



Tower HY26 Results Announcement Investor Presentation Script

Slide 1 – 2026 Half Year Results

Naomi Ballantyne

Good morning and thank you for making the time to join us for this investor call and presentation of our 2026 half year results. I am delighted to be speaking to you for the first time today as Chair of Tower.

Slide 2 - Agenda

With me in Auckland is our Chief Executive Officer, Paul Johnston, and Interim Chief Financial Officer, Simon Hoole, who will take you through the results and answer your questions.

Slide 3 – Chair’s update

Tower’s half-year results demonstrate the strength and resilience of our business. Despite a considerably more challenging operating environment – marked by higher weather-related claims, pricing pressure and economic uncertainty – we delivered solid underlying earnings, with an underlying net profit after tax of \$36.8 million.

This performance underscores our ability to navigate headwinds while continuing to invest in sustainable growth.

The Board is pleased to declare an interim dividend of 5 cents per share, reflecting our commitment to delivering consistent shareholder returns, underpinned by robust earnings and a strong capital and solvency position.



We are continuing to make good progress on our strategy - growing our customer base, strengthening the quality of our portfolio through risk-based pricing, and building a clear pipeline for future revenue through partnerships with Trade Me, Kiwibank and from mid-year, Westpac – supported by our new brand campaign.

We are also investing in technology, innovation, and AI to support the next phase of Tower’s growth - improving efficiency and customer experience.

These actions position Tower to continue delivering sustainable earnings growth over time, even in a demanding environment.

[pause]

We remain unwavering in our commitment to transparency and fairness and that means doing the right thing for our customers.

While it is disappointing to identify a further substantial remediation issue linked to a legacy pricing system, we have moved to correct it and remediation is now underway.

With my personal experience I understand how difficult - and at times disheartening - it can be for today’s leaders, staff, shareholders and customers to deal with issues that have arisen over time – particularly those associated with older technology with its inherent lack of data insights, and ways of working.

Much of this work is necessarily focused on identifying and putting right historical issues. It is complex, time consuming and costly, and it does reduce



the capacity to invest in new innovations that would improve experiences and outcomes for current and future customers.

That said, this is important work, and we are committed to doing it properly. I want to acknowledge the ongoing work of today's Tower team in working through its legacy systems and processes, to finish the job of finding and putting right those old wrongs as quickly as possible and to the satisfaction of our regulators.

While we are sharply focused on resolving these historic issues and reducing the risk of recurrence, it is also important to recognise that growing an innovative business may at times involve getting things wrong. Success is not defined by the absence of issues, but by how we respond to them – identifying issues, addressing them decisively, and learning from mistakes to prevent recurrence.

Paul will provide more detail on the remediation programme shortly.

[pause]

Before I hand over to Paul, I would like to touch briefly on the broader New Zealand Inc. context.

The government's review into insurance availability and affordability is a critical conversation for New Zealand. At Tower, we are leaning into that challenge – because we know that accessible, affordable insurance is essential for Kiwi households.

While external factors matter, there is a lot within our control as insurers and Tower is taking the lead in three key areas.



We have led the way with plain-English policies, giving customers more visibility into what drives their premiums and how they change over time. We are also helping them understand key risks - especially climate risk – so they can make informed choices.

We urge the broader industry to continue to lift standards in these areas for the benefit of all New Zealanders.

The second area that Tower has focused on is using technology to reduce costs and improve experience. Through digitisation, use of data and AI, we are simplifying processes, speeding up claims responses, and running a more efficient business. This helps keep premiums as low as possible, while our pricing approach ensures customers benefit where underlying risk is lower.

Thirdly, we are increasingly looking beyond traditional models to innovate for the future. Tower is developing parametric cover and exploring usage-based pricing, more flexible options and loss-prevention solutions – products that reflect how people live today and that make insurance simpler, more relevant and more proactive.

[pause]

While we focus on what we can control, systemic issues require collective action.

Government levies and taxes already account for nearly half of an insurance premium, and the cumulative impact of regulation – though well-intentioned – adds significant cost and complexity. Clear prioritisation and greater coordination across regulators and government would help manage these pressures more effectively.

[pause]

There is of course another key factor in the affordability challenge.

Long-term affordability and access to insurance ultimately depends on addressing the root causes of risk.

That means the Government and Councils investing in resilience — infrastructure, flood protection, stronger building standards, and more disciplined land-use planning.

Risk-based pricing also plays a vital role, sending clear signals about where risk is increasing and resilience investment is needed, helping customers, communities and government make better decisions.

We need to empower customers with information. Tower has made its assessment of hazard risk visible and accessible, because informed decisions are critical to building long-term resilience.

Our approach is working. Most of our customers are now benefiting from lower natural hazard premiums, while those with higher exposure receive clearer risk signals. At the same time, the overall quality of our portfolio is improving.

Ultimately, maintaining a strong and competitive insurance market depends on getting this balance right — investing in resilience, pricing risk appropriately, and directing effort where it will have the greatest impact.

That is what will support affordability, maintain access to insurance, and strengthen the resilience of our communities.



As a Kiwi and Pacific business, with decisions made here in New Zealand based on our deep and focussed knowledge of this market and a shared understanding of the daily lives of the communities we serve. We are closely connected to those communities, and our focus remains on building long-term value – for our customers, our shareholders, New Zealand and the Pacific.

I will now hand over to Paul and Simon, who will take you through the results and outlook before we open for questions.

Paul Johnston

Slide 4 – Business update

Kia ora, and good morning, everyone.

Thank you for joining us for our 2026 half year results.

Slide 5 – Overview

Here is an overview of our presentation today, which will include the key drivers behind our strong HY26 underlying result, as well as factors that have impacted reported profit.

We'll also provide an update on our second half priorities and how we plan to leverage what makes us different to further enable growth.

Slide 6 - What makes Tower different

Before moving to our priorities, let's take a moment to highlight what sets Tower apart.

We are a Kiwi-owned insurer, and our competitive advantages uniquely position us to meet the ever-evolving needs of our customers.



First, in customer experience and technology, we lead with transparency and simplicity.

Our streamlined platform and product set deliver clearer, more consistent outcomes for customers. For example, through My Tower, we provide premium breakdowns, year-on-year premium comparisons at renewal, and our assessment of natural hazard risks for their homes.

We continue to enhance our digital capabilities - both through My Tower and our partnerships - enabling more customers to interact with us seamlessly across channels.

At the same time, our AI-enabled contact centre is improving service quality and efficiency, ensuring faster, more personalised service for our customers who call us.

Our targeted approach to risk selection and address-level, risk-based pricing allow us to price more accurately, remain competitive, and improve the overall quality of our portfolio.

These capabilities underpin our strategy, giving us a strong platform to deliver sustainable growth and even better customer outcomes over time.

Slide 7 – Our performance - strong operational and business performance

Tower has seen strong operational and business performance in the half year.

We delivered a solid underlying result, alongside strong customer and policy growth, and a subdued loss ratio.

Reported profit reflects a number of non-underlying items, including customer remediation and other one-off costs, which I'll come to shortly.

On the back of this performance, the Board has declared a fully imputed interim dividend of 5 cents per share.

Simon will take you through the financials in more detail.

Slide 8 – Factors influencing HY26 result

The first half of FY26 unfolded in a more challenging external environment, marked by pricing pressure and continued global volatility.

Tower's performance was influenced by strong customer growth - particularly in lower risk segments which reduced average house premiums, as well as an increase in weather events following the relatively benign conditions of FY25.

Despite these challenges, our focus on delivering simple and rewarding customer experiences drove solid policy growth in the half, largely driven by our partnership channel. We continued to attract and retain quality risks in a competitive market.

Weather activity increased compared to the prior period, driving higher BAU claims costs. In the half, New Zealand and the Pacific experienced several substantial storms, with Tower recording four of these as large events in New Zealand.

Overall, the result reflects a shift away from the unusually benign conditions of the prior period, with underlying performance supported by portfolio quality, growth, and continued execution of our strategy.

Slide 9 – Actively managing economic headwinds

We continue to take decisive action to position Tower for stronger outcomes and to deliver value to both our customers and shareholders.

This includes passing underwriting and cost efficiencies on to customers as premium savings, which is helping to support strong policy growth even through the economic slowdown.

We are also managing the impacts of weather events through our address-level pricing, supported by a large event allowance of \$45 million for the full year.

Our digital and technology investments continue to drive efficiencies, while we optimise our reinsurance programme to strengthen margins.

Finally, we're maintaining a conservative investment portfolio to help reduce volatility.

These actions demonstrate our focus on active management through the cycle, while continuing to build a stronger, more resilient business.

Slide 10 - Policy growth in a competitive market

Despite a soft rating cycle, increased competition, and broader economic turbulence, Tower continued to deliver disciplined growth in the half – benefiting our customers along the way.

We welcomed 15,000 new customers, with growth particularly strong in house policies, alongside more moderate growth in motor and contents.

This performance aligns with our strategy to grow our home portfolio, where customers tend to hold multiple policies and demonstrate stronger retention over time.

Importantly, we are achieving this growth alongside continued improvements in risk quality. In the half, our expected average annual loss from four key perils reduced, and this is also reflected in our new business mix, with over 90% of new policies rated as low or very low risk for flood, sea surge and landslide.

This is driven by our deliberate strategy to grow where we see the strongest long-term value, while strengthening the resilience and quality of our portfolio.

Slide 11 - Improvements in customer experience and efficiency

In customer experience and efficiency, we are seeing clear benefits from our continued investment in technology, data and automation.

Customer outcomes continue to improve, reflected in a higher net promoter score, improved service delivery and a more seamless customer experience across all channels.

Digital adoption is also progressing strongly. Across New Zealand, a growing proportion of customer tasks are completed digitally, making it easier for customers to access and manage their insurance while also helping to reduce our cost to serve.

Efficiency gains from our AI-enabled contact centre, introduced in late FY25, continue, with average call handling times reduced by two minutes.

In claims, our motor assessing platform integration is delivering meaningful reductions in manual effort. During the half, we completed our first fully automated motor claim - from lodgement to approval and payment - with no manual intervention. We also expanded automation across the claims process.

Finally, we streamlined our geographical operations by closing our Rotorua office, improving efficiency and customer experience through centralised contact centres.

We're proud to see these efforts recognised through recent industry awards. Last week, the Kiwi Adviser Network named Tower the 2026 Outstanding Referral Partner. In April, Canstar awarded Tower Home and Contents Insurer of the Year for 2026 - the third consecutive year. Tower also received a 2026 Canstar Innovation Excellence Award for our launch of sea surge and landslide risk-based pricing.

Slide 12 - Large event claims

Weather activity increased in the half compared to the unusually low levels last year.

We experienced four large events in New Zealand during the period, and one large event early in the second half.

This marks a return to more typical conditions, and remains within the range we plan for through our large event allowance. Our reinsurance programme ensures we remain well positioned to respond to any further events.

Slide 13 – Customer remediation programme

Tower remains focused on putting things right for customers who did not receive the full discounts or benefits they were entitled to through our customer remediation programme.

The increase in the remediation provision predominantly related to a now-resolved, historical discount error, where a minimum premium embedded in pricing algorithms prevented eligible discounts from being fully applied. Most refunds owed to customers related to a legacy system which required complex analysis to complete.

Remediation actions are well advanced. Our focus is on proactively contacting affected customers, apologising, and progressing payments, while continuing to engage constructively with the regulator.

The root causes of remediations are largely linked to migration, system and process issues, and this programme also reflects our broader investment in strengthening systems and controls to prevent recurrence.

Beyond remediation, we have also recognised additional non-underlying items, including for the closure of our Rotorua office, partly offset by a small release related to Canterbury earthquake provisions, as well as other costs linked to regulatory change and intangible asset write-offs.

Slide 14 - Financial performance

I will now hand you over to our Interim Chief Financial Officer, Simon Hoole who will talk you through the details of our financial performance this year.

Slide 15 – Group underlying performance

Thank you, Paul.

GWP growth of 1% was challenged due to lower average premiums from growth in lower risk properties which attract lower pricing, and increased competition, partially offset by increased policy volumes.

The BAU claims ratio increased to 44% from the unusually low 38% reported in the prior comparable period, driven by 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.

Large event costs for the half were \$18.5m.

The MER increased to 31%, reflecting the soft premium cycle and continued investment in technology and growth initiatives. Tower's AI-enabled contact centre platform reduced the time customers spent interacting with the company by approximately 15% in the first seven months following launch.

Overall, we are reporting 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.

Reported profit includes strengthening of provisions for customer remediation costs, costs associated with the closure of our Rotorua office and software impairment.

Slide 16 – Movement in underlying NPAT

Underlying NPAT was \$36.8 million in HY26, compared with \$61.7 million in HY25.

Starting with business growth, we saw a modest positive contribution of \$0.7 million, due to higher net insurance revenue, offset by the associated increase in claims and operating expenses.

BAU claims then reduced earnings by \$11.9 million, as prior year rating reductions earned through HY26, alongside a return to more normalised weather patterns and claims frequency in the current period.

Large event costs also had a material impact, reducing earnings by \$11.1 million year-on-year, with large event claims of \$18.5 million before tax compared with \$3 million in the prior period.

Investment income was a further headwind, decreasing by \$3.5 million, reflecting lower yields and mark-to-market impacts during the half.

Overall, the year-on-year movement for the half is in line with the shift from unusually favourable conditions in HY25 to a more normalised operating environment in HY26, while still demonstrating the underlying resilience of the business.

Slide 17 – Rating pressure impacts GWP growth

Premium growth for the half was 1%, in line with the softer rating environment we are currently seeing across the market which is highlighted in the bottom chart.

This continues to provide some relief for customers following the premium increases experienced in recent years.

Importantly, this outcome needs to be viewed alongside strong policy growth. In New Zealand, house GWP increased by 2%, supported by 9% growth in house policies, as we continue to prioritise this segment.

In motor, GWP was broadly flat, despite 3% growth in policies, consistent with decisive rating actions, where we have reduced premiums to balance growth and competitiveness in a softer market.

Our Partnerships channel continues to perform well, delivering 8% GWP growth and contributing to overall portfolio expansion.

Retention has also improved, increasing to 79%, up from 78% in the prior period, in line with our focus on delivering customer value and service improvements.

On the right-hand side, you can see our GWP trend over time, with steady growth from \$216 million in HY22 to \$301 million in HY26.

Finally, the chart below highlights the shift in effective average premium, with downward pressure across both house and motor as market conditions have softened.

While rating pressure is moderating premium growth, we are continuing to grow volumes in a disciplined way, supporting long-term portfolio quality and customer outcomes.

Slide 18 - Higher frequency and severity of claims

The BAU claims ratio increased to 44% in HY26, compared with 38% in the prior period. This shows a return towards more normalised levels, as the benefit of prior pricing actions in HY25 begins to earn through.

Across both motor and house portfolios, we have seen an increase in claims frequency and severity. This has been driven primarily by a higher number of weather-related events in the half, reinforcing the importance of our ongoing focus on pricing discipline, portfolio quality and risk selection.

Looking first at motor, frequency has increased to closer to historical levels at 12.4%, while severity is at just over \$3100 per claim.

In house, frequency has increased to around 7%, due to a higher incidence of smaller weather-related claims, while severity has also increased to just over \$4,000 per claim.

In addition to BAU claims, we experienced four large events in the half, with an estimated cost of \$18.5 million.

Slide 19 – Stable management expense ratio

MER increased by 1% to 31.4% in HY26, within our FY26 MER guidance of 31% to 32%.

As shown in the bridge, this reflects a number of offsetting movements.

Scale efficiencies from business growth reduced MER by 0.4%. This was offset by increases in marketing spend to support revenue growth and strengthen our brand in a competitive market, and software costs to improve the customer experience and streamline processes.

This modest increase in MER is consistent with our deliberate investment to support future growth, efficiency and resilience, while continuing to capture underlying scale benefits from the business.

Slide 20 – Conservative investment strategy

Net investment income for the half was \$5.1 million, which is \$4.9 million lower than HY25.

This is driven by a combination of lower investment balances, reduced yields, and mark-to-market losses from market volatility during the period.

Tower continues to maintain a conservative investment strategy, focused on high credit quality and liquidity. Our portfolio is predominantly invested in highly rated bank and government securities, and we maintain a relatively short duration, with a target of around six months.

This positioning helps manage risk and reduces exposure to market volatility, while providing flexibility as interest rate conditions evolve.

Looking at the chart on the left, core portfolio yields have declined from their peak in early FY24, although there has been a modest uptick more recently, with the running yield at 3.4% as at 31 March 2026.

Looking forward, we expect yields to move broadly in line with OCR settings, and for investment income to remain influenced by both rate movements and broader market conditions.

Slide 21 - Capital and solvency position



Tower's capital position remains strong, with a solvency ratio of 143% as at 31 March 2026.

Our adjusted solvency margin was \$90.1 million at balance date, stated net of the interim dividend of 5 cents per share.

This remains comfortably above our internal target solvency margin of \$84.3 million, providing a solid buffer to absorb volatility and support ongoing growth.

We were also pleased to have our A- financial strength rating reaffirmed by AM Best in April 2026, highlighting the resilience of the balance sheet.

Tower continues to maintain a strong capital position and financial flexibility, supporting both regulatory requirements and our ability to execute on our growth strategy.

Slide 22 – Looking forward

Thank you. I will now hand back to Paul who will provide an update on our guidance and second half priorities.

Paul Johnston

Thank you, Simon.

Slide 23 – Second half priorities

As we move further into the next phase of our strategy, we remain focused on delivering sustainable growth, while continuing to invest in digital technology and innovation to provide easier, faster and more personalised experiences for customers.



A key priority is launching our new partnership with Westpac, alongside the referral of the Kiwibank back book. Together, these initiatives are expected to support customer growth and broaden our distribution channels.

We are also enhancing our contact centre capability and driving further digital adoption to improve both efficiency and the overall customer experience.

We remain focused on progressing our use of AI, embedding it carefully in areas that deliver clear value - particularly in operational efficiency and service delivery.

Alongside this, we are building stronger customer data foundations to enable more personalised and targeted customer experiences over time.

Finally, we'll continue to progress customer remediation and implementation of regulatory changes, ensuring we meet our obligations and strengthen trust with customers and stakeholders.

Slide 24 – FY26 guidance and future targets

For FY26, we now expect GWP to grow by low-single digits, down from our previous guidance of 5%-10%, due to lower average premiums, and subdued market conditions.

While we expect benefits from digitisation and efficiency initiatives to emerge, our ongoing investment in growth, technology and customer experience is anticipated to keep the MER between 31% and 32%.

This supports underlying NPAT, excluding large events, of between \$87 million and \$97 million.

We have maintained our large event allowance at \$45 million for the year. On a statutory basis, assuming full utilisation of that allowance, we expect underlying NPAT to be in the range of \$55 million to \$65 million.



Any unused portion of the large event allowance at year end would flow through to improve the full-year result.

Our combined operating ratio is expected to be between 86% and 88%, supporting strong underlying profitability.

Reported NPAT will continue to be impacted by non-underlying items, including customer remediation activity and costs associated with regulatory change.

Looking further ahead, we have set clear medium-term targets for FY28.

We are targeting GWP of more than \$750 million, representing a compound annual growth rate of over 7.5%.

Over the same period, we expect further efficiency gains, with the management expense ratio improving to between 28% and 30%, and a combined operating ratio of between 85% and 87%.

Overall, these targets reflect our confidence in the strategy and the strong foundations we have built, positioning Tower to deliver sustainable growth and long-term value.

Thank you for your time this morning, I will now hand back to the operator to ask for questions.