Tower FY26 Results Announcement Investor Presentation Script

Slide 1 – 2026 Full Year Results

Naomi Ballantyne

Morena and thank you for making the time to join us for this investor call and presentation of our 2026 full year results. I am delighted to be speaking to you today.

Slide 2 - Agenda

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

Slide 3 – Chair's update

Tower's full-year result demonstrates the strength and resilience of our business. In a more challenging operating environment, we delivered underlying net profit after tax of $74.2 million, grew our customer base 8% to 345,000, and lifted gross written premium 3% to $620 million.

This is a very good result in a challenging operating environment, and it is in line with our expectations. As we previously signalled, FY26 earnings were expected to fall below FY25, which benefited from benign weather and unusually favourable claims experience.

I am pleased to report that the Board has declared a fully imputed final dividend of 10 cents per share, made up of a 6 cent ordinary dividend and a 4 cent special dividend from under-utilisation of our large event allowance.

Together with the 5 cent interim dividend, this takes full-year dividends to 15 cents per share. This is in line with our dividend policy, and supported by our earnings and outlook for our future capital needs based on our growth and investment profile.

I am encouraged that our strategy is delivering. Policy growth at 6% is robust despite market and economic headwinds, risk-based pricing is improving the quality of our portfolio, and we have secured a strong pipeline of future revenue – with our Westpac partnership now live and exceeding expectations, alongside Trade Me and the Kiwibank back book.

Our investment in technology, innovation and AI is paying off. Tower has made impressive strides in its digital capability this year – 83 per cent of our service experience is now digitally enabled, making Tower more efficient and simpler for our customers to transact with.

For me, it is not enough to say that customers come first. We remain unwavering in our commitment to transparency and fairness, and that must be evident in how we respond when something goes wrong.

Customer remediation is ongoing. As we put things right for affected customers, we are also strengthening our controls to prevent similar issues recurring. I want to thank the Tower team for their work on this.

When I joined Tower's Board in May 2025, I saw a business with strong momentum, a clear strategy and an experienced team, determined to deliver for customers across New Zealand and the Pacific. A year on, that impression has only grown – and so has my conviction that Tower's best years lie ahead.

We made several key executive appointments in FY26. Len Elikhis, appointed in July, joined as Chief Financial Officer in November. Carly Orr joined as Chief People Officer in February, and Micheal Maclean joined as Chief Digital and Technology Officer in November 2025. Mike Skeens and Dan Walker were promoted to Chief Operations Officer and Chief Claims Officer respectively.

I was also delighted to welcome two new directors, Jefferson Gibbs and Sophie Haslem, who bring valuable expertise and additional capacity to the Board.

Tower is entering an exciting new phase of its strategy. The work of recent years – building our foundations, modernising our systems and processes and keeping a disciplined focus on the fundamentals of insurance – has positioned us well. With advanced digital and operational capabilities and a capable team focused on customers, we are ready to seize the opportunities ahead.

The Board is confident in this strategy – our most ambitious yet – and in our organic growth plans.

The Board will also continue to assess opportunities to diversify our sources of growth and broaden what we offer customers. We will remain disciplined in our approach: any opportunity must be strategically aligned and exceed our return thresholds.

We will also continue to ensure that we meet our capital requirements while growing the business and delivering sustainable shareholder returns.

Preparing for this next phase requires ambition, and growth that is sustainable, supported by sound governance, financial discipline and careful management of risk.

It is both a privilege and a responsibility to help steer Tower through the next step in its 157-year journey.

I will now hand over to Paul and Len, 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 full year results.

Slide 5 – Overview

Here is an overview of our presentation today, which will include the key drivers behind our strong FY26 underlying result and our growth.

We'll also provide an update on the pipeline we have in place and the improving rating environment that gives us confidence in our FY28 target of $750 million in Gross Written Premium.

Slide 6 - What makes Tower different

Before turning to our performance, 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

customers with 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, enabling more customers to interact with us seamlessly across channels. This capability has been a key differentiator, helping us to secure new partnerships like Westpac.

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 - solid operational and business performance

Tower has delivered solid operational and business performance in FY26.

More people are choosing Tower with our customer base growing 8% to 345,000, and gross written premium 3% to $620 million. Underlying profit was $74.2 million, compared with $107.2 million in FY25. This reflects a normalisation of the BAU claims ratio to 46%, from 41%, and large event costs of $23.9 million, compared with $7.2 million in FY25. Our management expense ratio was 32%, compared with 31% in FY25.

Reported profit of $52 million, compared with $83.7 million in FY25, reflects a number of non-underlying items, including customer remediation.

On the back of this performance, the Board has declared a fully imputed final dividend of 10 cents per share, made up of a 6 cent ordinary dividend and a 4 cent special dividend, taking total dividends for the year to 15 cents per share, compared with 24.5 cents in FY25.

Len will take you through the financials in more detail shortly.

Slide 8 – FY26 result highlights

In FY26 we delivered strong customer and policy growth, with customer numbers up 8% year on year and our partnerships achieving double digit GWP growth.

Our profit was impacted by BAU claims normalising and lower investment income.

We improved risk selection and portfolio quality and implemented landslide and sea surge pricing. A reduction in higher risk properties contributed to a reduction in average house premiums.

Our claims performance was resilient. Increased weather events impacted claims costs, but our BAU loss ratio remained below our target range, and large event claims costs came in below our $45 million allowance.

The chart shows underlying NPAT of $74 million in FY26, or $91 million excluding large event costs, compared with $107 million and $112 million respectively in FY25.

Slide 9 - Delivering increased growth

New Zealand policies grew 6%, below customer growth of 8%, reflecting the removal of our multi-policy discount, as we are now adding more single-policy customers.

Given our strategic focus on home insurance, we are particularly pleased with house policy growth of 9%. As the bottom chart shows, that was well ahead of Statistics New Zealand's estimated annual growth in national dwellings of 1%.

Our new Westpac partnership went live in the fourth quarter of FY26. As you can see in the chart, partnerships growth accelerated in the second half to 23% thanks to new partnerships on board and a greater focus on growing existing

partnerships. Pacific GWP was reduced by risk appetite adjustments and the soft rating environment in the commercial insurance sector.

We continued to improve the overall risk quality of our portfolio this year. Our implementation of risk-based pricing for sea surge and landslide perils reduced Tower's total expected average annual loss from these perils by 43% and 6% respectively. All existing policies have now renewed under the new pricing.

Slide 10 - Improvements in customer experience and efficiency

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

Our net promoter score has more than doubled over the past four years, from 20 in FY22 to 45 in FY26, and we have now maintained it above +40 for two years.

70% of all New Zealand customer interactions are now digital, making it easier for customers and more efficient for us to manage their insurance.

We have also continued to automate our claims processes. Simple motor claims are now accepted and handled end to end without Tower human intervention, and motor claims close automatically once we receive the final supplier invoice, with customers notified through My Tower.

These examples highlight the continual, incremental improvements we're making that add up to a faster, more efficient business.

We are moving quickly on AI, but with care, focusing on the initiatives that add the most value. We have an enterprise AI strategy and operating model in place, supported by robust governance, and we are seeing positive results.

Our AI-enabled contact centre has reduced average call handling time by two minutes and 45 seconds, saving customers more than 1.3 million minutes over

the year. In October, we also launched a claims AI assistant, which pre-checks and scans claim details to speed up assessment.

We're proud to see these efforts recognised by Canstar. In 2026 Tower won Home & Contents Insurer of the Year for the third consecutive year, Outstanding Value awards for home, contents and car insurance, and an Innovation Award. In November, Tower was also named one of New Zealand's top 10 brands for customer leadership in Kantar's 2026 Customer Leadership Index.

Slide 11 – Highest ever employee engagement

Our people are at the heart of Tower's success, and we want everyone to feel they belong and can perform at their best.

In FY26, we focused on building the culture and leadership capability needed to support our growth ambitions, strengthening accountability, decision-making and execution across the business.

That is showing in our highest ever employee engagement score of 8.3, and a record risk culture score of 8.8, reflecting how confident our people are to speak up and report incidents, and how well equipped they are to manage risk.

Our diversity and inclusion and peer relationship scores are in the top 5% of the global finance sector, and we were named one of Insurance Business's Top Insurance Employers for the third year running.

We are also investing in leadership capability and AI skills to keep building our performance edge.

Slide 12 - Financial performance

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

Len Elikhis

Slide 13 – Group underlying performance

Thank you, Paul.

Gross written premium grew 3% to $620 million, with growth gaining momentum in the second half, despite the softer rating environment. Average premiums were lower, with a higher proportion of lower-risk new policies. Net insurance revenue increased by $23 million to $540 million.

The BAU claims ratio increased to 46% from 41% in FY25, reflecting targeted rate decreases earning through and inflationary pressure increasing the average cost of claims.

Large event costs were $23.9 million, from five large events, and well below our $45 million allowance for the year set at a 90% probability of sufficiency.

The MER increased by 0.5 percentage points to 31.9%, within our guided range of 31% to 32%. This predominantly reflects increased marketing to support growth, partly offset by scale efficiencies.

Net investment income was $11 million, down from $19.2 million.

Overall, underlying NPAT was $74.2 million, compared with $107.2 million in FY25. As we communicated last year, earnings were expected to normalise from the unusually favourable conditions of FY25. The combined ratio was 82.5%.

Reported profit of $52 million was predominantly impacted by the costs of our customer remediations related to legacy products and systems.

Slide 14 – Movement in underlying NPAT

Here is the bridge between last year's exceptional $107.2 million underlying NPAT to this year's $74.2 million underlying result.

Starting with business growth, we saw a positive contribution to underlying earnings of $2.4 million.

The normalisation of the everyday claims ratio reduced earnings by $18.6 million compared with the exceptionally favourable FY25 experience, as lower earned premiums flowed through over the year and higher inflation.

Large event costs had a further negative impact of $12 million, with large event claims of $23.9 million before tax, compared with $7.2 million in FY25.

Net investment income after tax was down $6 million, reflecting lower average investment balances and yields across the year, and mark-to-market losses from a rising yield curve.

Other items added $1.2 million, which brings us to underlying NPAT of $74.2 million. Non-underlying items of $22.2 million include a $17.8 million after-tax charge for customer remediation costs. This takes reported profit to $52 million.

Slide 15 – Rating pressure impacts GWP growth

Gross written premium grew 3% to $620 million, reflecting the softer rating environment we are seeing across the market.

This continues to provide some relief for customers following the premium increases of previous years.

Importantly, this needs to be viewed alongside strong policy growth. In New Zealand, house GWP grew 3%, supported by 9% growth in house policies, as we continue to prioritise this segment.

In motor, GWP grew 5%, supported by 6% growth in policies.

This growth in our policy base provides a strong foundation for continued future growth in GWP.

Our partnerships channel continues to perform well, with GWP growth of 16%.

Retention has also improved, increasing to 79% from 78% in FY25, in line with our focus on delivering customer value and service improvements.

The GWP chart shows steady growth over time, from $457 million in FY22 to $620 million in FY26.

The effective average premium chart shows premiums beginning to normalise. Motor premiums fell sharply through 2025 and have since stabilised. House premiums remain lower than a year ago, largely due to expanding our risk-based pricing, but the rate of decline has levelled out this year as targeted premium reductions have mostly earned through.

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 16 – Business unit distribution

Turning to our business units.

Tower Direct remains the core of our business, with GWP up 1% to $446 million, about 72% of group GWP, with our online channel growing 10%. Total in force risks increased 3% to 489,000.

We're seeing great momentum in Partnerships with GWP growing 16% to $133 million, up from $79 million in FY22, and in force risks increasing 20% to 155,000. This includes one quarter of Westpac, which went live on 1 July 2026. Partnerships are central to our sustainable growth, extending our digital capability to new audiences through trusted digital channels.

In the Pacific, GWP was broadly stable at $41 million in a competitive, soft market, and we are maintaining our pricing and underwriting discipline.

Slide 17 – Fewer claims, higher average cost

The business-as-usual claims ratio was 46% in FY26, compared with 41% in FY25. We expect it to continue to increase towards its historical average as rating changes earn through.

In motor, frequency fell to 11.7%, on fewer collision claims, likely due to higher fuel prices reducing traffic. Severity was $3,207 per claim.

In house, frequency also fell, to 6.9%, while severity increased to $4,364 per claim, due to inflation and the increased mix of claims from weather.

Slide 18 – Stable management expense ratio

MER increased by 0.5 percentage points to 31.9%, within our FY26 MER guidance of 31% to 32%.

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

Scale efficiencies from business growth reduced MER by 1.3 percentage points and increased investment in capital transformation projects reduced staff and other costs by 0.3%.

These benefits were offset by increased marketing of 1.3 percent to drive policy growth and a 0.9 percent increase in net commission reflecting a change in our reinsurance structure.

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

Slide 19 – Conservative investment strategy

Net investment income for the year was $11 million, which is $8.3 million lower than FY25.

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 forward, we expect our average yield to move broadly in line with OCR settings.

Slide 20 - Capital and solvency position

Tower's solvency ratio was 137% as at 30 September 2026, compared with 143% a year earlier.

Our adjusted solvency margin was $79.7 million at balance date, stated net of the 10 cents per share final dividend.

The estimated solvency margin returned to target as at 31 October based on profit earned in the month.

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, supporting both regulatory requirements and our ability to execute on our growth strategy.

Slide 21 – Reinsurance programme

Tower's FY27 reinsurance programme includes catastrophe reinsurance of up to $970 million for two events, an increase from $915 million in FY26, and a third additional limit of up to $100 million, up from $85 million. Our retention for catastrophe events is unchanged at $20 million.

The programme continues to include excess of loss cover for large single property claims, and general accident and marine cover.

Reinsurance premium expense is expected to reduce to an estimated 9.5% of GWP in FY27, down from 10.6% in FY26. This reflects favourable global reinsurance market conditions, our strong business performance, and the expansion of our risk-based pricing across additional perils.

We've also continued to deepen our partnerships with global reinsurers, with several committing to new multi-year agreements, providing greater certainty around future costs and catastrophe excesses.

I will now hand back to Paul who will provide an update on our strategy and FY27 guidance.

Paul Johnston

Slide 22 - Looking forward

Thank you, Len.

Turning to the outlook, I'll take you through where we are in our strategy, the growth we expect from here, and our FY27 guidance.

Slide 23 – Delivering the next phase of growth

Our strategy is built around three horizons, and we are investing now to expand Tower's future growth opportunities.

Horizon 1, covering 2024 and 2025, was about resilience and efficiencies. We built foundational strength, well-managed risk exposure, operational efficiencies, technology investments, a better customer experience and an effective and distinctive culture.

We are now in Horizon 2, covering 2026 and 2027, where our focus is to transform and innovate. We are expanding our growth pipeline through new ways to attract and reward customers, a product for SMEs, and new and

existing partnerships. We are also investing in customer data, digitisation and AI to lead on customer experience.

That investment is what will enable Horizon 3, covering 2028 to 2030. Here we will scale growth through new channels and innovative products. And, if the right opportunity allows us to deepen our relationships with customers, and meets our strategic and financial criteria, potentially into broader financial services.

Our goal is to move from market challenger to market leader, with a leading brand, a highly automated and digital business, and personalised customer experiences.

Slide 24 – GWP growth momentum

We have real momentum in the business, and we are confident about where it takes us next. Our target is to grow GWP from $620 million today to $750 million in FY28, through organic growth.

On the left, GWP grew from $600 million to $620 million this year. Rate was a 3% drag, as risk-based pricing changes and the softer market flowed through, but this was more than offset by 3% growth from direct volume and 4% growth from partner volumes.

On the right, we expect rate to turn from a headwind to a tailwind, contributing 2% to 3% a year. The rating environment is improving, with modest, inflation-linked increases coming through at renewal. And the rate impacts from our risk-based pricing changes are now behind us.

We expect direct volume to contribute 3% to 4% a year, as we continue to grow through our brand and innovative propositions.

And we expect partners volume to contribute a further 3% to 4% a year, supported by our expanded growth pipeline for partnerships.

Together, these drivers give us confidence in our target of $750 million of GWP in FY28.

Slide 25 – Partnerships powering our growth

Partnerships are a major driver of that growth, and new and expanded partners are widening our reach.

Our Westpac partnership launched in the fourth quarter of FY26, and the Kiwibank back book migration completes in the first half of FY27.

We have expanded our partnership network which has grown by nine partners this year. We now have 58 partners on board.

We have also introduced a new digital referral option for the financial adviser channel, which improves efficiency while optimising leads.

And with our longstanding partner, Trade Me, we are evolving our more than decade-long partnership from a white-label model to a Tower-branded offering within Trade Me's Property and Motors marketplaces. The new model gives Tower greater brand visibility and connects us directly with potential customers as they look to buy a home or car, while continuing to leverage Trade Me's significant digital reach. Existing Trade Me Insurance customers will move to Tower Direct.

Slide 26 – Continuing to invest in technology

We are continuing to invest in technology, optimising our foundational investment to unlock further value.

In AI and data, we are embedding AI agents in our core processes, starting with claims triaging. We are also using AI to improve business support and efficiency across the workplace.

We have created a "Customer 360" data model, which will lead to more personalisation and improved customer targeting.

We are pleased to be retiring our last legacy system in New Zealand, which reduces risk and cost while improving the customer experience.

And we are continuing to enhance our Amazon Connect platform to improve the customer experience and reduce staff workload.

Slide 27 - FY27 guidance and future targets

For FY27, we expect GWP to grow by 8% to 12%, up from 3% growth in FY26.

We expect our management expense ratio to be around 32%, in line with 31.9% in FY26.

We expect underlying NPAT, excluding large events, of between $96 million and $106 million, compared with $91.4 million in FY26.

We have set our FY27 large event allowance at $50 million, which is set at approximately a 90% probability of sufficiency.

Assuming we fully use that $50 million allowance, we expect underlying NPAT of between $60 million and $70 million, compared with $74.2 million in FY26.

This corresponds to a combined operating ratio that is expected to be between 86% and 88%, compared with 82.5% in FY26.

Reported NPAT will be impacted by non-underlying items, including 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 $750 million in FY28.

Over the same period, we are targeting a management expense ratio of between 30% and 31%, 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 for questions.