

NZX/ASX release
13 October 2022

Update to forecast NPAT for FY2023

On 23 August 2022, Heartland Group Holdings Limited (NZX/ASX: HGH) (**Heartland**) advised the market that it expects net profit after tax (**NPAT**) for the financial year ending 30 June 2023 (**FY2023**) to be within the guidance range of \$109 million to \$114 million, excluding any impacts of fair value changes on equity investments held.

Heartland affirms that guidance range, but on the basis that the impact of the non-cash accounting item described below is also excluded from NPAT.

Impact of de-designation of derivatives on FY2023 NPAT

In the financial year ended 30 June 2022 (**FY2022**), Heartland took a one-off gain in relation to derivatives that were de-designated from hedge accounting relationships due to a change in interpretation of applicable technical accounting standards which Heartland was advised of during the audit of its FY2022 financial accounts. That gain was non-cash and, as advised to the market at the time, did not impact upon Heartland's underlying earnings.

Whilst Heartland's underlying earnings for FY2023 will not be impacted by the de-designation, Heartland is now aware that de-designation will give rise to a non-cash expense which will reduce FY2023 statutory reported NPAT by \$6.6 million (and will also impact statutory reported NPAT in future reporting periods). As has been the case in prior years, further one-off items may arise during FY2023 to offset that expense in whole or in part.

Heartland does not consider the expense arising from the accounting treatment of derivatives to be material in the circumstances, particularly given that Heartland's focus is on underlying earnings.

FY2023 guidance range

Heartland therefore affirms its expectation for statutory reported NPAT for FY2023 to be within the range of \$109 million to \$114 million, excluding any impacts of fair value changes on equity investments held and excluding the impact of the de-designation of derivatives described above.

– ENDS –

The person(s) who authorised this announcement:

Jeff Greenslade
Chief Executive Officer

Andrew Dixon
Chief Financial Officer

For media enquiries or more information, please contact:

Nicola Foley
Group Head of Communications
027 345 6809

nicola.foley@heartland.co.nz

Level 3, Heartland House, 35 Teed Street, Newmarket, Auckland, New Zealand