2026 Full Year Results

1 October 2025 to 30 September 2026

26 November 2026

TOWER Forward thinking Future ready



AGENDA



Chair's update
Naomi Ballantyne,
Chair



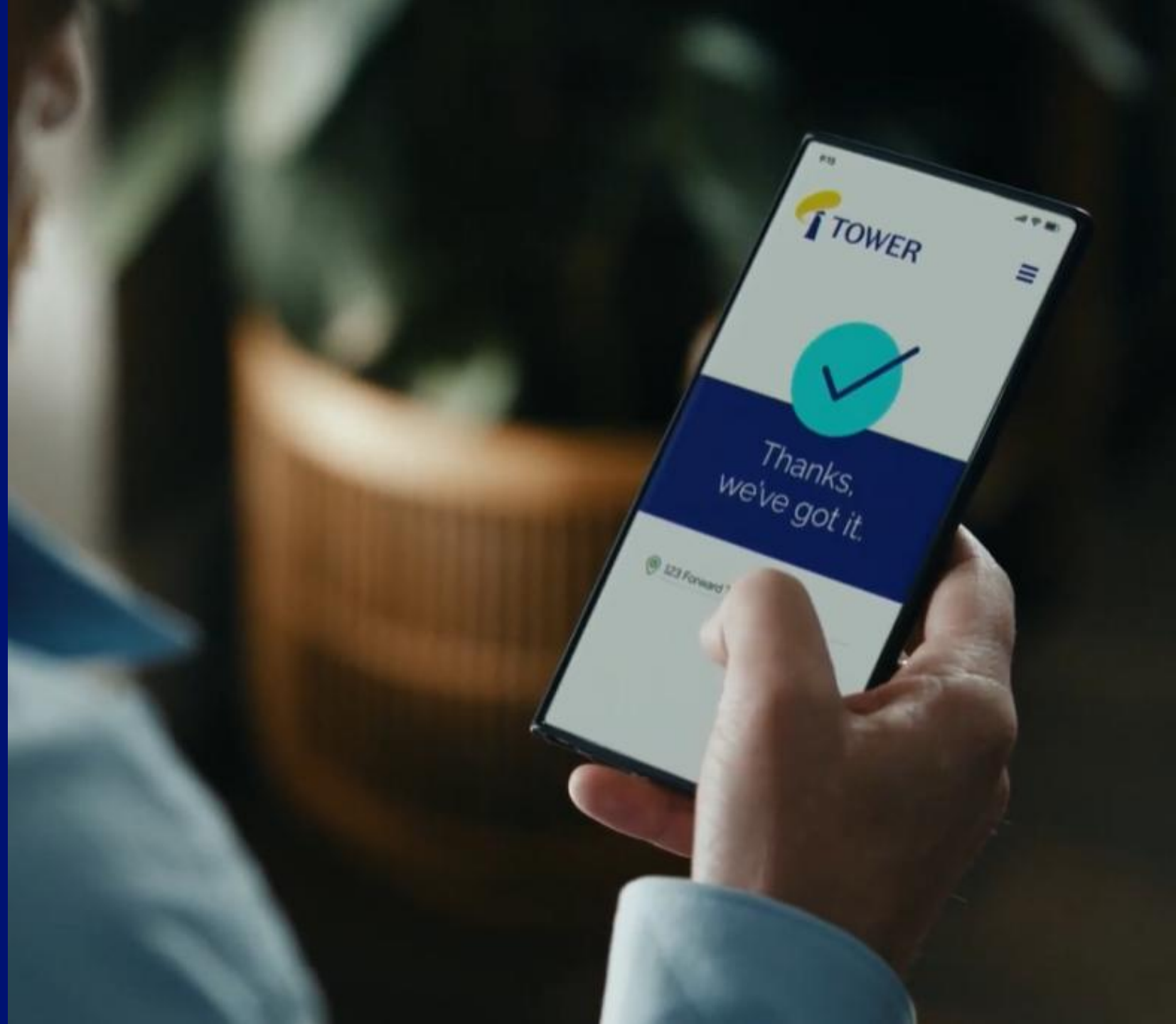
Business update
Paul Johnston,
Chief Executive Officer



Financial performance
Len Elikhis,
Chief Financial Officer



Looking forward
Paul Johnston,
Chief Executive Officer



Chair's update

Tower delivers strong performance through the cycle

Resilient business delivering shareholder value

- Final fully imputed dividend declared of 10 cents per share – ordinary dividend of 6 cents per share, special dividend of 4 cents per share
- FY26 total dividends of 15 cents per share
- Shareholder returns supported by earnings

Demonstrating strategic progress

- Delivering robust policy growth against market headwinds
- Secured pipeline of revenue growth
- Investments improving risk selection and efficiencies

Delivering on our customer promise

- Customer remediation ongoing – committed to making things right

Business update

Paul Johnston,

Chief Executive Officer



Overview

Delivered strong FY26 earnings amidst economic headwinds

- Underlying NPAT of $74.2m
- NPAT below FY25 due to BAU claims normalising, increased large events, and lower investment income
- 8% customer growth while soft rating cycle moderated GWP growth to 3%
- Five large events with a cost of $23.9m, below $45m allowance

Growth momentum towards $750m FY28 target

- Positive growth trajectory; 5% second half GWP growth
- New Westpac partnership launched in Q4 of FY26
- Rating environment turning



What makes Tower different

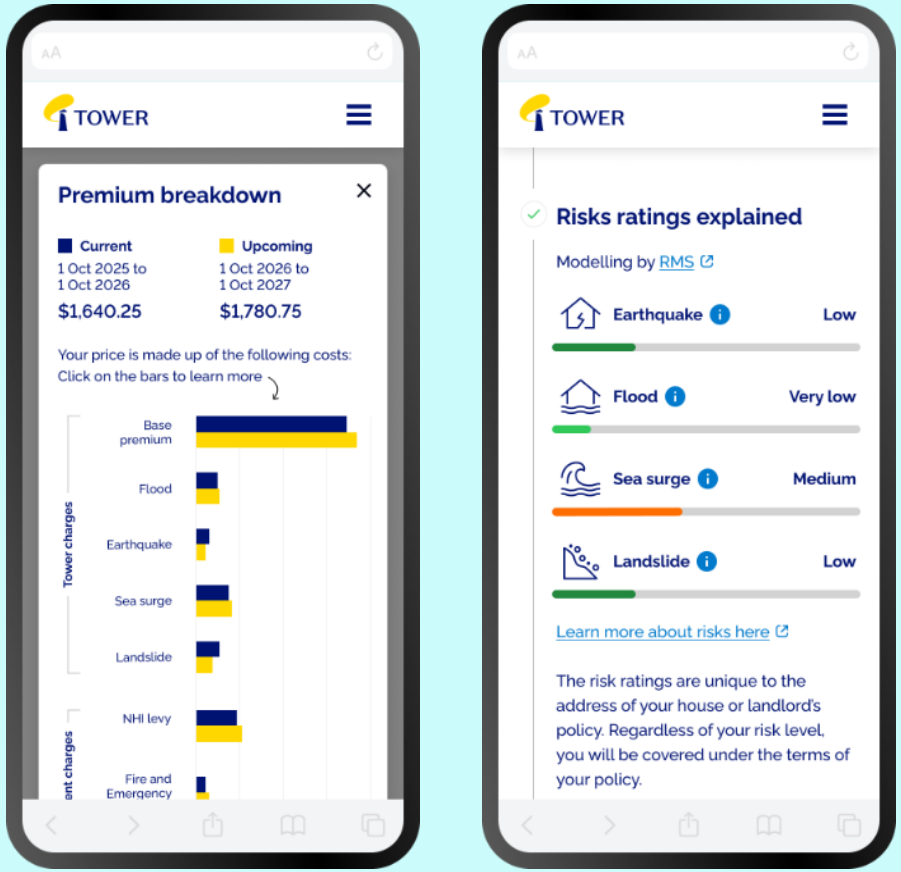
Kiwi-owned, uniquely advantaged

Customer experience & technology

- Transparency to customers
- Streamlined platform and product set
- High digital capability; My Tower and partnerships
- AI enabled contact centre

Underwriting and pricing

- Targeted risk selection and competitive pricing
- Address level risk-based pricing
- Higher share of lower risk properties



Our performance

Solid operational and business performance

GWP growth
(Gross written premium)

3% | $620m

vs $600m in FY25

Customer growth

8% | 345k

vs 318k at FY25

BAU claims ratio
(Business as usual)

46%

vs 41% in FY25

MER
(Management expense ratio)

32%

vs 31% in FY25

Large event costs

$23.9m

vs $7.2m in FY25

Underlying profit[1]

$74.2m

vs $107.2m in FY25

Reported profit

$52m

vs $83.7m in FY25

Dividend per share
Total FY26 declared dividends

15 cents

vs 24.5 cents in FY25

Note 1: Definition of underlying profit and a reconciliation to reported profit is included in the appendices

FY26 result highlights

Year on year profit reflects BAU claims normalising and lower investment income

Customer and policy growth momentum

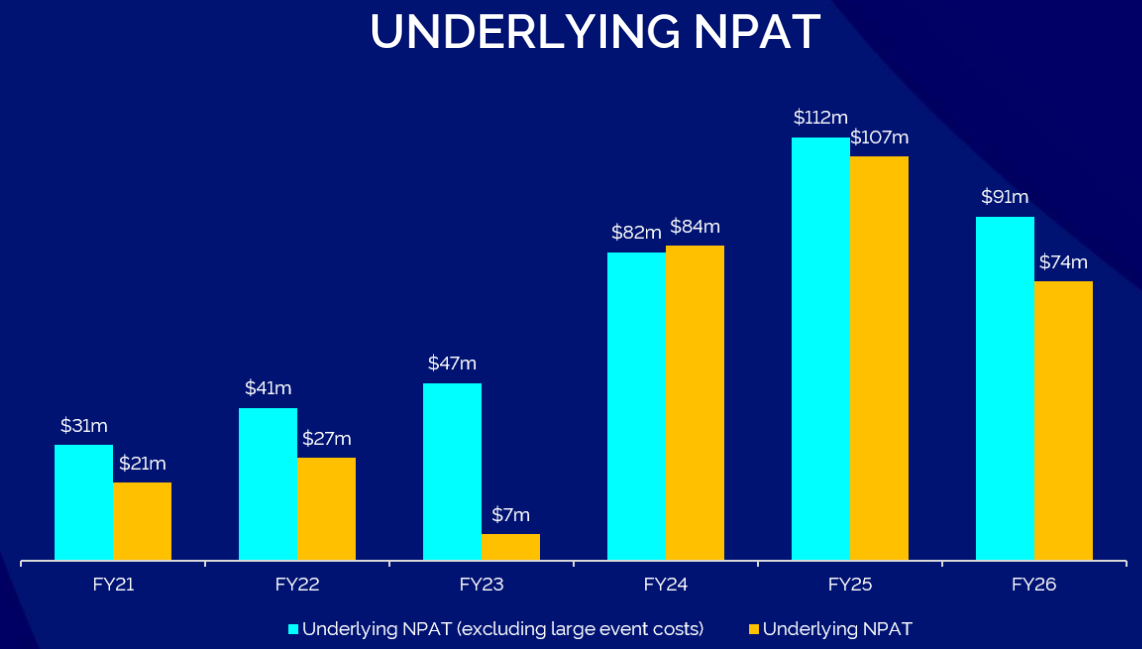
- 8% customer growth year on year
- Partnerships achieving double digit GWP growth

Improved risk selection and portfolio quality

- Landslide and sea surge pricing implemented
- Reduction in higher risk properties contributed to a reduction in average house premiums

Resilience in claims costs

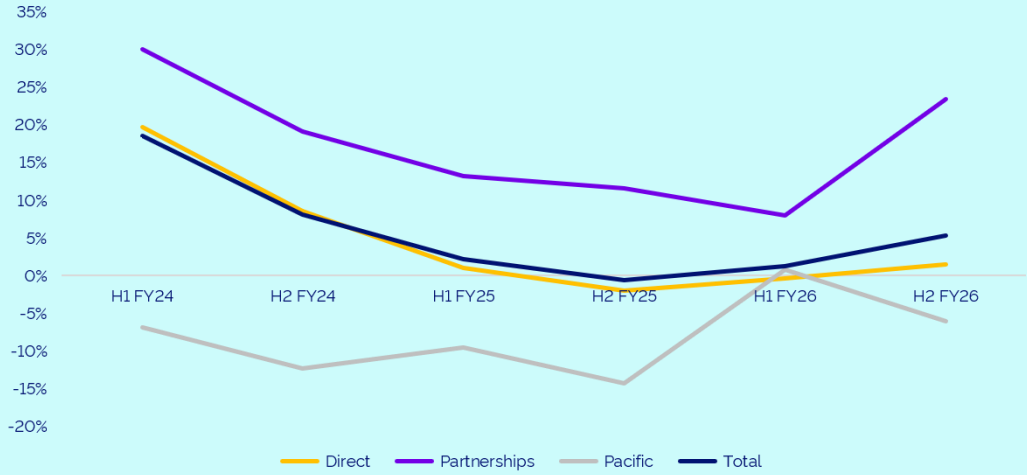
- Increased weather events impacted claims costs
- BAU loss ratio remains below target range and Large event claims costs below $45m allowance



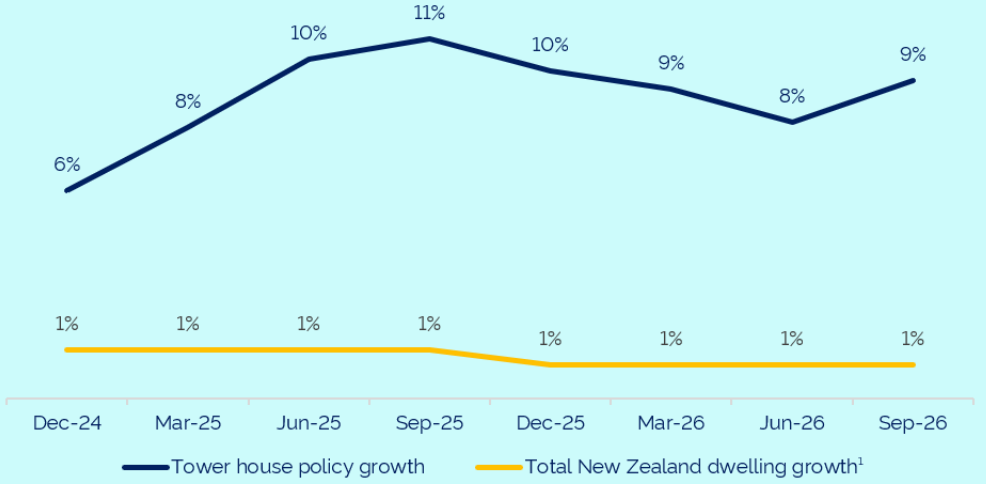
Delivering increased growth

- NZ policies up 6%, below customer growth due to Multipolicy discount removal
- Westpac partnership live in Q4 FY26; H2 partnership GWP up 23%
- Pacific GWP down on risk appetite changes and softer rating environment in commercial lines
- Improved risk quality – change in expected average annual loss from perils:
  - Sea surge down 43%
  - Landslide down 6%
  - Flood down 12%
  - Earthquake up 2%

ANNUAL GWP GROWTH BY CHANNEL



ANNUAL HOUSE POLICY GROWTH BY QUARTER



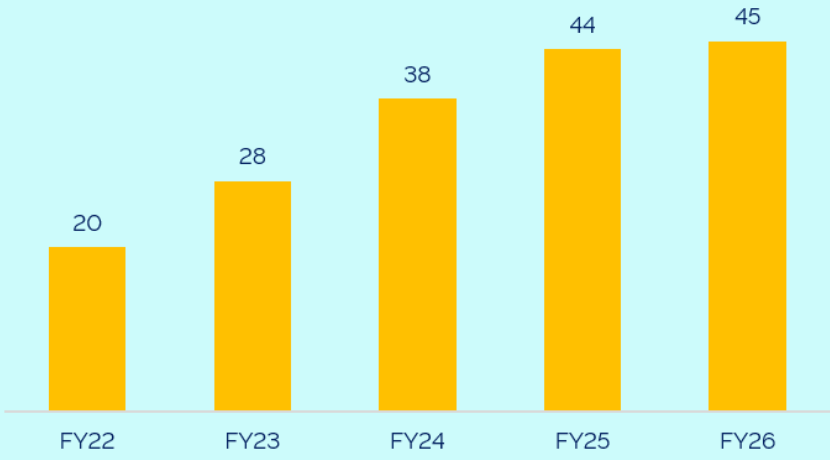
Note 1: System growth is calculated using the quarterly growth in national dwelling estimates from Statistics NZ

Improvements in customer experience and efficiency

Customer experience

- Net promoter score maintained above +40 for 2 years
- 70% of all New Zealand customer interactions are digital
- Delivered claims process automation:
  - end to end automation for simple motor claims without need for Tower human intervention
  - motor claims now closed automatically upon receiving final supplier invoice

NET PROMOTER SCORE



Embedding AI

- Enterprise AI strategy and operating model in place
- AI enabled contact centre reducing average call handling time; down by 2 mins 45 secs, saving >1.3 million mins
- Claims AI assistant launched in October 2026 to pre-check and scan claim details to speed up assessment



Highest ever employee engagement

Our people

- Staff engagement score 8.3 – highest ever (FY25: 8.2)
- Diversity and inclusion 8.8 and peer relationships 9.1 – top 5% of the global finance sector; wellbeing 8.4 – top 25%
- Gender pay equity gap -1.0%[1] (FY25: 0.3%)
- Record high risk culture score 8.8, (FY25: 8.3)
- Named Insurance Business Top Insurance Employer for the third consecutive year



Developing our performance edge

- Investing in leadership capability
- 1,786 Copilot training sessions completed, building practical AI skills

Note 1: Like-for-like comparison of roles for women and men at Tower in New Zealand; a negative figure means women are paid more than men for the same size role (FY25: men paid 0.3% more). Engagement and benchmark results from Tower's September 2026 survey.

Financial performance

Len Elikhis,

Chief Financial Officer



Group underlying performance

- Gross written premium growth of 3%
- BAU claims ratio increased to 46% due to targeted rate decreases and inflationary pressure increasing severity
- Large event costs of $23.9m
- Management expense ratio of 32% increased by 0.5% due to higher marketing spend
- Underlying NPAT[1] of $74.2m
- Reported profit of $52m predominately impacted by costs of customer remediations related to legacy products and systems.

$ million	FY26	FY25	Change
Gross written premium	620.1	599.8	20.2
Insurance revenue	**605.7**	**597.1**	**8.6**
Reinsurance	(65.6)	(80.1)	14.5
Net insurance revenue	**540.0**	**517.0**	**23.1**
BAU claims expense	(249.0)	(213.6)	(35.4)
Large event claims expense	(23.9)	(7.2)	(16.7)
Management expenses	(158.3)	(153.0)	(5.3)
Net commission expense	(14.2)	(9.2)	(5.0)
Insurance service expense	**(445.4)**	**(383.1)**	**(62.3)**
Insurance service result	**94.6**	**133.9**	**(39.2)**
Net investment income	11.0	19.2	(8.3)
Net insurance finance expense	(0.8)	(1.6)	0.8
Other income and expenses	(0.9)	(1.5)	0.6
Underlying profit before tax	**103.9**	**150.0**	**(46.1)**
Income tax expense	(29.7)	(42.8)	13.0
Underlying profit after tax	**74.2**	**107.2**	**(33.0)**
Non-underlying items	(22.2)	(23.6)	1.4
Reported profit/(loss) after tax	**52.0**	**83.7**	**(31.6)**

Key ratios (% of Net insurance revenue)	FY26	FY25	Change
Claims ratio excluding large events	46.1%	41.3%	4.8%
Large event costs ratio	4.4%	1.4%	3.0%
Management expense ratio	31.9%	31.4%	0.5%
Combined ratio	**82.5%**	74.1%	8.4%

Note 1: Definition of underlying profit and a reconciliation to reported profit is included in the appendices

Movement in underlying NPAT



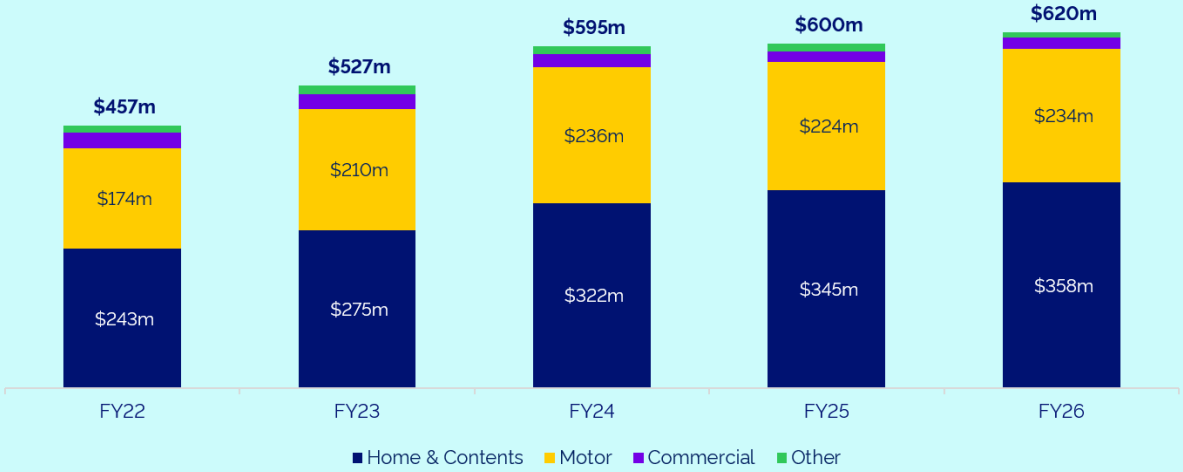
- Underlying NPAT[1] of $74.2m vs $107.2m in FY25
- Business growth reflects higher net insurance revenue less growth in claims and expenses
- BAU claims ratio increased from prior year from rating actions earning through
- Large event costs in FY26 of $23.9m before tax versus $7.2m before tax in FY25
- Investment income impacted by lower average balances and yield across FY26, along with mark to market losses from a rising yield curve
- Non-underlying items include $17.8m after tax charge from remediation costs

Note 1: Definition of underlying profit and a reconciliation to reported profit is included in the appendices

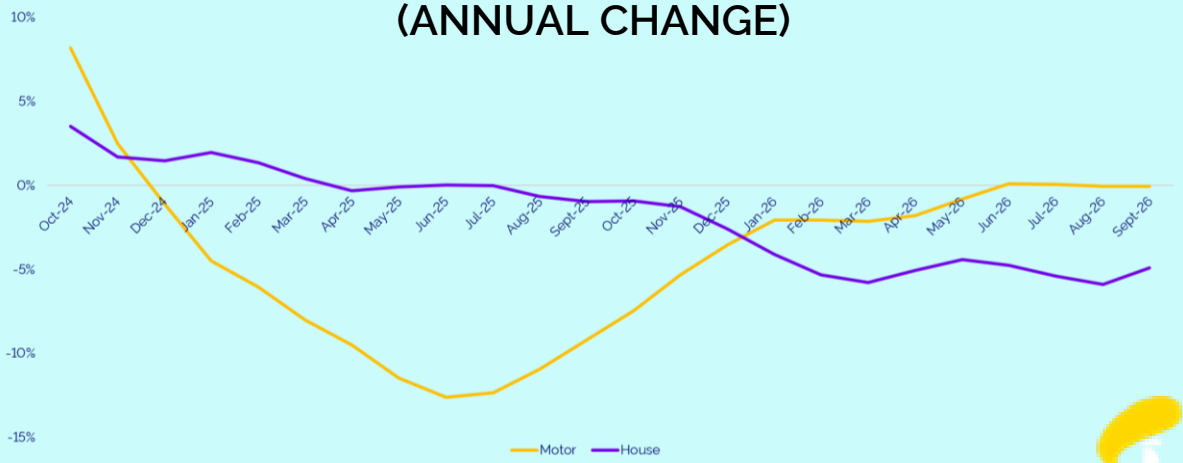
Rating pressure impacts GWP growth

- 3% premium growth reflects softer rating environment
- NZ House GWP growth 3%; 9% policy growth
- NZ Motor GWP growth 5%; 6% policy growth
- Partnerships GWP growth of 16%
- NZ retention rate of 79% (FY25: 78%)

GROSS WRITTEN PREMIUM



TOWER EFFECTIVE[1] AVERAGE PREMIUM (ANNUAL CHANGE)



Note 1: Effective average premium highlights impact of change in technical premium, excesses, and sum insured on GWP

Business unit distribution

TOWER DIRECT

- GWP growth of 1%
- Online channel grew 10%
- Total in force risks increased 3% to 489,000

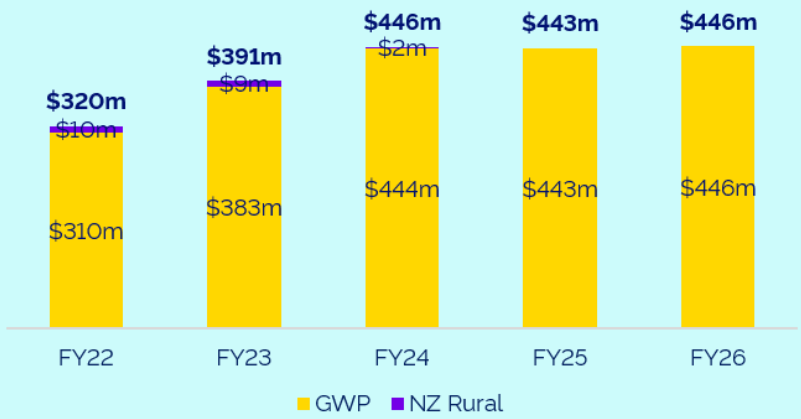
PARTNERSHIPS

- GWP growth of 16%
- Westpac live 1 Jul 26; one quarter included in FY26
- Total in force risks increased 20% to 155,000

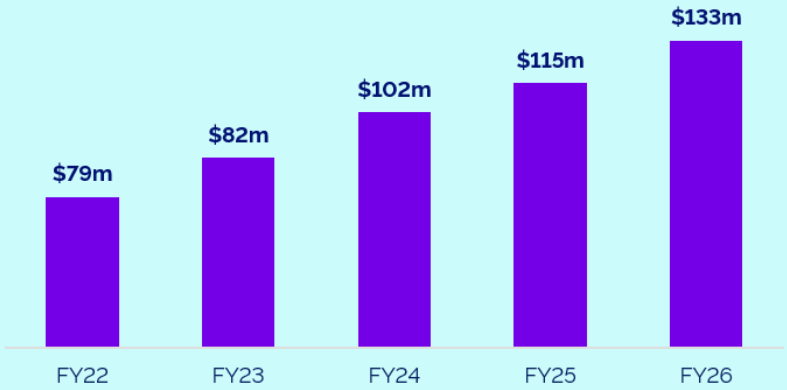
PACIFIC

- GWP reduced by 3%
- Competitive pricing in soft market
- Maintaining price & underwriting discipline

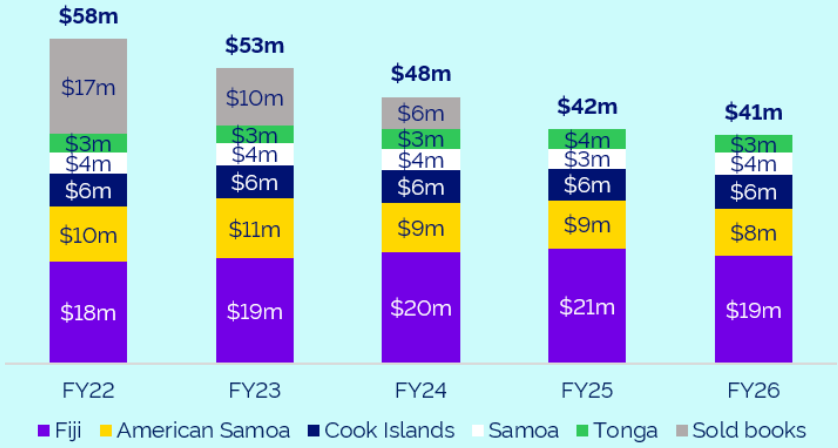
TOWER DIRECT GWP



PARTNERSHIPS GWP



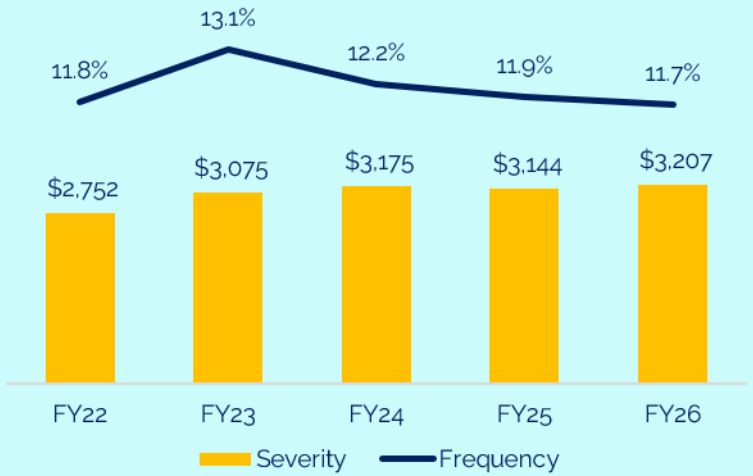
PACIFIC GWP



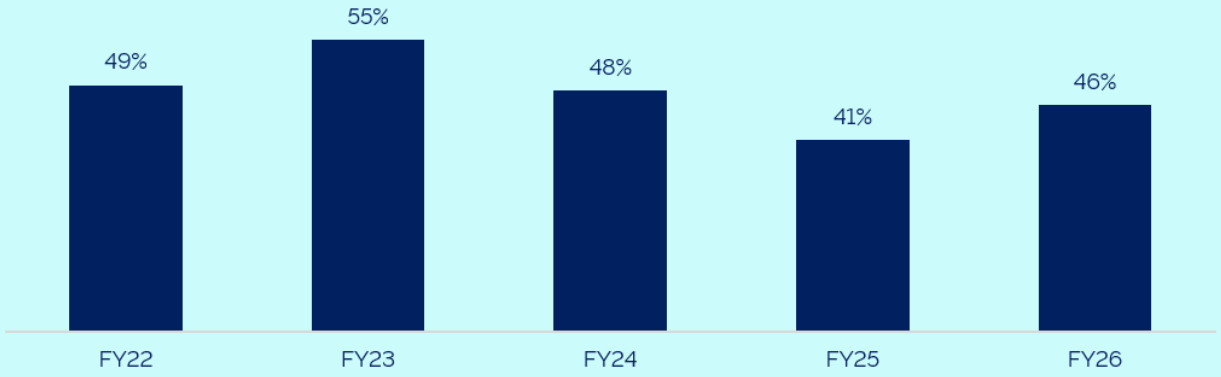
Fewer claims, higher average cost

- BAU claims ratio of 46% (FY25: 41%)
- BAU claims ratio will continue to increase towards historical average as rating changes earn through
- Motor frequency down on fewer collision claims, likely as higher fuel prices reduced traffic and continual reduction in theft frequency
- House severity increased due to inflation and mix of claims from weather

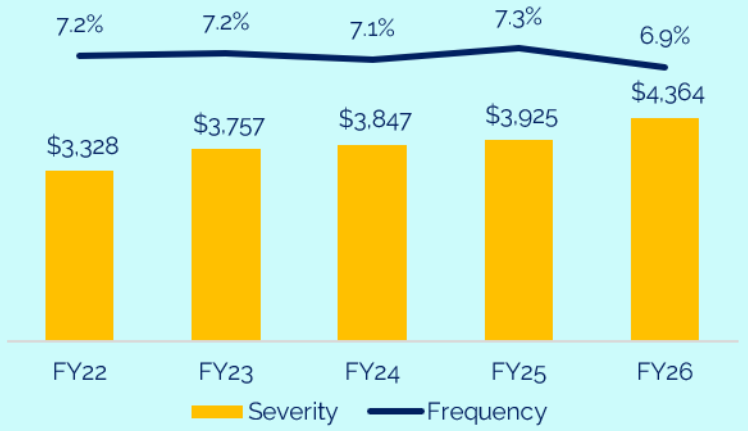
NZ MOTOR SEVERITY[1] & FREQUENCY[2]



BAU CLAIMS RATIO



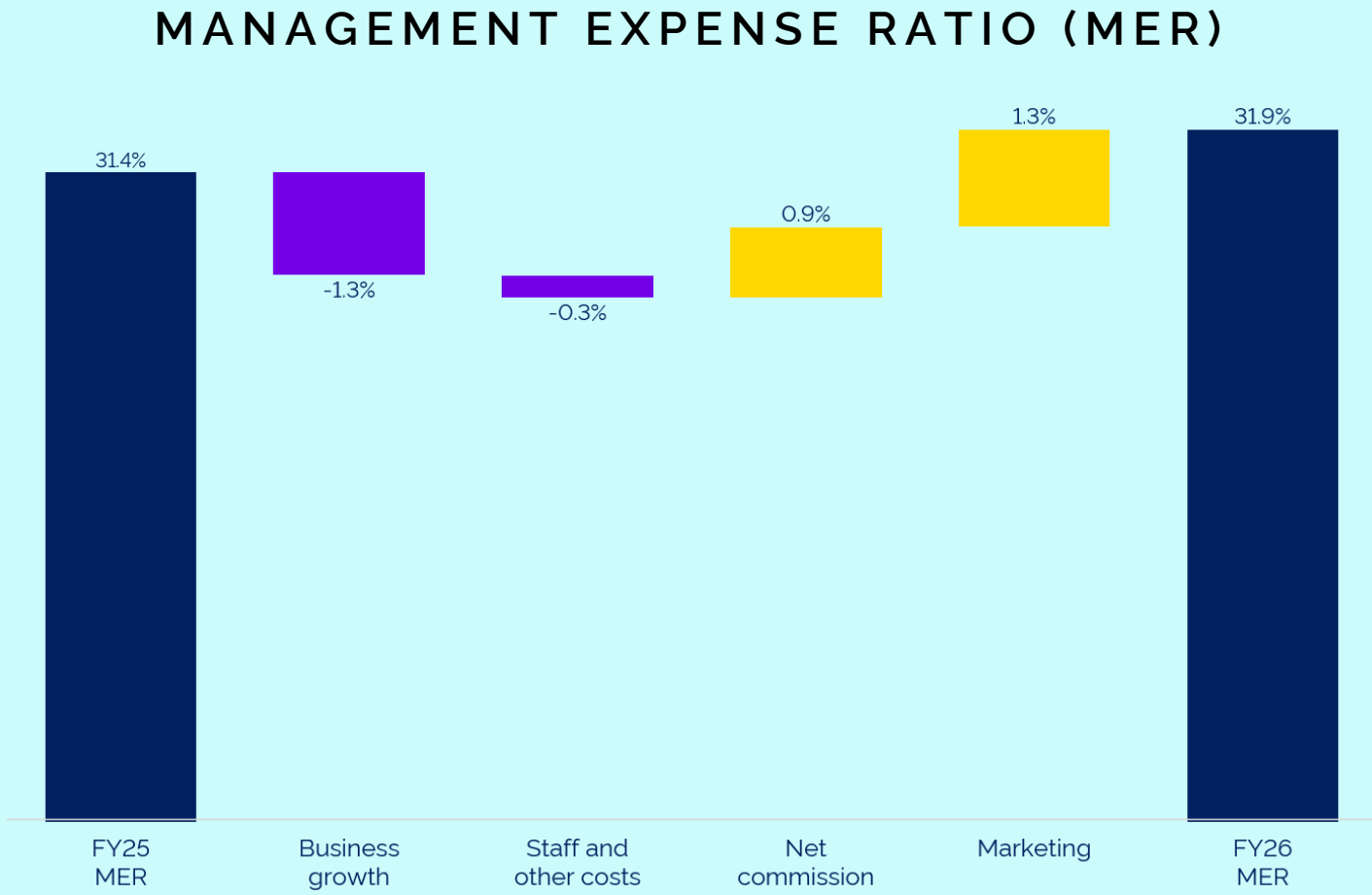
NZ HOUSE SEVERITY & FREQUENCY



Note 1: Severity is defined as the cost of claims (excluding large events, large house, windscreen) divided by the count of claims
Note 2: Frequency is defined as the number of claims (same exclusions as above) divided by risks in force
The historical severity and frequency numbers are current estimates as at 30 September 2026 reflecting development of prior year claims in their respective incurred periods

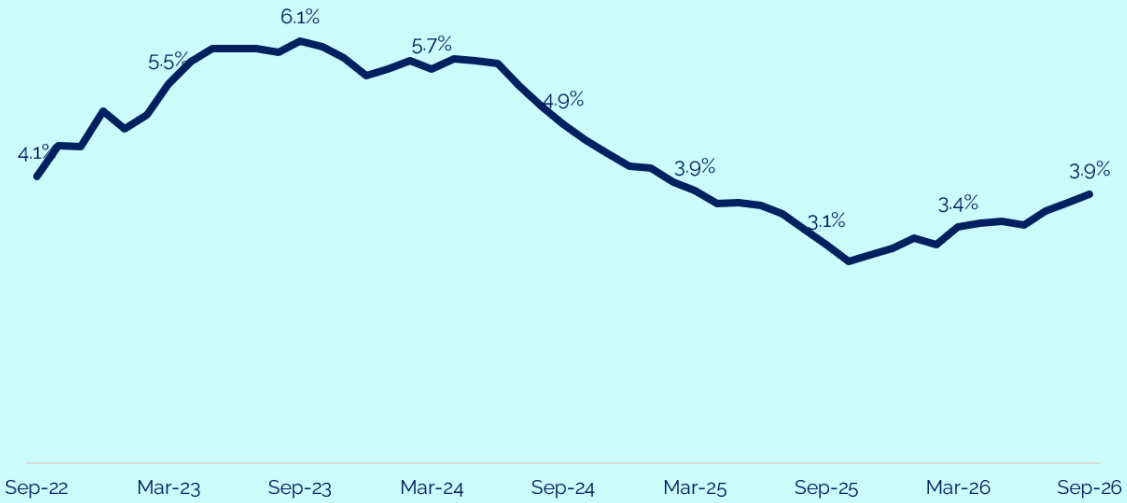
Stable management expense ratio

- MER increased by 0.5% to 31.9%
- Scale efficiencies from business growth contributes 1.3% reduction in MER
- Increased investment in capital transformation projects reduced staff and other costs by 0.3%
- Increase in net commission reflects change in reinsurance structure
- Increase in marketing to drive policy growth

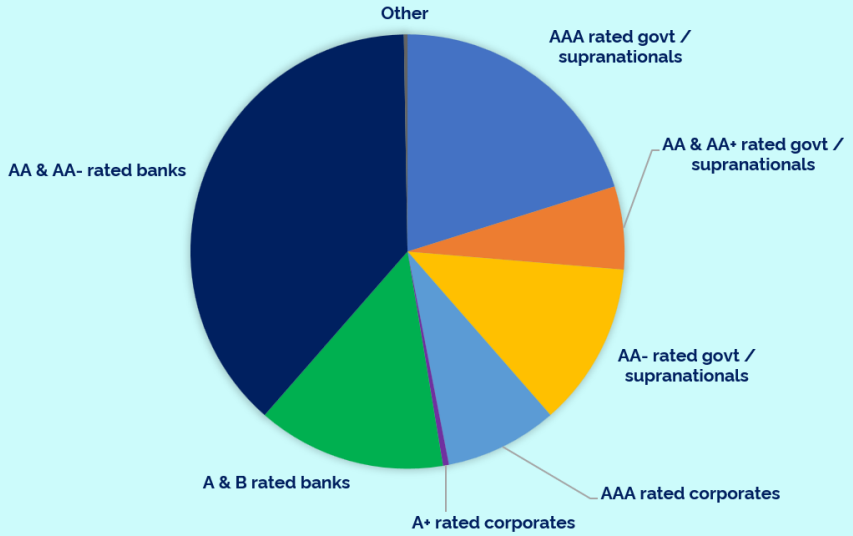


Conservative investment strategy

CORE INVESTMENT PORTFOLIO[1] YIELD



INVESTMENT ASSET PROFILE



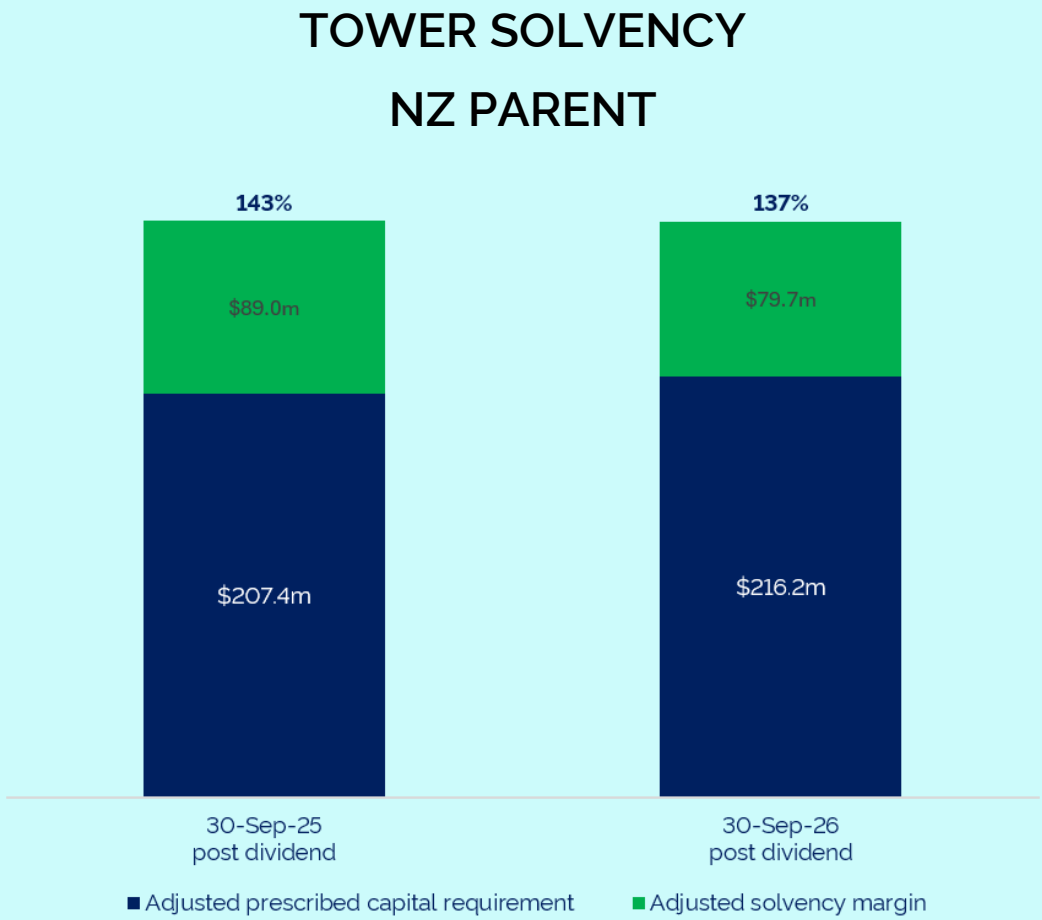
- Net investment income $11m; $8.3m lower than FY25 due to lower investment balances, yield, and mark to market losses from rising yield curve
- Running yield on the core investment portfolio is 3.9% as at 30 September 2026

- Conservative investment strategy with low duration (target of 6 months)
- Yields expected to track in line with OCR

Note 1: Core investment portfolio refers to Tower's fixed income investment portfolio in NZ. It excludes cash held for operational purposes in NZ and cash and short-term deposits held by Tower's Pacific subsidiaries. Subsidiaries of banking groups with a credit rating have been grouped under their parent bank's credit rating, even if unrated themselves

Capital and solvency position

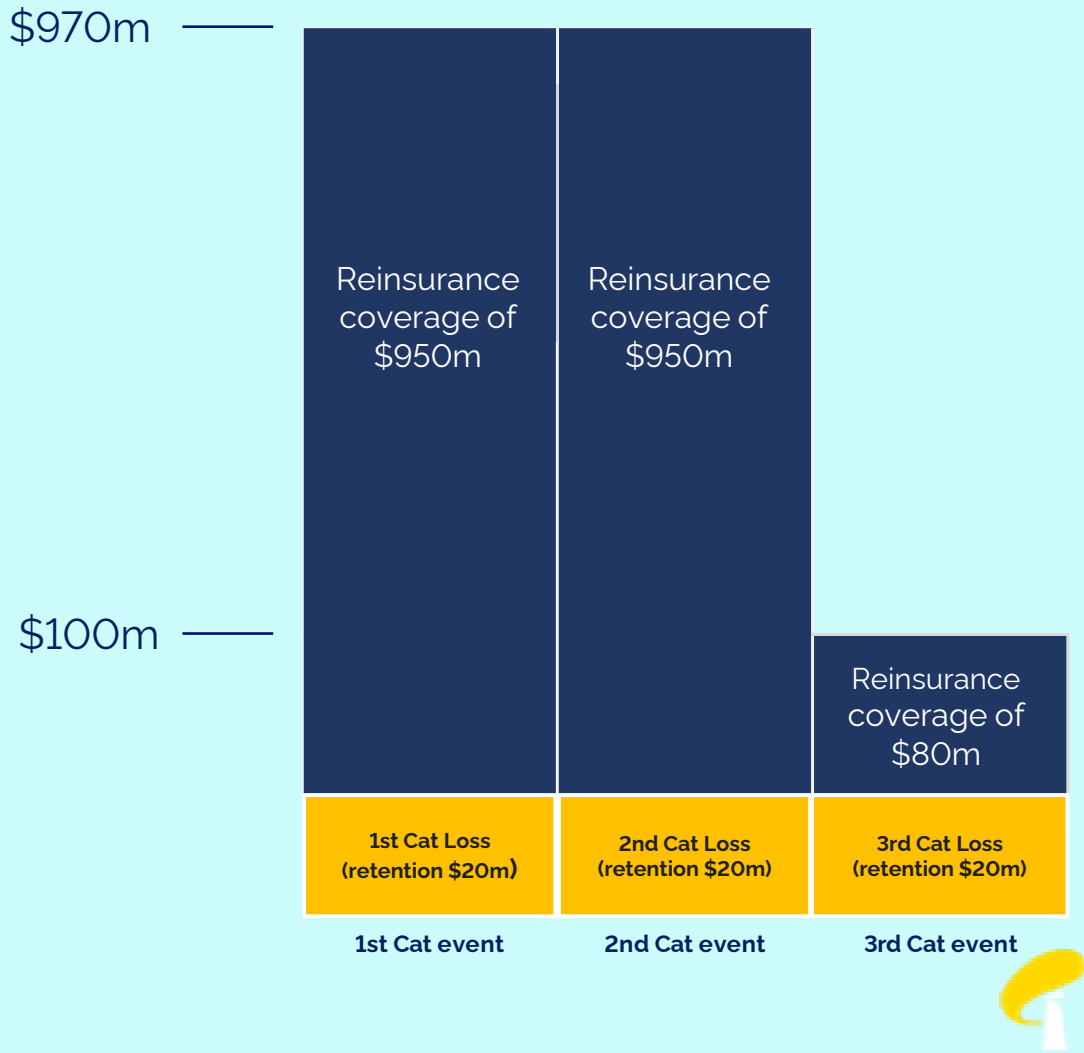
- Solvency ratio[1] of 137%
- Adjusted solvency margin as at 30 September 2026 is $79.7m - stated net of final dividend of 10 cents per share[2]
- Tower has an internal target solvency margin of $89.5m
- We will continue to balance capital flexibility for growth with sustainable shareholder returns
- A- financial strength rating reaffirmed in April 2026 by AM Best



Note 1: SR = Solvency ratio – the ratio of solvency capital to adjusted prescribed capital
Note 2: Based on Tower's dividend policy to pay a sustainable annual dividend in the range of between 60-80% of adjusted earnings, where prudent to do so

Reinsurance programme

- Two full limits of $970m for catastrophe events, and a third additional limit of $100m on pre-agreed terms
- $20m retention for catastrophe events
- Reinsurance programme also includes:
  - Excess of loss[1] for large single property claims
  - General accident and marine cover

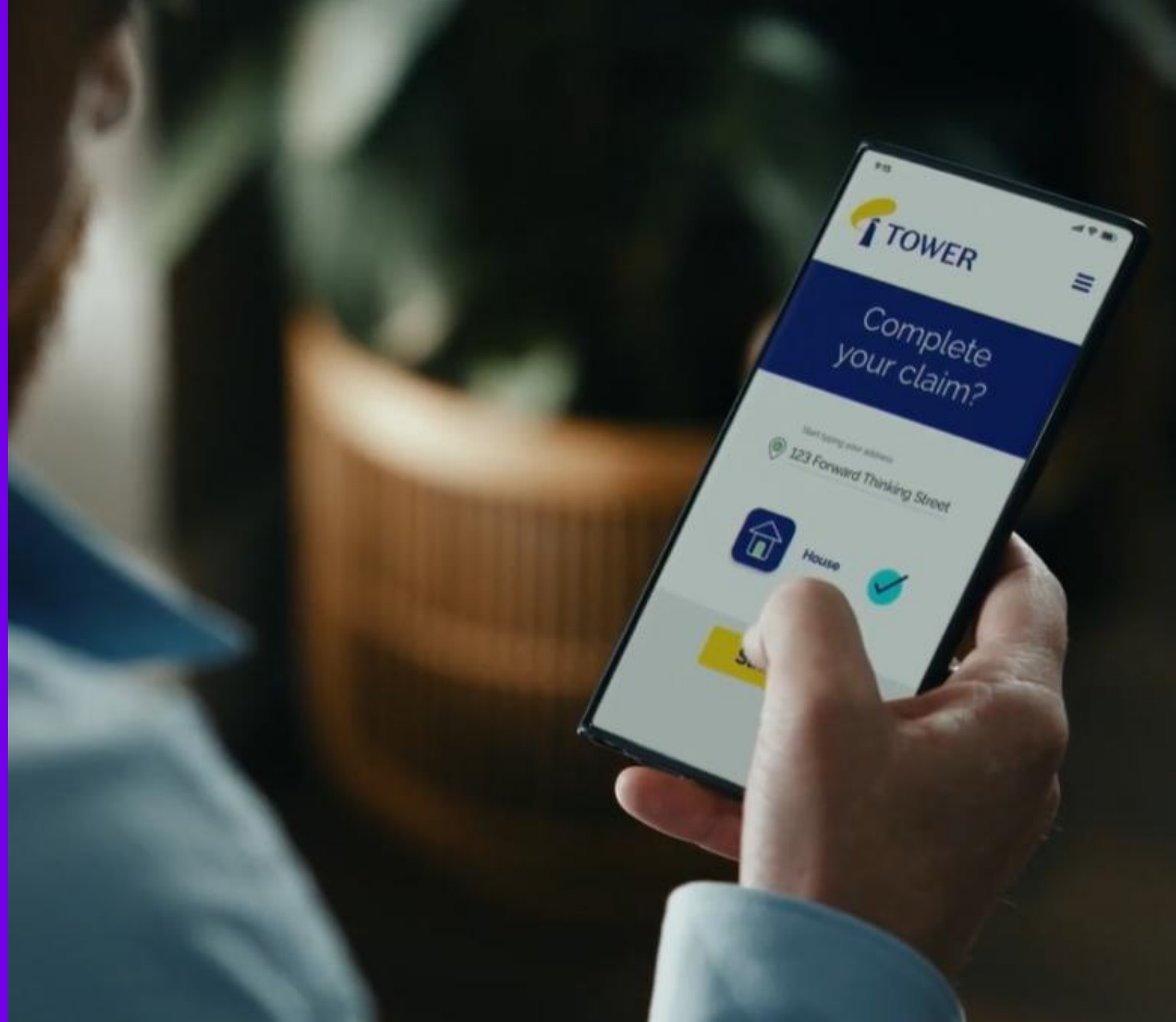


Note 1: Excess of loss reinsurance means Tower retains responsibility for claims up to a certain threshold, with the reinsurer covering losses above that amount.

Looking forward

Paul Johnston,

Chief Executive Officer



Delivering the next phase of growth

Investing to expand Tower's future growth opportunities

✓ Horizon 1 completed

Resilience and Efficiencies

HORIZON 1
2024-2025

- Building foundational strength
- Well-managed risk exposure
- Operational efficiencies
- Technology investments
- Improving customer experience
- Effective and distinctive culture

We are here

Transform and Innovate

HORIZON 2
2026 - 2027

- Expanding growth pipeline:
  - Innovative direct propositions
  - SME product
  - Partnerships
- Investment in customer data, digitisation, and AI
- Leading customer experience

Investing now to enable Horizon 3

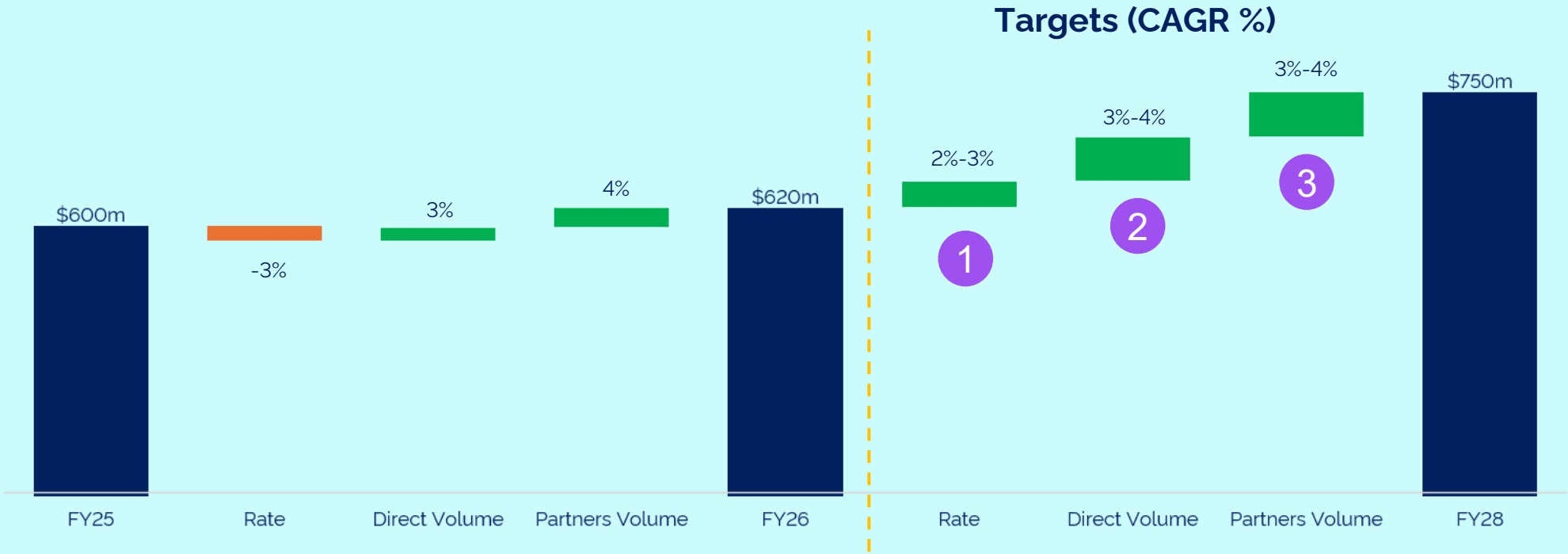
Expanded Growth and Leadership

HORIZON 3
2028 - 2030

- Scale growth through new channels and innovative products
- Broadening financial services
- Market challenger ⇨ market leader
  - Leading brand
  - Highly automated/digital
  - Personalised customer experiences

GWP growth momentum

Targeting $750m GWP in FY28 through organic growth



1. Rating environment turning to positive with low levels of inflation and the renewal rate impacts from risk-based pricing changes impacting FY26 completed
2. Direct growth continues through brand and innovative propositions
3. Expanded growth pipeline for partnerships

Partnerships powering our growth

New and expanded partners are widening our reach

- Westpac partnership launched Q4 FY26
- Kiwibank back book migration completes in FY27
- New digital referral for financial adviser channel improves efficiency while optimising leads
- Expanded Tower partners by 9 in FY26, to 58 total
- Trade Me – evolution to integrated brand channel, migrating all customers to Tower Direct, white label brand to cease in December

Continuing to invest in technology

Optimising our foundational investment to unlock further value

AI and data

- Operational: AI agents embedded in Tower's core processes starting with claims triaging
- Workplace: improving business support and efficiency
- Customer 360 data model created leading to personalisation and improved customer targeting

Platforms and digitisation

- Retiring our last legacy system in New Zealand, reducing risk and cost while improving customer experience
- Continuing to enhance Amazon Connect platform to improve customer experience and reduce staff workload

FY27 guidance and future targets

	FY26 Actual	FY27 Guidance	FY28 Target
GWP growth	3%	8% - 12%	$750m
Management expense ratio	31.9%	~32%	30% - 31%
Underlying NPAT (excluding large events)	$91.4m	$96m - $106m	
Large events (FY27 allowance set at ~90% probability of sufficiency)	$23.9m	$50m	
Combined operating ratio	82.5%	86% - 88%	85% - 87%
Underlying NPAT (assuming full utilisation of large events allowance in FY27)	$74.2m	$60m - $70m	

- Reported NPAT will be impacted by non-underlying items for remediation activity and costs associated with regulatory change

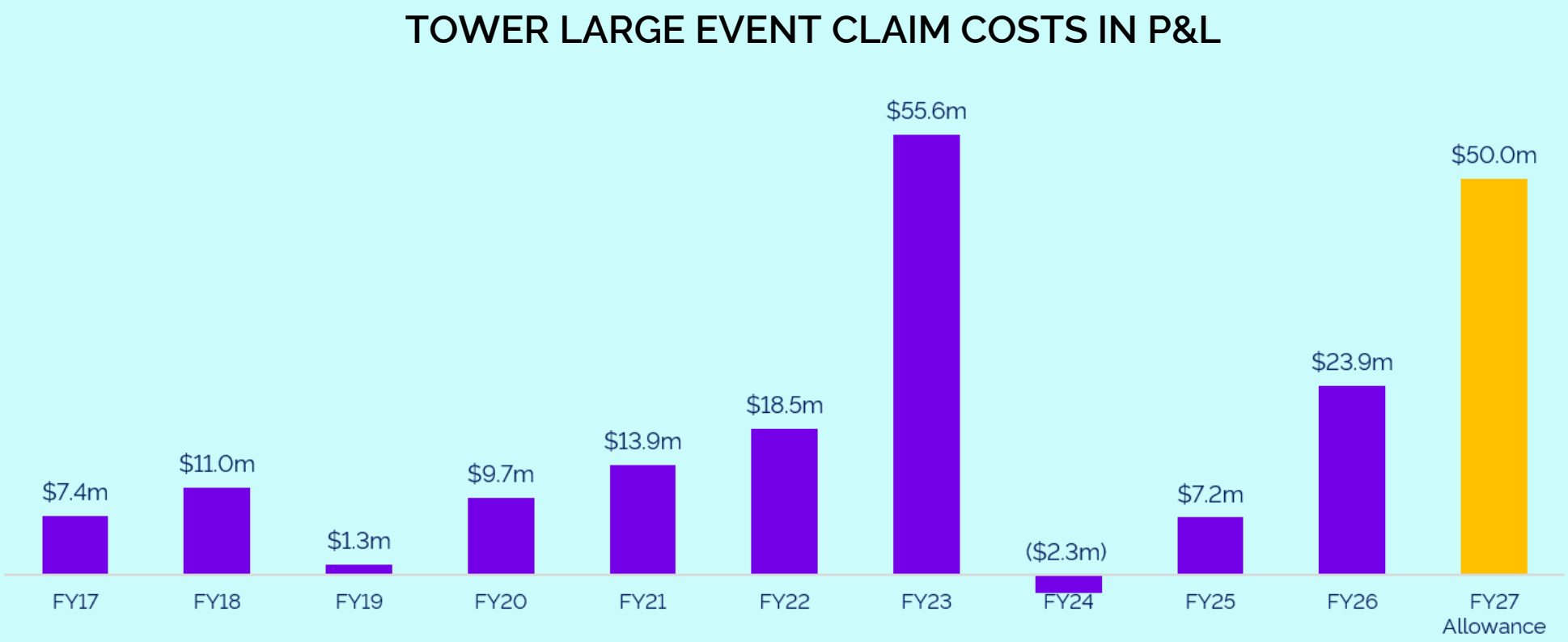
Questions?



Appendices



Large event claims



- Five events[1] in FY26 with a cost of $23.9m (FY25: $7.2m)
- FY26 costs below $45m allowance
- FY27 large event allowance of $50m allowing for policy growth – set at ~90% probability of sufficiency

Note 1: Large events are defined as having a cost to Tower of $2m or more, with lodged claims from two or more policyholders. The cost of large events is the net cost to Tower after reinsurance recovered where applicable

Reconciliation between underlying profit after tax and reported profit after tax

$ million	FY26 underlying profit	Non-underlying items (1)	Management expense reclasses (2)	Reclass of reinsurance expenses (3)	Reclass of reinsurance & other recovery revenues (4)	FY26 reported profit
Gross written premium	620.1					
Insurance revenue	**605.7**	(11.8)				**593.9**
Reinsurance expense	(65.6)			65.6		
Net insurance revenue	**540.0**	**(11.8)**	**0.0**	**65.6**	**0.0**	
BAU claims expense	(249.0)	(0.8)	(31.9)		(14.8)	
Large event claims expense	(23.9)					
Management expenses	(158.3)	(14.7)	31.1			
Net commission expense	(14.2)	(0.0)			(0.0)	
Insurance service expense	**(445.4)**	**(15.6)**	**(0.9)**	**0.0**	**(14.8)**	**(476.6)**
Net expense from reinsurance contracts held				(65.6)	14.8	(50.8)
Insurance service result	**94.6**	**(27.4)**	**(0.9)**	**0.0**	**0.0**	**66.4**
Net investment income	11.0					11.0
Net insurance finance expense	(0.8)					(0.8)
Other income and expenses	(0.9)	(3.0)	0.9			(3.0)
Underlying profit before tax	**103.9**					
Income tax expense	(29.7)	8.2				(21.6)
Underlying profit after tax	**74.2**					
Non-underlying costs	(22.2)	22.2				
Reported profit after tax	**52.0**	**0.0**	**0.0**	**0.0**	**0.0**	**52.0**

Underlying and reported profit:

- "Net insurance revenue", and "underlying profit" do not have a standardised meaning under Generally Accepted Accounting Practice (GAAP). Consequently, they may not be comparable to similar measures presented by other reporting entities and are not subject to audit or independent review.
- Tower uses underlying profit as an internal reporting measure as management believes it provides a better measure of Tower's underlying performance than reported profit, as it excludes large or non-recurring items that may obscure trends in Tower's underlying performance, and is useful to investors as it makes it easier to compare Tower's financial performance between periods.
- Tower has applied a consistent approach to measuring which items are excluded from underlying profit in the current and comparative periods.
- "Reported profit after tax" is calculated and presented in accordance with GAAP

(1) Non-underlying items include net impact of customer remediation provision increase and related costs, Canterbury earthquake valuation update, software impairment, regulatory and compliance projects such as Contracts of Insurance Act
(2) Reclassification of claims handling expenses from management expenses to claims expense; and FX gains/losses from other income to management expenses
(3) Reclassification of reinsurance expenses to present as net income from reinsurance contracts held for statutory purposes
(4) Reclassification of reinsurance and other recoveries to present as net income from reinsurance contracts held for statutory purposes

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