

21 May, 2026**Tower reports strong HY earnings**

Kiwi and Pacific insurer Tower Limited (NZX/ASX: TWR) today announced a solid underlying profit performance for the half year ended 31 March 2026, delivering underlying net profit after tax (NPAT) of \$36.8 million and a reported profit of \$22.9 million. The Tower Board has declared a fully imputed interim dividend of 5c per share.

This positive HY26 result was delivered in a more challenging operating environment, marked by pricing pressure, elevated weather-related claims activity and global volatility. Tower does not expect these economic conditions to improve in the second half.

Against this backdrop, Tower has continued to grow its customer base and advanced its strategic initiatives to drive future value.

The result reflects Tower's positive long-term earnings trajectory, but compares against an exceptionally strong prior-year half, which benefited from unusually benign weather conditions and favourable claims experience. As previously communicated to the market at Tower's FY25 full-year results, earnings in FY26 are expected to be lower than the prior year.

Reported profit reflects adjustments for ongoing customer remediation costs, largely driven by a now-resolved historical discount error that primarily affected policies in a legacy system. Other costs include streamlining Tower's operational footprint and a software impairment.

HY26 key results:

- Underlying NPAT: \$36.8m (HY25: \$61.7m)
- Reported profit: \$22.9m (HY25: \$49.7m)
- Gross written premium (GWP): \$301m, up 1%
- Customer numbers: 327,000, up 5% year-on-year
- BAU claims ratio: 44% (HY25: 38%)
- Management expense ratio (MER): 31% (HY25: 30%)
- Large event costs: \$18.5m (HY25: \$3m)
- Half year dividend: 5c per share

Tower CEO Paul Johnston says, "Over the 12 months to 31 March, we welcomed 15,000 new customers to Tower, with continued strong growth in house policies despite a subdued economic environment. Competitive pricing is supporting customer affordability and growth, while our expanded risk-based pricing is strengthening portfolio quality and reducing exposure to weather-related impacts.



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"Continued digital and operational initiatives, including our AI-enabled contact centre and claims process improvements, are improving efficiency and supporting sustainable profitability through the cycle."

Continued growth in home insurance portfolio

Tower's customer base increased 5% year-on-year to 327,000, driven primarily by growth in New Zealand home insurance policies, which grew 9%, reinforcing the company's strategic focus on the house portfolio.

GWP growth of 1% was constrained by lower average premiums, driven by growth in low risk properties which attract lower pricing, and increased competition. This was partially offset by increased policy volumes. Over 90% of new house policies sold during the half were assessed by Tower as Low or Very Low risk for flood, sea-surge and landslide - reflecting the expansion of Tower's risk-based pricing in 2025.

Two key growth initiatives will commence in the second half of FY26: a partnership with Westpac to offer general insurance products to its retail customers, and a back-book referral arrangement enabling Tower to offer insurance products to a group of Kiwibank customers.

Claims and operational performance

The BAU claims ratio increased to 44% from the unusually low 38% reported in the prior comparable period, reflecting targeted rate decreases and increased storm activity. The ratio remains favourable relative to long-run averages of between 48% and 50%. Tower expects it to continue to trend upward through the remainder of the financial year while remaining below long-term averages.

The MER increased to 31% compared to the prior comparable period, reflecting the soft premium cycle and continued investment in technology and growth initiatives.

Large event costs

Tower maintains a \$45 million large event allowance for FY26 and recorded four large events in the first half, with an estimated combined cost of \$18.5 million.

The Wellington flooding event in April 2026 will be recorded as a large event in the second half of the year, with an estimated cost of \$5 million.

Approximately \$21.5 million of the large event allowance remains available for the balance of FY26. Any unused portion at year-end (after tax) will contribute to underlying NPAT.

Updated FY26 GWP guidance

GWP is now expected to grow by low-single digits, down from 5%-10%, due to lower average premiums, and subdued market conditions. Tower continues to expect underlying NPAT to be in the range of \$55 million to \$65 million, assuming full utilisation of the \$45 million large event allowance. While benefits from digitisation and efficiency initiatives are



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expected to continue to emerge, ongoing investment in growth, technology and customer experience is anticipated to keep the MER between 31% and 32%.

Ends

This announcement has been authorised by Tower Limited Board Chair, Naomi Ballantyne.

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