.8 | 17.8 |
| Share-based payments reserve | | 6.0 | 6.5 |
| COVID-19 reserve | (a) | 158.5 | 128.0 |
| **Total** | | **182.3** | **152.3** |

### (a) COVID-19 reserve

The COVID-19 reserve represents the expected future payments required due to the COVID-19 pandemic impacting availability and accessibility to surgeries and other health services. Medibank has committed to return permanent net claims savings due to COVID-19 to policyholders and accordingly the balance of this reserve at the reporting date represents the claims savings to date that have not yet been utilised, net of tax.

The reserve is measured by comparing the difference between the actual and expected volume of insured surgical and non-surgical procedures (prior period also included ancillary procedures). Where actual claims are below expected claims, the reserve is increased by the amount of claims savings. Where actual claims exceed expected claims, the reserve is decreased by the amount utilised. In addition, the reserve is further utilised for the cost of any premium deferrals or one-time cash give backs that are returned to eligible policyholders.

The table below provides a reconciliation of the movement in the COVID-19 reserve during the period.

| | 31 Dec 2024 $m | 30 Jun 2024 $m |
|---|---|---|
| **Balance at beginning of period** | 128.0 | 205.6 |
| Lower/(higher) than expected claims | 43.6 | 219.1 |
| Premium deferral cost | - | (39.9) |
| Cash give back cost | - | (290.0) |
| Tax effect of movements | (13.1) | 33.2 |
| **Balance at end of period** | **158.5** | **128.0** |

***Key estimate***
The determination of the level of expected claims is a key estimate which is based on statistical analysis of the estimated underlying claims growth per Single Equivalent Unit per policy (PSEU) that would have occurred if the COVID-19 pandemic did not eventuate. It has then been applied to the average actual number of PSEUs.

## Note 8: Equity accounted investments

As at 31 December 2024 the Group held the following investments in associates and joint ventures:

| Name of company | Principal activity | Place of incorporation | Type | Ownership interest % 31 Dec 2024 | 30 Jun 2024 |
|---|---|---|---|---|---|
| East Sydney Day Hospital Pty Ltd | Short stay hospital | Australia | Associate | 49.00% | 49.00% |
| Amplar Health Home Hospital Pty Ltd [(1)] | Medical services | Australia | Joint Venture | 100.00% [(1)] | 50.00% |
| Adeney Private Hospital Pty Ltd | Short stay hospital | Australia | Associate | 49.00% | 49.00% |
| Medinet Australia Pty Ltd | Digital health services | Australia | Associate | 3.82% | 3.82% |
| SydOrtho Holdings Pty Ltd | Short stay hospital | Australia | Joint Venture | 50.00% | 50.00% |
| Integrated Mental Health Pty Ltd | Short stay hospital | Australia | Joint Venture | 50.00% | 50.00% |
| Western Adelaide Private Hospital Pty Ltd [(2)] | Short stay hospital | Australia | Associate | 49.00% | - |

(1) On 20 December 2024, MH Investment Holdings Pty Ltd increased its shareholding in Amplar Health Home Hospital Pty Ltd (previously named Calvary Amplar Health JV Pty Ltd) for consideration of $2.5 million. Provisional acquisition accounting for the increase in shareholding from 50% to 100% has been reflected in this interim financial report.
(2) On 1 November 2024, MH Solutions Investments Pty Ltd acquired a 49% shareholding in Western Adelaide Private Hospital Pty Ltd for $1.9 million.

## Note 9: Contingencies

### (a) Cybercrime event

The Group was subject to a cybercrime in October 2022 which resulted in a data breach. Specific contingent liabilities in relation to the cybercrime that may impact the Group as known at this reporting period are set out below. The outcome and any potential financial impacts of the matters below are currently unknown, and as such no provision has been recognised for these matters. The outcome of these matters could impact the financial results, cashflows and financial position of the Group.

It is not currently practicable to estimate the potential financial impact, if any, of these claims.

*AIC civil penalty proceedings*
On 5 June 2024, Medibank received notice of civil penalty proceedings filed in the Federal Court of Australia by the Australian Information Commissioner (AIC) in relation to the cybercrime. The proceedings relate to the AIC's own investigation into the cybercrime and allege that Medibank breached Australian Privacy Principle 11.1.

If Medibank is found to have breached Australian Privacy Principle 11.1, the AIC alleges that the interference with individuals' privacy was either serious and/or repeated within the meaning of section 13G(a) & (b) of the *Privacy Act 1988 (Cth)*, and the AIC seeks penalties of up to $2.2 million per contravention. The AIC alleges either one or two contraventions, or separate contraventions in respect of each individual whose personal information Medibank held during the relevant period (alleged to be 9.7 million individuals).

Medibank is defending the civil penalty proceedings.

*OAIC representative complaint*
Maurice Blackburn, in collaboration with Bannister Law and Centennial Lawyers, has lodged a representative complaint with the OAIC alleging Medibank has breached its privacy obligations and seeks compensation for loss and damage, including but not limited to distress and injury to feelings and humiliation. The representative complaint is under investigation by the OAIC.

Medibank is defending the representative complaint.

*Consumer class actions*
Medibank received notice of two separate consumer class actions filed in the Federal Court of Australia in relation to the cybercrime. On 1 August 2023 these proceedings were consolidated into a single consumer class action. The consolidated consumer class action is being brought by Baker & McKenzie on behalf of persons who were Medibank or ahm health insurance customers between 21 December 2001 and 12 October 2022, and persons who provided personal information to Medibank or ahm for the purpose of obtaining a quote for insurance but did not become a customer.

## Note 9: Contingencies (continued)

### (a) Cybercrime event (continued)

*Consumer class actions (continued)*

The consolidated statement of claim includes allegations of breach of contract, contraventions of the Australian Consumer Law, and breach of equitable obligations of confidence. The amount claimed is unspecified, however remedies sought include damages, declarations for contraventions of the *Privacy Act*, injunctive relief requiring Medibank to take reasonable steps to destroy or deidentify personal information which Medibank no longer needs to retain, interest and costs.

Medibank is defending this consolidated consumer class action proceeding.

*Shareholder class actions*

Medibank received notice of two separate shareholder class actions filed in the Supreme Court of Victoria. On 6 September 2023 these proceedings were consolidated into a single shareholder class action. The consolidated shareholder class action is being brought jointly by Quinn Emanuel and Phi Finney McDonald on behalf of persons who acquired an interest in Medibank shares or entered into equity swap confirmations of Medibank shares during the period 1 July 2019 to 25 October 2022.

The consolidated statement of claim includes allegations of misleading or deceptive conduct and that Medibank breached its continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules by not disclosing to the market information relating to alleged deficiencies in its cyber security systems. The amount claimed is unspecified, however remedies sought include damages, interest and costs. A court ordered mediation is scheduled for late March 2025.

Medibank is defending this consolidated shareholder class action proceeding.

### (b) Other contingency matters (excluding cybercrime event)

In addition to the items noted above in relation to the cybercrime event, the Group is exposed from time to time to contingent liabilities which arise from the ordinary course of business, including:

- Losses which might arise from claims and litigation.
- Investigations from internal reviews and by regulatory bodies such as the ACCC, APRA, ATO, ASIC or other regulatory bodies into past conduct on either industry-wide or Group specific matters.

It is anticipated that the likelihood of any unprovided liabilities arising from these other contingency matters is not material or are not at a stage to support a reasonable evaluation of the likely outcome.

## Note 10: New accounting standards and interpretations

### (a) New and amended standards adopted

The amendments and interpretations that became effective for the annual reporting period commencing on 1 July 2024 did not have a material impact on the Group's accounting policies or on the consolidated interim financial report. The Group has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### (b) New accounting standards and interpretations not yet adopted

There are no standards, amendments or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## Note 11: Events occurring after the reporting period

There have been no events occurring after the reporting period which would have a material effect on the Group's financial statements at 31 December 2024.

The directors declare that, in the opinion of the directors:

(a) the financial statements and notes set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:

  i. 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

  ii. complying with *Australian Accounting Standards,* the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company 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,

| | |
|---|---|
| Mike Wilkins AO | David Koczkar |
| Chair | Chief Executive Officer |

27 February 2025
Melbourne

# *Independent auditor's review report to the members of Medibank Private Limited*

## Report on the half-year financial report

### *Conclusion*

We have reviewed the half-year financial report of Medibank Private Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 Medibank Private 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.

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### *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

M. Laithwaite

Marcus Laithwaite
Partner

Melbourne
27 February 2025