Level 5, 136 Fanshawe Street
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Incorporated in New Zealand

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Tower reports strong full year earnings, 10c final dividend

Kiwi and Pacific insurer Tower Limited (NZX/ASX: TWR) today announced its full year result for the year ended 30 September 2026, delivering underlying net profit after tax (NPAT) of $74.2 million and a reported profit of $52 million. The Board has declared a fully imputed final dividend of 10 cents per share, comprising a 6 cent ordinary dividend and a 4 cent special dividend from the under-utilised large event allowance. With the 5 cent interim dividend, full year dividends total 15 cents per share.

This result reflects Tower's resilience and positive long-term earnings trajectory, even as it navigated a more challenging operating environment than FY25. Tower grew its customer base 8% to 345,000 and gross written premiums reached $620m, up 3%.

As previously communicated, FY26 earnings were expected to normalise below the prior year, which benefited from benign weather and unusually favourable claims experience.

Reported profit reflects the costs of Tower's customer remediation programme, streamlining Tower's operational footprint, and regulatory change costs.

FY26 key results:

- Underlying NPAT: $74.2m (FY25: $107.2m)
- Reported profit: $52m (FY25: $83.7m)
- Gross written premium (GWP): $620m, up 3% (FY25: $600m)
- Customer numbers: 345,000, up 8% (FY25: 318,000)
- BAU claims ratio: 46% (FY25: 41%)
- Management expense ratio (MER): 32% (FY25: 31%)
- Large event costs: $23.9m (FY25: $7.2m)
- Final dividend: 10c per share; full year dividends: 15c per share (FY25: 24.5c)

Tower CEO Paul Johnston says, "This is a strong result, with more customers choosing Tower and house policy growth up 9%. Our second half shows the momentum we are building, with premium growth accelerating and our new Westpac partnership live in the fourth quarter.

"The investment we've made in digital, AI and risk-based pricing is delivering for customers and the business, and we're entering the next growth phase of our strategy with confidence," he said.

More customers choosing Tower

Tower's customer base increased 8% to 345,000 (up 27,000), with New Zealand policies up 6%. House policies grew 9%, reflecting Tower's strategic focus on the home insurance market, and motor policies grew 6%.

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GWP increased 3% to $620 million, driven by growth in policy volumes. Average premiums were lower, reflecting a soft rating market, risk-based pricing enhancements and Tower's growth in lower-risk properties. Growth improved through the year, with second half GWP up 5%.

Tower's new partnership with Westpac went live on 1 July 2026 and has exceeded early expectations, and migration of the Kiwibank back book completes in the first half of FY27, with a strong pipeline of partnership growth to follow.

Tower's focus on enhancing customer experiences has seen its net promoter score improve to +45 (FY25: +44). Tower was also recognised by Canstar in 2026, winning Home & Contents Insurer of the Year for the third consecutive year, Outstanding Value awards for home, contents and car insurance, and an Innovation Award.

Claims and operational performance

The BAU claims ratio increased to 46% from 41% in FY25, reflecting targeted rate decreases earning through and inflation.

The MER increased 0.5 percentage points to 31.9%, within Tower's guided range of 31%–32%, reflecting increased marketing to support growth, partly offset by scale efficiencies from business growth and digital technology investments.

Large event costs

Tower recorded five large events in FY26 with a combined cost of $23.9 million (FY25: $7.2 million), well below the $45 million large event allowance for the year. Tower has set a $50 million large event allowance for FY27, allowing for policy growth and prudently set at 90% probability of sufficiency.

FY27 guidance and outlook

Tower enters FY27 confident in its organic growth strategy. In addition, as the company moves into the next phase of its strategic plan, the Board will continue to assess opportunities to diversify its sources of growth, broaden its product and services offering to customers, and support long-term shareholder value. Tower will remain disciplined in its approach, and any opportunity must be strategically aligned and exceed the company's return thresholds.

Tower expects GWP growth of 8%–12% in FY27, supported by an improving rating environment, expectations of continued organic growth and continuing to convert the strong partnership pipeline. Tower expects FY27 underlying NPAT excluding large events of $96 million–$106 million (FY26: $91.4 million), and underlying NPAT of $60 million–$70 million assuming full utilisation of the $50 million large event allowance. The MER is expected to be approximately 32% and the combined operating ratio between 86% and 88%. Reported NPAT will be impacted by non-underlying items for remediation activity and costs associated with regulatory change.

Ends

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

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