

Tower Limited

Consolidated interim financial statements

for the half year ended 31 March 2025



Consolidated interim financial statements

Interim Financial Statements

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Consolidated statement of comprehensive income

For the Half Year Ended 31 March 2025

<i>\$ thousands</i>	Note	31-Mar-25	31-Mar-24
Insurance revenue		295,820	269,434
Insurance service expense		(194,087)	(184,319)
Insurance service result before reinsurance contracts held		101,733	85,115
Net expense from reinsurance contracts held		(40,928)	(44,846)
Insurance service result		60,805	40,269
Investment income	3.1	10,129	10,032
Investment expense		(153)	(71)
Net investment income		9,976	9,961
Finance expense from insurance contracts issued		(1,430)	(3,872)
Finance income from reinsurance contracts held		392	2,167
Net insurance finance expense		(1,038)	(1,705)
Net insurance and investment result		69,743	48,525
Other income		2,131	778
Other operating expenses		(1,309)	(1,021)
Finance costs		(397)	(498)
Profit before taxation from continuing operations		70,168	47,784
Tax expense		(20,428)	(15,368)
Profit after taxation from continuing operations		49,740	32,416
Profit after taxation from discontinued operations		-	3,620
Profit after taxation for the half year attributable to shareholders		49,740	36,036
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		2,256	(95)
Other comprehensive income/(loss) net of tax		2,256	(95)
Total comprehensive profit for the half year attributable to shareholders		51,996	35,941
Earnings per share:			
Basic earnings per share (cents) for continuing operations	5.2	13.2	8.5
Diluted earnings per share (cents) for continuing operations	5.2	13.0	8.5
Basic earnings per share (cents) for profit attributable to shareholders	5.2	13.2	9.5
Diluted earnings per share (cents) for profit attributable to shareholders	5.2	13.0	9.4

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

Consolidated balance sheet

As at 31 March 2025

<i>\$ thousands</i>	Note	31-Mar-25	30-Sept-24
Assets			
Cash and cash equivalents	7.1	62,932	75,390
Investments	3.2	351,529	367,506
Receivables		17,367	19,799
Current tax assets		1,055	13,222
Reinsurance contract assets	2.1	41,161	35,503
Deferred tax assets		1,308	382
Right-of-use assets		18,595	19,990
Property, plant and equipment		6,448	6,735
Intangible assets	6.1	96,023	96,621
Total assets		596,418	635,148
Liabilities			
Payables		24,075	32,287
Insurance contract liabilities	2.1	163,417	177,569
Current tax liabilities		6,520	606
Provisions	6.2	16,703	21,959
Lease liabilities		27,257	28,855
Deferred tax liabilities		15,020	13,716
Total liabilities		252,992	274,992
Net assets		343,426	360,156
Equity			
Contributed equity	5.1	416,690	460,734
Retained earnings		29,486	4,428
Reserves		(102,750)	(105,006)
Total equity		343,426	360,156

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

The financial statements were approved for issue by the Board on 20 May 2025.



Michael P Stiassny
Chairman



Mike Cutter
Director

Consolidated statement of changes in equity

For the Half Year Ended 31 March 2025

\$ thousands	Note	Attributed to Shareholders			Total Equity
		Contributed equity	Retained earnings/ (losses)	Reserves	
Half year ended 31 March 2025					
Balance as at 30 September 2024		460,734	4,428	(105,006)	360,156
Comprehensive income					
Profit for the half year		-	49,740	-	49,740
Currency translation differences		-	-	2,256	2,256
Total comprehensive income/(loss)		-	49,740	2,256	51,996
Transactions with shareholders					
Dividends paid	5.3	-	(24,682)	-	(24,682)
Share rights issued under Tower Long-Term Incentive Plan	5.1	1,449	-	-	1,449
Capital return	5.1	(45,493)	-	-	(45,493)
Total transactions with shareholders		(44,044)	(24,682)	-	(68,726)
At the end of the half year		416,690	29,486	(102,750)	343,426
Half year ended 31 March 2024					
Balance as at 30 September 2023		460,315	(58,473)	(104,108)	297,734
Comprehensive income					
Profit for the half year		-	36,036	-	36,036
Currency translation differences		-	-	(95)	(95)
Total comprehensive income/(loss)		-	36,036	(95)	35,941
Transactions with shareholders					
Share rights issued under Tower Long-Term Incentive Plan		74	-	-	74
Total transactions with shareholders		74	-	-	74
At the end of the half year		460,389	(22,437)	(104,203)	333,749

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

Consolidated statement of cash flows

For the Half Year Ended 31 March 2025

<i>\$ thousands</i>	Note	31-Mar-25	31-Mar-24
Cash flows from operating activities			
Premiums received for insurance contracts issued		294,835	271,105
Insurance acquisition costs paid		(36,540)	(31,715)
Reinsurance paid		(67,464)	(47,401)
Interest received		9,564	8,882
Fee and other income received		2,578	2,649
Insurance claims paid and other insurance service expenses		(166,252)	(229,973)
Reinsurance recoveries received		21,617	58,623
Other operating payments		(130)	(1,060)
Income tax paid		(536)	(665)
Operating activities cash flow from discontinued operations		-	4,899
Net cash inflow from operating activities		57,672	35,344
Cash flows from investing activities			
Proceeds from sale of interest bearing investments		298,092	168,851
Payments for purchase of interest bearing investments		(287,408)	(176,341)
Payments for purchase of intangible assets		(9,148)	(8,031)
Proceeds from sale of property, plant & equipment		-	50
Payments for purchase of property, plant & equipment		(719)	(1,648)
Net proceeds from sale of discontinued operation		-	1,912
Investing activities cash flow from discontinued operations		-	(44)
Net cash inflow/(outflow) from investing activities		817	(15,251)
Cash flows from financing activities			
Dividends paid	5.3	(24,682)	-
Payments for capital return	5.1	(45,493)	-
Payments relating to lease liabilities		(2,519)	(2,698)
Financing activities cash flow from discontinued operations		-	(11)
Net cash outflow from financing activities		(72,694)	(2,709)
Net (decrease)/increase in cash and cash equivalents		(14,205)	17,384
Effect of foreign exchange rate changes		1,747	(146)
Cash and cash equivalents at the beginning of the half year		75,390	65,311
Cash and cash equivalents at the end of the half year		62,932	82,549
Cash from discontinued operations		-	3,135
Cash and cash equivalents at the end of the half year from continuing operations	7.1	62,932	79,414

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

Notes to the consolidated financial statements

1 Overview

This section provides information that is helpful to an overall understanding of the interim financial statements and the areas of critical accounting judgements and estimates included in the interim financial statements. It also includes a summary of Tower's operating segments.

1.1 About this Report

a. Entities reporting

The interim financial statements presented are those of Tower Limited and its subsidiaries (the Group). The address of the Group's registered office is 136 Fanshawe Street, Auckland, New Zealand.

b. Statutory base

Tower Limited is a company incorporated in New Zealand under the Companies Act 1993 and listed on the NZX Main Board and the Australian Securities Exchange. The Company is a reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

c. Basis of preparation

The interim financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and for the purposes of NZ GAAP, the Group is a for-profit entity. They comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and consequently include a lower level of disclosure than is required for annual financial statements.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2024, which have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The interim financial statements for the six months ended 31 March 2025 are unaudited.

d. Accounting policies

The principal accounting policies adopted in the preparation of the interim financial statements are consistent with those of the audited annual financial statements for the year ended 30 September 2024.

1.2 Critical accounting judgements and estimates

In preparing these interim financial statements management is required to make estimates and related assumptions about the future. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, and are reviewed on an ongoing basis. Revisions to the estimates are recognised in the period in which they are revised, or future periods if relevant. The key areas in which estimates and related assumptions are applied are as follows:

- Insurance and reinsurance contracts	
Premium allocation approach (PAA) eligibility	Annual Report (30 September 2024) Note 2.1
Identification of groups of onerous contracts	Annual Report (30 September 2024) Note 2.1
Liability for incurred claims and reinsurance assets for incurred claims, including risk adjustment and the confidence level used	Annual Report (30 September 2024) Note 2.4
- Compliance and remediation provision	Annual Report (30 September 2024) Note 2.7
- Intangible assets	Annual Report (30 September 2024) Note 6.2
- Lease liabilities (incremental borrowing rate)	Annual Report (30 September 2024) Note 6.3a(ii)

1.3 Impact of new accounting standards

Issued and not yet effective

There are amendments and interpretations which have been issued but are not yet effective. The Group expects to adopt new standards when they become mandatory. NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (NZ IFRS 18) will replace NZ IAS 1 *Presentation of Financial Statements* and may have a material impact on Tower's disclosures. NZ IFRS 18 has been issued but is not effective for Tower until 1 October 2027. Tower has not yet completed an assessment of the impact of adopting NZ IFRS 18.

1.4 Segmental reporting

a. Operating segments

Information is provided by operating segment to assist an understanding of the Group's performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the Chief Executive Officer) who reviews the operating results on a regular basis and makes decisions on resource allocation and assessing performance.

Tower operates in two geographical segments, New Zealand and the Pacific region. New Zealand comprises the general insurance business underwritten in New Zealand. Pacific Islands comprises the general insurance business underwritten in the Pacific by Tower subsidiaries and branch operations. Other contains balances relating to Tower Services Limited and group diversification benefits.

The Group does not derive revenue from any individual or entity that represents 10% or more of the Group's total revenue.

The financial performance for Pacific Islands operating segment excludes the disposal groups in the comparative. Intercompany transactions with the disposal group are eliminated within continuing operations.

b. Financial performance

<i>\$ thousands</i>	New Zealand	Pacific Islands	Other	Total
Half year ended 31 March 2025				
Insurance revenue	274,340	21,480	-	295,820
Insurance service (expense)/income	(176,573)	(17,619)	105	(194,087)
Net (expense)/income from reinsurance contracts held	(38,469)	(2,527)	68	(40,928)
Insurance service result	59,298	1,334	173	60,805
Net investment income	9,670	306	-	9,976
Net insurance finance expense	(1,038)	-	-	(1,038)
Net insurance and investment result	67,930	1,640	173	69,743
Other income	1,772	359	-	2,131
Other operating expenses	(1,254)	(55)	-	(1,309)
Finance costs	(300)	(97)	-	(397)
Profit/(loss) before taxation	68,148	1,847	173	70,168
Tax expense	(19,658)	(644)	(126)	(20,428)
Profit/(loss) after taxation	48,490	1,203	47	49,740

1.4 Segmental reporting (continued)

b. Financial performance (continued)

<i>\$ thousands</i>	New Zealand	Pacific Islands	Other	Total
Half year ended 31 March 2024				
Insurance revenue	248,280	21,154	-	269,434
Insurance service expense	(169,213)	(14,844)	(262)	(184,319)
Net (expense)/income from reinsurance contracts held	(44,407)	(489)	50	(44,846)
Insurance service result	34,660	5,821	(212)	40,269
Net investment income	9,472	489	-	9,961
Net insurance finance expense	(1,705)	-	-	(1,705)
Net insurance and investment result	42,427	6,310	(212)	48,525
Other income	616	162	-	778
Other operating expenses	(999)	(22)	-	(1,021)
Finance costs	(409)	(89)	-	(498)
Profit/(loss) before taxation from continuing operations	41,635	6,361	(212)	47,784
Tax expense	(11,568)	(3,800)	-	(15,368)
Profit/(loss) after taxation from continuing operations	30,067	2,561	(212)	32,416

c. Financial position

<i>\$ thousands</i>	New Zealand	Pacific Islands	Other	Total
Additions to non-current assets				
31 March 2025	6,887	513	-	7,400
Additions to non-current assets	18,702	2,175	-	20,877
30 September 2024				
Total assets 31 March 2025	545,122	62,447	(11,151)	596,418
Total assets 30 September 2024	589,793	56,580	(11,225)	635,148
Total liabilities 31 March 2025	223,212	30,449	(669)	252,992
Total liabilities 30 September 2024	250,337	25,478	(823)	274,992

Additions to non-current assets include additions to property, plant and equipment, right-of-use assets and intangible assets.

2 Insurance and reinsurance contracts

This section provides information on Tower's underwriting activities.

Tower collects premiums from customers in exchange for providing insurance coverage. These premiums are recognised as insurance revenue when they are earned by Tower, with an insurance contract liability recognised on the consolidated balance sheet for unearned amounts.

When customers suffer a loss that is covered by their policy, Tower will make payments to customers or suppliers, which it recognises as insurance expenses. To ensure that Tower's obligations to customers are properly recorded within the financial statements, Tower recognises a liability for incurred claims on the consolidated balance sheet.

To manage Tower's risk and optimise its returns, Tower reinsures some of its exposure with reinsurance companies. Net expense from reinsurance contracts is measured as an allocation of reinsurance premiums paid plus any other directly attributable expenses, less amounts recovered from reinsurers and any change in risk from reinsurer non-performance.

2.1 Insurance and reinsurance contracts

As at 31 March 2025					
<i>\$ thousands</i>	Assets	Liabilities	Current portion	Non-current portion	Total
Liability for remaining coverage	-	40,847	40,847	-	40,847
Liability for incurred claims	-	122,570	96,736	25,834	122,570
Total insurance contracts issued	-	163,417	137,583	25,834	163,417
Total reinsurance contracts held	41,161	-	38,039	3,122	41,161

As at 30 September 2024					
<i>\$ thousands</i>	Assets	Liabilities	Current portion	Non-current portion	Total
Liability for remaining coverage	-	42,042	42,042	-	42,042
Liability for incurred claims	-	135,527	110,169	25,358	135,527
Total insurance contracts issued	-	177,569	152,211	25,358	177,569
Total reinsurance contracts held	35,503	-	28,854	6,649	35,503

In the six months to 31 March 2025, Tower experienced an increase in the number and average cost of new over-cap claims received from the Natural Hazards Commission relating to the Canterbury earthquakes of 2010/2011. This has driven a re-evaluation of the assumptions underpinning the provision for those Canterbury earthquake claims. As a consequence, the insurance service result in the consolidated statement of comprehensive income includes a net \$8.7m expense (31 March 2024: \$1m expense) relating to strengthening of the provision for Canterbury earthquakes claims. The liability for incurred claims includes a \$24.8m liability (30 September 2024: \$20.4m liability), and the total reinsurance assets held includes a \$0.9m asset (30 September 2024: \$3.6m asset) for Canterbury earthquakes claims. Due to the nature of the Canterbury earthquakes it is difficult to predict the number or cost of future over-cap claims, however the liability for incurred claims represents Tower's best estimate of the present value of future expenditure on Canterbury earthquake claims, including a risk adjustment at a 90% confidence interval.

2.2 Reconciliation of insurance assets and liabilities

As at 31 March 2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
<i>\$ thousands</i>					
Opening insurance contract liabilities	41,658	384	122,348	13,179	177,569
Insurance revenue	(295,820)	-	-	-	(295,820)
Insurance service expense:					
<i>Incurred claims and other insurance service expenses*</i>	-	-	154,389	3,273	157,662
<i>Amortisation of insurance acquisition cash flows</i>	35,153	-	-	-	35,153
<i>Changes relating to past service</i>	-	-	(9,943)	(1,734)	(11,677)
<i>Losses on onerous contracts</i>	-	92	-	-	92
Finance expense from insurance contracts issued	-	-	1,430	-	1,430
Effect of movements in exchange rates	290	12	713	-	1,015
Amounts included in comprehensive income	(260,377)	104	146,589	1,539	(112,145)
Cash flows:					
<i>Premiums received</i>	294,835	-	-	-	294,835
<i>Claims and other insurance service expenses paid</i>	-	-	(161,085)	-	(161,085)
<i>Insurance acquisition cash flows</i>	(36,540)	-	-	-	(36,540)
Amounts included in statement of cash flow	258,295	-	(161,085)	-	97,210
Pre-recognition cash flows derecognised and other changes	783	-	-	-	783
Insurance contract liabilities at 31 March 2025	40,359	488	107,852	14,718	163,417

* Excludes \$12.8m of insurance service expenses for depreciation and amortisation, which do not form part of insurance contract liabilities on the balance sheet.

Certain cash flows presented above may be on a deemed basis in respect of movements through the insurance contract liabilities, and certain amounts may be recognised in other receivable, payable and provision balances, so they may differ from the actual cash flow amounts reported in the consolidated statement of cash flows.

2.2 Reconciliation of insurance assets and liabilities (continued)

As at 30 September 2024	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
<i>\$ thousands</i>					
Opening insurance contract liabilities	43,994	620	223,565	17,630	285,809
Insurance revenue	(555,818)	-	-	-	(555,818)
Insurance service expense:					
<i>Incurred claims and other insurance service expenses*</i>	-	-	314,130	3,666	317,796
<i>Amortisation of insurance acquisition cash flows</i>	62,835	-	-	-	62,835
<i>Changes relating to past service</i>	-	-	(15,950)	(8,117)	(24,067)
<i>Reversals on onerous contracts</i>	-	(223)	-	-	(223)
Finance expense from insurance contracts issued	-	-	5,592	-	5,592
Effect of movements in exchange rates	(272)	(13)	(348)	-	(633)
Amounts included in comprehensive income	(493,255)	(236)	303,424	(4,451)	(194,518)
Cash flows:					
<i>Premiums received</i>	559,383	-	-	-	559,383
<i>Claims and other insurance service expenses paid</i>	-	-	(404,641)	-	(404,641)
<i>Insurance acquisition cash flows</i>	(68,119)	-	-	-	(68,119)
Amounts included in statement of cash flow	491,264	-	(404,641)	-	86,623
Pre-recognition cash flows derecognised and other changes	(345)	-	-	-	(345)
Insurance contract liabilities at 30 September 2024	41,658	384	122,348	13,179	177,569

* Excludes \$25m of insurance service expenses for depreciation and amortisation, which do not form part of insurance contract liabilities on the balance sheet.

Certain cash flows presented above may be on a deemed basis in respect of movements through the insurance contract liabilities, and certain amounts may be recognised in other receivable, payable and provision balances, so they may differ from the actual cash flow amounts reported in the consolidated statement of cash flows.

2.3 Reconciliation of reinsurance assets and liabilities

	Assets for remaining coverage		Asset for incurred claims		Total
\$ thousands	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Half year ended 31 March 2025					
Opening reinsurance contract assets	(11,690)	-	44,547	2,646	35,503
Reinsurance premiums	(37,561)	-	-	-	(37,561)
Amounts recoverable from reinsurers:					
<i>Amounts recoverable for incurred claims</i>	-	-	7,085	41	7,126
<i>Changes relating to past service</i>	-	-	(8,669)	(1,824)	(10,493)
Finance income from reinsurance contracts held	-	-	392	-	392
Effect of movements in exchange rates	160	-	187	-	347
Amounts included in comprehensive income	(37,401)	-	(1,005)	(1,783)	(40,189)
Cash flows:					
<i>Premiums paid net of ceding commissions</i>	67,464	-	-	-	67,464
<i>Reinsurance recoveries (net of profit share commissions)</i>	-	-	(21,617)	-	(21,617)
Amounts included in statement of cash flow	67,464	-	(21,617)	-	45,847
Reinsurance contract assets at 31 March 2025	18,373	-	21,925	863	41,161
Year ended 30 September 2024					
Opening reinsurance contract assets	(4,229)	-	146,327	5,138	147,236
Reinsurance premiums	(79,587)	-	-	-	(79,587)
Amounts recoverable from reinsurers:					
<i>Amounts recoverable for incurred claims</i>	-	-	6,527	642	7,169
<i>Changes relating to past service</i>	-	-	(15,812)	(3,134)	(18,946)
Finance income from reinsurance contracts held	-	-	3,020	-	3,020
Effect of movements in exchange rates	101	-	25	-	126
Amounts included in comprehensive income	(79,486)	-	(6,240)	(2,492)	(88,218)
Cash flows:					
<i>Premiums paid net of ceding commissions</i>	72,025	-	-	-	72,025
<i>Reinsurance recoveries (net of profit share commissions)</i>	-	-	(95,540)	-	(95,540)
Amounts included in statement of cash flow	72,025	-	(95,540)	-	(23,515)
Reinsurance contract assets at 30 September 2024	(11,690)	-	44,547	2,646	35,503

Certain cash flows presented above may be on a deemed basis in respect of movements through the reinsurance contract assets, and certain amounts may be recognised in other receivable, and payable balances, so they may differ from the actual cash flow amounts reported in the consolidated statement of cash flows.

3 Investments

Tower invests funds collected as premiums and provided by shareholders to ensure it can meet its obligations to pay claims and expenses and to generate a return to support its profitability. Tower has a low appetite for investment related risks and therefore the majority of its investments are in investment grade supranational and government bonds, and term deposits.

3.1 Investment income

<i>\$ thousands</i>	31-Mar-25	31-Mar-24
Interest income	9,224	8,032
Net realised gain	1,452	1,011
Net unrealised (loss)/gain	(547)	989
Investment income	10,129	10,032

3.2 Investments

Tower designates its investments at fair value through profit or loss in accordance with its Treasury policy. It categorises its investments into three levels based on the inputs available to measure fair value:

Level 1	Fair value is calculated using quoted prices in active markets. Tower currently does not have any Level 1 investments.
Level 2	Investment valuations are based on direct or indirect observable data other than quoted prices included in Level 1. Level 2 inputs include: (1) quoted prices for similar assets or liabilities; (2) quoted prices for assets or liabilities that are not traded in an active market; or (3) other observable market data that can be used for valuation purposes. Tower investments included in this category include government and corporate debt, where the market is considered to be lacking sufficient depth to be considered active, and part ownership of a property that is rented out to staff.
Level 3	Investment valuation is based on unobservable market data. Tower currently does not have any Level 3 investments.

<i>\$ thousands</i>	Level 1	Level 2	Level 3	Total
As at 31 March 2025				
Fixed interest investments	-	351,495	-	351,495
Property investment	-	34	-	34
Investments	-	351,529	-	351,529
As at 30 September 2024				
Fixed interest investments	-	367,472	-	367,472
Property investment	-	34	-	34
Investments	-	367,506	-	367,506

There have been no transfers between levels of the fair value hierarchy during the current period (2024: nil).

4 Risk Management

Tower is exposed to multiple risks as it works to set things right for its customers and their communities whilst maximising returns for its shareholders. Everyone across the organisation is responsible for ensuring that Tower's risks are managed and controlled on a day-to-day basis.

4.1 Capital management risk

Regulatory solvency capital

Tower Limited's Group and Parent solvency margin are illustrated in the table below.

\$ thousands	As at 31 March 2025		As at 30 September 2024	
	Parent	Group	Parent	Group
Solvency capital	313,558	329,682	323,834	339,139
Adjusted prescribed capital requirement	190,670	190,831	152,474	148,547
Adjusted solvency margin	122,888	138,851	171,360	190,592
Adjusted solvency ratio	164%	173%	212%	228%

Tower has calculated the above solvency positions in accordance with the RBNZ interim Solvency Standard (ISS) in force at the time of the relevant reporting date. For 31 March 2025 the solvency position has been calculated using the second amendment to the ISS which became effective from 1 March 2025. For 30 September 2024 the previously published version of the ISS was used. The effect of implementing the second amendment of ISS was to reduce the Adjusted Solvency Margin.

5 Capital Structure

This section provides information about how Tower finances its operations through equity. Tower's capital position provides financial security to its customers, employees and other stakeholders whilst operating within the capital requirements set by regulators.

5.1 Contributed equity

<i>\$ thousands</i>	31-Mar-25	30-Sept-24
Opening balance	460,734	460,315
Capital return (including costs of the capital return)	(45,493)	-
Share rights issued under Tower Long-Term Incentive Plan	1,449	419
Total contributed equity	416,690	460,734
<i>Represented by:</i>		
Opening balance (number of shares)	379,483,987	379,483,987
Issue of new shares under Tower Long-Term Incentive Plan	1,128,138	-
Cancellation of shares on capital return	(38,060,062)	-
Total shares on issue	342,552,063	379,483,987

Ordinary shares issued by the Company are classified as equity and are recognised at fair value less direct issue costs. All shares rank equally with one vote attached to each share. There is no par value for each share.

1,128,138 Ordinary shares were issued during the period to the Group's former CEO as part of the company's Long Term Incentive Plan. This constituted a modification to the plan as per note 7.2.

On 20 March 2025 the Group implemented its capital return which resulted in 38.1m shares being cancelled. Total payments in relation to the capital return included \$45.1m paid to shareholders, plus transaction costs. As part of the capital return \$0.1m was paid to related parties, being key management personnel, on the same basis as other shareholders of Tower Limited.

5.2 Earnings per share

	31-Mar-25	31-Mar-24
Profit from continuing operations attributable to shareholders (\$ thousands)	49,740	32,416
Profit from discontinued operations attributable to shareholders (\$ thousands)	-	3,620
Total profit attributable to shareholders (\$ thousands)	49,740	36,036
Weighted average number of ordinary shares for basic earnings per share	377,266,075	379,483,987
Weighted average number of dilutive potential ordinary shares issued under the Tower Long-Term Incentive Plan	4,357,428	2,032,682
Weighted average number of ordinary shares for diluted earnings per share	381,623,503	381,516,669
Basic earnings per share (cents) for continuing operations	13.2	8.5
Diluted earnings per share (cents) for continuing operations	13.0	8.5
Basic earnings per share (cents)	13.2	9.5
Diluted earnings per share (cents)	13.0	9.4

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of fully paid shares.

Diluted earnings per share includes shares that would be issued if unvested share rights were exercised. The weighted average number of shares is adjusted by the number of outstanding rights to executive shares that are assessed to be vested at their future vesting dates.

5.3 Dividends

On 30 January 2025, Tower paid a final dividend of 6.5 cents per share in respect of the 2024 financial year, totalling \$24.7m. On 20 May 2025, the Board approved an interim dividend of 8.0 cents per share, with the dividend being payable on 26 June 2025 for approximately \$27.4m.

6 Other balance sheet items

This section provides information about assets and liabilities not included elsewhere.

6.1 Intangible assets

As at 31 March 2025

<i>\$ thousands</i>	Goodwill	Software and work in progress	Customer relationships	Total
Composition:				
Cost	17,744	117,125	40,674	175,543
Accumulated amortisation	-	(54,620)	(24,900)	(79,520)
Intangible assets	17,744	62,505	15,774	96,023
Reconciliation:				
Opening balance	17,744	60,855	18,022	96,621
Amortisation	-	(7,498)	(2,248)	(9,746)
Additions*	-	9,532	-	9,532
Disposals	-	(292)	-	(292)
Transfers to property, plant and equipment	-	(92)	-	(92)
Closing Balance	17,744	62,505	15,774	96,023

*During the half year ended 31 March 2025, additions to software assets primarily related to continued investment in Tower's core insurance platform and website, and digitisation of claims processes.

As at 30 September 2024

Composition:				
Cost	17,744	107,977	40,674	166,395
Accumulated amortisation	-	(47,122)	(22,652)	(69,774)
Intangible assets	17,744	60,855	18,022	96,621
Reconciliation:				
Opening balance	17,744	57,326	23,454	98,524
Amortisation	-	(13,837)	(5,432)	(19,269)
Additions*	-	18,392	-	18,392
Disposals	-	(47)	-	(47)
Transfers to property, plant and equipment	-	(979)	-	(979)
Closing Balance	17,744	60,855	18,022	96,621

* During the year ended 30 September 2024, additions to software assets primarily related to continued investment in Tower's core insurance platform and website, and digitisation of claims processes.

6.2 Provisions

Composition

<i>\$ thousands</i>	31-Mar-25	30-Sept-24
Annual leave and other employee benefits	5,968	12,771
Compliance and remediation	10,735	9,188
Provisions	16,703	21,959

A compliance and remediation provision has been recognised and is reassessed at each reporting period. A range of possible outcomes is considered, and the re-assessment has resulted in an additional \$2.9m being recognised in the current period, which has been offset by payments made during the period. The resulting provision allows for amounts to be repaid to customers and costs associated with any potential regulatory action.

The Financial Markets Authority (FMA) is seeking a declaration from the court that Tower contravened the Financial Markets Conduct Act (2013) and that a pecuniary penalty is paid to the Crown. Any eventual penalty to be determined by the High Court may be in excess or lower than the provision recognised in these financial statements. The timing of any penalty payable by Tower is also uncertain.

7 Other information

This section includes additional required disclosures.

7.1 Notes to the consolidated statement of cash flows

Composition

<i>\$ thousands</i>	31-Mar-25	30-Sept-24	31-Mar-24
Cash at bank	35,913	51,931	47,007
Deposits at call*	27,019	23,459	32,407
Cash and cash equivalents	62,932	75,390	79,414

*The average interest rate at 31 March 2025 for deposits at call is 3.36% (31 March 2024: 4.67%).

Tower operates in countries in the Pacific Islands that are subject to foreign exchange restrictions, which may restrict the ability for immediate use of cash by the parent or other subsidiaries. As at 31 March 2025, this included NZD 1.3m held in Papua New Guinea (30 September 2024: NZD 7.4m) and NZD 3.9m held in the Solomon Islands (30 September 2024: NZD 3.3m) following the sales of the Tower's business in Papua New Guinea and the Solomon Islands. This cash is not currently available for use outside of these countries.

7.2 Tower Long Term Incentive Plan

The Group has a long-term incentive plan which is intended to align the interests of management and shareholders. During the period, following the resignation of the former CEO, the Board used their discretion under the plan rules allowing unvested awards to vest on a pro-rata basis subject to several modifications.

These modifications were:

- (i) That the awards would vest pro-rata on 31 January 2025;
- (ii) That the awards remain subject to the condition of meeting total shareholder return performance hurdles retained from the original restricted share rights grant, however that TSR was to be evaluated as at 31 January 2025; and
- (iii) A restriction on selling shares on the NZX for a period of six months, except to fund any tax obligation.

The modification to restrict the sale of shares on the NZX occurred on 13 February 2025. As it did not confer any benefit to the former CEO, no further consideration is required under NZ IFRS 2 Share-Based Payments.

The other modifications have been determined to have occurred on 8 November 2024. The assessed fair value of the rights was calculated directly before and after the modifications.

These valuations were completed using a Monte Carlo share price simulation with input from an external valuation specialist. The valuations determined that the modifications did not create any incremental fair value.

In accordance with NZ IFRS 2 Share-Based Payments, the remaining costs of the original awards were accelerated with an expense recognised of \$0.3m for the period (2024: Nil).

The total share-based payments accounting expense for the Group for the period was \$0.7m (2024: \$0.4m).

7.3 Contingent liabilities

Claims and disputes

The Group is occasionally subject to claims and disputes as a commercial outcome of conducting insurance business. Provisions are recorded for these claims or disputes when it is probable that an outflow of resources will be required to settle any obligations. Best estimates are included within claims reserves for any litigation that has arisen in the usual course of business.

The Group has no other contingent liabilities.

7.4 Capital commitments

As at 31 March 2025, Tower has nil capital commitments (2024: nil).

7.5 Subsequent events

On 20 May 2025, the Board approved an interim dividend of 8.0 cents per share, with the dividend being payable on 26 June 2025 for approximately \$27.4m. There were no other subsequent events.



Independent auditor's review report

To the shareholders of Tower Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Tower Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date, and notes, comprising material accounting policy information and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 March 2025, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our capacity as auditor and assurance practitioner, our firm provides audit and other assurance services. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Group.

Responsibilities of the Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.



A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to

This report is made solely to the Company's shareholders as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body, for our review procedures, for this report or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

PricewaterhouseCoopers
20 May 2025

Auckland