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Incorporated in New Zealand

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Tower reports record FY25 result, increased dividends

Kiwi insurer, Tower Limited (NZX/ASX: TWR) today announced a record underlying profit performance for the year ended 30 September 2025, delivering an underlying NPAT of \$107.2m and a reported profit of \$83.7m. The result was driven by low large events costs and a significantly reduced business-as-usual (BAU) claims ratio, alongside customer growth.

Reported profit reflects adjustments for increased Canterbury earthquake claims cost estimates, the ongoing cost of customer remediations and a provision for software impairment.

FY25 highlights:

- Underlying NPAT: \$107.2m (up from \$83.5m in FY24)
- Reported profit: \$83.7m (up from \$74.3m in FY24)
- Gross written premium (GWP): \$600m, up 2%
- Customer numbers: 318,000 (up 4%)
- BAU claims ratio: 41% (improved from 48%)
- Combined operating ratio (COR): 74.1% (vs 79%)
- Management expense ratio (MER): steady at 31.4%

Reflecting the positive results, Tower's Board has declared a fully imputed final dividend of 16.5 cents per share. This brings total dividends for FY25 to 24.5 cents per share.

Tower CEO Paul Johnston says, "This is an exceptional result, underpinned by Tower's transformation, driven by investment in our digital platform and continued focus on underwriting discipline, technology, data, and efficiency. These actions demonstrate Tower's commitment to delivering sustainable growth and building a resilient, customer-focused business for the future.

"However, it is worth noting that we expect conditions that influenced the FY24 and FY25 results, such as relatively benign weather, and prior-year rating flowing through the portfolio, to normalise in the coming year."

Strategic growth in home insurance portfolio

Tower's customer base grew 4% to 318,000, with home insurance policies up 11%, reinforcing its strategic focus on the house portfolio.

GWP growth of 2% reflects strong policy volumes, tempered by lower average premiums as Tower prioritised growth from low-risk customers and competitive pricing. GWP from the house portfolio grew 10%, driven by volume growth, while motor GWP declined 5% due to lower pricing, partially offset by renewed motor volume growth.

In FY25, Tower strengthened its foundations for future growth through key initiatives, including a new partnership with Westpac NZ to offer general insurance products to the bank's retail customers



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from July 2026. Tower also launched a refreshed brand positioning and advertising campaign that resonated strongly with Kiwi audiences and was recognised with Kantar's June 2025 Ad Impact Award.

Claims and operational performance

The BAU claims ratio reduced substantially to 41.3%, driven by a continuation of relatively benign weather, lower inflation, reduced motor theft as well as underwriting improvements, process enhancements and prior year rating adjustments.

Tower's investments in address-level risk-based pricing continue to reduce Tower's risk exposure, with 91% of new house policies rated low or very low flood risk, up from 87% in FY24. Tower also expanded its risk-based pricing to include sea surge and landslide risks in the year.

The MER remained stable at 31.4%, as improvements resulting from increased scale were reinvested in technology and growth initiatives to boost efficiency and customer acquisition. In FY25, Tower launched Amazon Connect, an AI-enabled contact centre platform that streamlines processes and reduces frontline effort, with key operational metrics already showing positive improvements.

Large events costs

Tower continues to support customers through large events, recording \$7m in large events costs in FY25 due to Dunedin flooding in October 2024 and Cyclone Tam in April 2025.

The storms across New Zealand in late October 2025 will be recorded as a large event in FY26 with an estimated cost of \$4.5m.

FY26 guidance

In FY26 Tower expects underlying NPAT to be in the range of \$55m to \$65m, assuming full utilisation of an updated \$45m large events allowance. GWP is anticipated to grow between 5% and 10%, supported by continued customer growth and strategic partnerships. While Tower expects to see benefits from digitisation and efficiency initiatives, ongoing investment in growth, technology and customer experience are expected to keep the MER between 31% and 32%.

Ends

This announcement has been authorised by Tower Limited CEO, Paul Johnston.

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