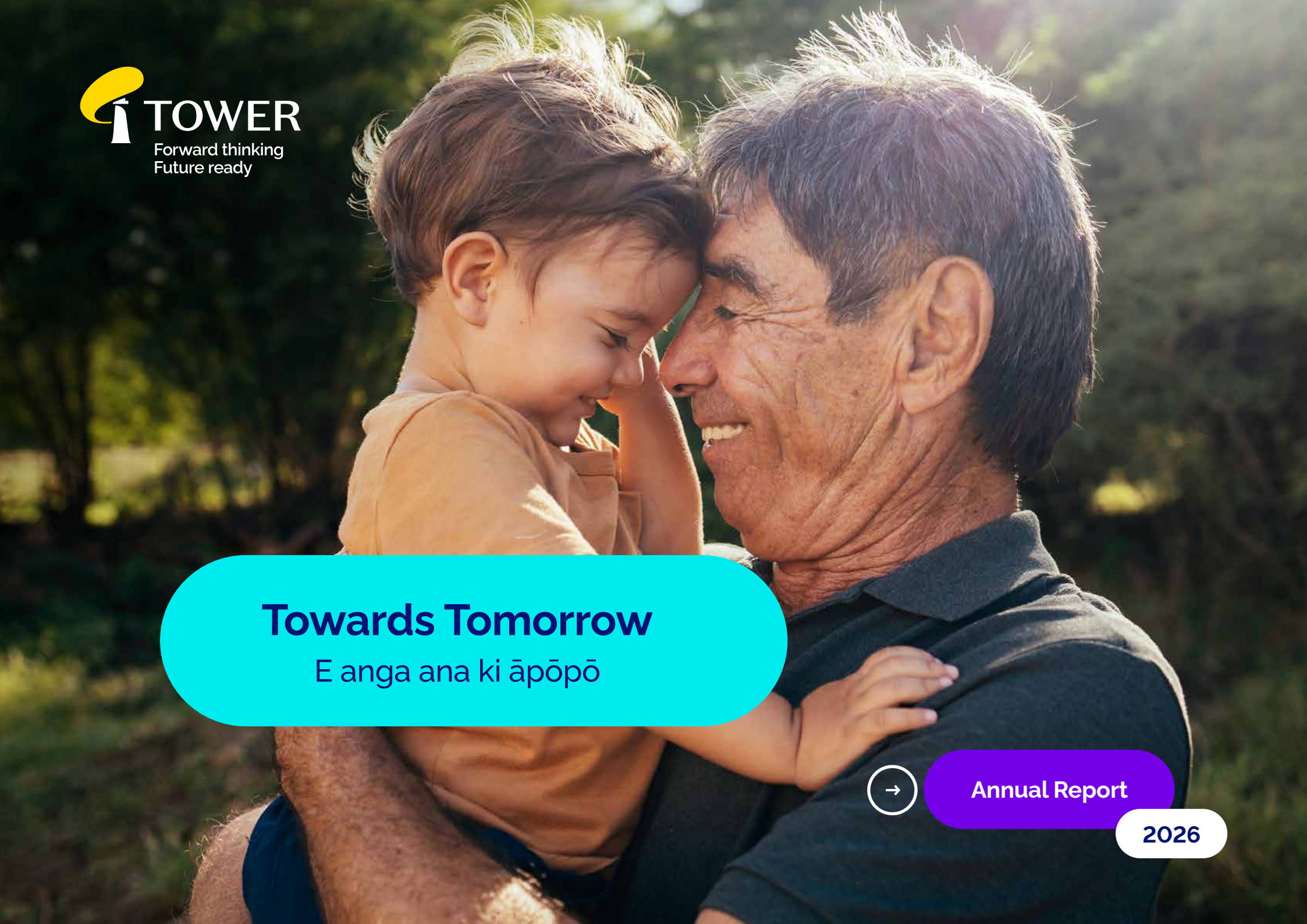
TOWER
Forward thinking
Future ready
Towards Tomorrow
E anga ana ki āpōpō
Annual Report
2026

2026 highlights

Shareholder

Total dividend

15cps

A 10-cent final dividend, including a four-cent special dividend from unused Large Events Allowance. This takes the full-year dividend to 15 cents per share, including the five-cent interim dividend.

Share price performance

$1.76 to $1.97

1 October 2025 to 30 September 2026

Most improved performance

Deloitte Top 200 Business New Zealand most improved performance award winner, December 2025.

Performance

Underlying profit (after tax) vs $107.2m in FY25

$74.2m

FY26 earnings were expected to fall below the year prior, which benefited from benign weather conditions and unusually favourable claims experience.

Gross written premium up 3%

$620m

Combined operating ratio up 8%

82.5%

Customers, People, Community

Customers up from 318,000 in FY25

345,000

The number of customers choosing Tower has grown 8 per cent this year to 345,000, up from 318,000 in FY25.

Staff engagement score up 0.1

8.3

Volunteered in the community since 2018

10,253 hrs

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Who we are

We are proud to work for a Kiwi and Pacific insurer with a 157-year history, and the only NZX-listed insurer.

Our goal is to make insurance simple, transparent and fair for customers. We are united by our purpose to inspire, shape and protect the future for the good of our customers and communities. Our values shape the way we work: doing what's right, keeping the customer at the heart of everything we do, caring for our people, and progressing boldly. Together, our vision is to deliver beautifully simple and rewarding experiences that our people and our customers rave about.

Tower delivers general insurance products and services directly to customers via digital platforms and phone, using data to enhance customer service and streamline processes. Operationally Tower is structured around the ways our customers interact with our business: via claims, service (renewal, payments and queries) and new business (new and existing customers), both via our digital channels and our phone lines. Tower provides general insurance products to customers in New Zealand, Fiji, Cook Islands, Samoa, American Samoa and Tonga.

Read more about Tower.

Read more about our Exec Team.

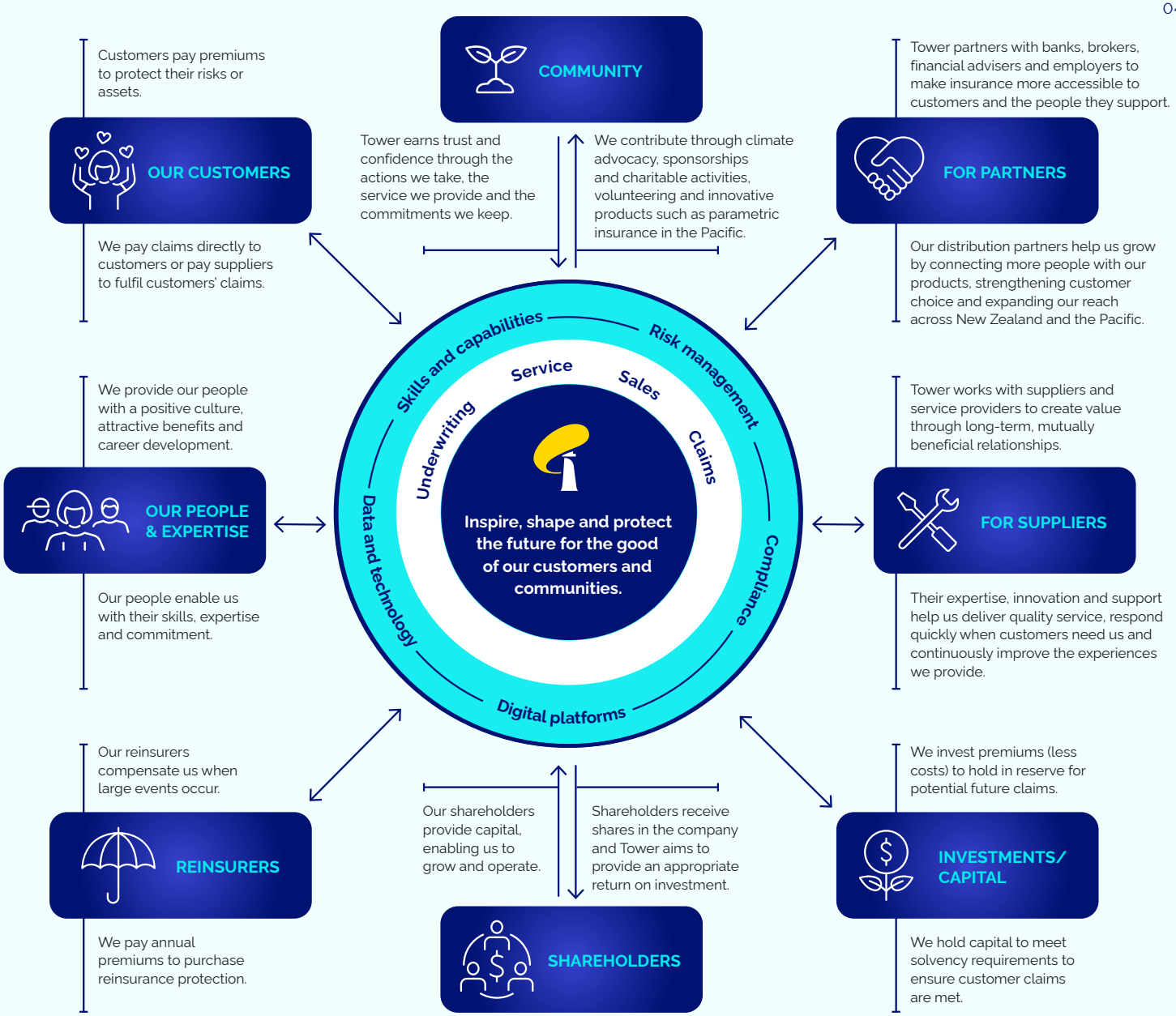
→ Exec Team



L-R Front: Chief People Officer Carly Orr, Chief Financial Officer Len Elikhis, Chief Executive Officer Paul Johnston, Chief Customer and Marketing Officer Michelle Finch, Chief Data and Analytics Officer Stephen Hastings.

L-R Back: Chief Claims Officer Dan Walker, Chief Underwriting Officer Ronald Mudaliar, Chief Risk Officer Sharyn Reichstein, Chief Operations Officer Mike Skeens, Chief Digital & Technology Officer Micheal Maclean.

How we create value



Chair's report

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 strengthened – and so has my conviction that Tower's best years lie ahead.

I am honoured to Chair the Tower Board into this future. Delivering purposeful insurance into the lives of New Zealanders has been my life's work, and this role allows me to continue that work, now at a governance level.

The theme of our annual report this year is E anga ana ki āpōpō Towards Tomorrow. It captures both halves of Tower's story: helping customers prepare for the future, and our own evolution. Tower has spent recent years strengthening its foundations – modernising legacy systems, improving processes and keeping a disciplined focus on the fundamentals of insurance.

That work has positioned us well for what comes next. With advanced digital and operational capabilities and a strong team focused on customers, we are ready to seize the opportunities ahead.

Financial results

Tower delivered an underlying net profit after tax (NPAT) of $74.2 million for the year ended 30 September 2026, and a reported profit of $52 million. Reported profit reflects the costs of Tower's ongoing customer remediation programme, streamlining Tower's operational footprint, and regulatory change costs.

This was a strong result in a challenging operating environment marked by pricing pressure, elevated weather-related claims activity and global volatility. It reflects continued customer growth and progress on our strategic initiatives, while recognising that FY26 earnings were expected to fall below the year prior, which benefited from benign weather conditions and unusually favourable claims experience.

In line with Tower's dividend policy to pay 60 – 80 per cent of adjusted earnings, where prudent to do so, I am pleased that the Board has agreed a final dividend of 10 cents per share, which includes a special dividend of four cents from under-utilisation of our Large Events Allowance, bringing the full-year dividend to 15 cents per share.

Customer at the heart

Tower has made impressive strides in its digital capability this year, with 83 per cent of Tower's service experience now digitally enabled, and more customers choosing digital channels to manage their insurance.

But improving customer experience is about more than technology. We have worked to build a culture where people feel trusted to be themselves, while sharpening our focus on customers. Frontline training, service quality and clearer ways of working across Sales, Service and Claims are helping deliver even better customer service.

For me, it is not enough to say that customers come first. Our commitment to customers must be evident in the decisions we make, the products and experiences we design, and how we respond when something goes wrong.

We continue to work through remediation related to issues in legacy systems and past processes. Importantly, as we put things right for affected customers, we are continuing to strengthen our controls and risk management framework to reduce the risk of similar issues recurring.

> Tower delivered an underlying net profit after tax (NPAT) of **$74.2 million** for the year ended 30 September 2026, and a reported profit of $52 million.



Building leadership strength

Paul Johnston's leadership has continued to position Tower well for its next chapter. Paul has built a strong team, and has led them by example - becoming a leading voice for the industry on customer value and innovation, which Tower is delivering, and bringing deep expertise to government and other conversations about the risks and opportunities facing the industry today.

We made several executive team appointments in FY26. Len Elikhis was appointed in July and joined as Chief Financial Officer in November 2026, Carly Orr joined as Chief People Officer in February, Micheal Maclean as Chief Digital and Technology Officer in November 2025, and Mike Skeens and Dan Walker were promoted to Chief Operations Officer and Chief Claims Officer respectively.

Over the past year, I have seen firsthand the quality of this team, and the energy and leadership needed to lead Tower into our next phase of growth.

We also welcomed two new directors, Jefferson Gibbs and Sophie Haslem, both bringing valuable expertise to Tower and adding further capacity to the Board.

Looking ahead

As we enter FY27, preparing for our next phase requires ambition. Tower must build on its momentum, and make the most of new partnerships. The Board will continue to assess opportunities to diversify sources of growth, broaden our product and services offering to customers, and support long-term shareholder value. Growth must remain sustainable, and we will remain disciplined in our approach. Any opportunity must be strategically aligned and exceed our return thresholds.

It is both a privilege and a responsibility to help steer Tower through the next step in its 157-year journey. As the world changes rapidly and faces new challenges, Tower is here to support customers, deliver for shareholders, and advocate for New Zealand's future.



Naomi Ballantyne
Chair



Chief Executive's report

FY26 showed what the business we've been building is capable of. It's an exciting time at Tower as we move into the next phase of our strategy.

Business performance

Tower had a strong year. Our performance reflects Tower's resilience and positive long-term earnings trajectory, even as we navigated a more challenging operating environment than FY25.

Customer numbers grew eight per cent year-on-year to 345,000. Policy growth was well ahead of the market, driven primarily by New Zealand home insurance and new and existing partnerships. Gross written premium (GWP) grew three per cent to $620m, reflecting the softer rating environment. Average premiums were lower, with a higher proportion of lower-risk new policies.

The BAU claims ratio increased to 46 per cent from 41 per cent in FY25, reflecting targeted rate decreases earning through and inflationary pressure increasing the average cost of claims. We are comfortable that the ratio remains below our average, and we expect to move towards the historical average as rating changes earn through.

Our Management expense ratio (MER) increased slightly to 31.9 per cent (within our guided range of 31 – 32 per cent) reflecting increased investment in marketing and digital to deliver growth and efficiency.

Read more about our financial results or go straight to the financial statements.

Digital that delivers

More customers are choosing digital channels to engage with us, making insurance simpler and more transparent for them, and more efficient for us.

Customers checking claim progress online increased 58 per cent this year. For the first time, a customer completed a simple motor claim from lodgement through repair to completion in just eight days, without manual intervention from Tower. The customer rated the experience 10 out of 10.

Partnerships are gathering real momentum, delivering 16 per cent growth this year to $133m GWP. The launch of our Westpac partnership is a standout, and has exceeded early expectations. We integrated Tower insurance into Westpac's digital experience in just seven months.

The addition of sea surge and landslide perils to our risk-based pricing approach in FY25 meant 90 per cent of customers received a reduction of around $70 on their annual premiums – while also improving the quality of our book.

We still have work to do on remediation, and we're determined to get it right. We knew removing multi-policy discounts would be hard, but it was the right thing to do. We carefully designed the change. Pleasingly, retention rose from 78 to 79 per cent in FY26 and NPS was maintained through the change to finish at + 45.

A customer-focused culture

We're intentionally building the leadership capability our growth ambitions require. Recently, I spoke to Tower's leadership cohort about challenging how things have always been done – starting with what customers need and asking what we could do differently. Our opportunity is not just to improve the insurance experience we offer today, but to imagine what it could become.

Across our teams in New Zealand and the Pacific, I see talented, dedicated people who care deeply about our customers and communities. That sense of purpose shows in our engagement score of 8.3 – the highest in Tower's history – with the 'meaningful work' metric appearing as a top factor for the first time.

Like many of our people, part of the reason I work in insurance is the value and purpose behind it. Insurance protects the things that matter to people, but it also gives people and businesses the confidence to take risks, invest and grow.

Thank you to the whole Tower team for your contribution this year.

AI or climate?

A journalist asked me recently: what matters more to an insurer, AI or climate?

Of course, the answer is both. Understanding and adapting to climate risk is critical to keeping insurance available and affordable over the long term. We continue to advocate for better risk information, long-term planning and investment in resilience. In October 2026, we contributed to climate resilience discussions at Pre-COP31 in Fiji, where we showcased our parametric products.

We're embracing the benefits of AI while taking a responsible approach to its use. Embedding AI appropriately is key, with clear governance and guardrails to manage risk, protect privacy and maintain customer trust. Our Amazon Connect partnership is delivering better customer service and efficiency in the contact centre, and AI presents further opportunities to transform claims and the way we work. This year we rolled out extensive Microsoft Copilot training, helping our people build genuine AI capability.

Towards tomorrow

We have entered horizon two of our strategic plan. Horizon one capped several years of disciplined execution, strengthening our operational foundations while steadily growing underlying earnings. We now have a core digital platform and a simple product suite, with just one small legacy system to migrate. We've expanded risk-based pricing, used data to sharpen our risk selection, invested in technology and made our operations more efficient.

The next phase is about growth. We are targeting GWP of more than $750 million for FY28, supported by policy growth, our expanding partnerships business and new customer propositions.

The investments we've made in data, digital and innovation are enabling new opportunities to attract customers, improve customer experience and continue our earnings growth trajectory.

I've spoken previously about the need for more ambition in New Zealand business. As a country, we can be too worried about failure, getting something wrong or disappointing people along the way. Gloomy sentiment and global uncertainty shouldn't stop us from backing good ideas and taking bold steps. Businesses need to trust the data, understand and manage risks, and have the confidence to move forward, rather than talk ourselves down. That's essential to growth.

Tower is currently differentiated through our property-level risk intelligence, a seamless digital experience and our partnership capability, enabled by a single technology platform. We're also New Zealand's only NZX-listed insurer.

But we know that what got us here won't necessarily be what takes us where we want to go. We'll keep innovating, thinking differently and looking for new ways to set Tower apart.

Finally, a personal thank you: to our shareholders for your continued support; to Naomi Ballantyne, Michael Stiassny, the Board and my fellow executive team; and most importantly, to our customers for choosing Tower.



Paul Johnston
CEO



Customer case study

First customer, zero touchpoints, 10 out of 10

In March 2026, long-time Tower customer Linda* discovered damage to her parked Toyota and lodged a claim through My Tower. Within minutes she received confirmation her claim had been received; later that day a Tower Repair Partner contacted her to arrange repairs. Throughout, she tracked progress online and received automated updates as her claim moved through each stage. The claim was completed in just eight days, with no manual intervention from Tower. Linda rated the experience 10 out of 10 – "fast and efficient", with "good interactions with Tower", despite never having direct contact with a Tower team member.

*Customer's name has been changed.

We have bold ambitions for tomorrow

Our strategy is to be the best direct personal lines and SME insurer in our selected markets differentiated through digital and data, fair and transparent, and with customer care in everything we do.

How we're driving growth

OUR STRATEGIC PILLARS



Leading customer experience

Customer centricity with a focus on fairness and transparency



Sustainable growth

Growing a more resilient Tower through targeted pricing, risk selection and improved customer retention, underpinned by risk management



Innovative and operationally excellent

Empowering innovation and decision-making through use of technology, data, and digital capability

Effective & distinctive culture

OUR STRATEGIC HORIZONS

HORIZON 1 | 2024-2025	**HORIZON 2 | 2026-2027**	HORIZON 3 | 2028-2030
Resilience and efficiencies	**Transform and innovate**	**Expanded growth and leadership**

• Building foundational strength
• Well-managed risk exposure
• Operational efficiencies
• Technology investments
• Improving customer experience
• Effective and distinctive culture
	• Expanding growth pipeline:
	  • Innovative direct propositions
	  • SME product
	  • Partnerships
	• Investment in customer data, digitisation, and AI
	• Leading customer experience
		• Scale growth through new channels and innovative products
		• Broadening financial services
		• Market challenger to market leader
		  • Leading brand
		  • Highly automated/digital
		  • Personalised customer experiences

Delivering a digital-first experience

The digital capability Tower has spent years building is no longer a promise – it is changing how customers behave. More customers are choosing digital channels to buy insurance, manage their policies, lodge claims and track progress online.

While digital channels are increasingly important, customers can always choose to speak with us by phone. Our Suva hub – now around 330 people spanning customer service, claims, finance, technology, human resources and marketing – together with Manila overflow capability, strengthens Tower's efficiency and resilience for customers across New Zealand and the Pacific.

My Tower users

58% increase in customers checking the progress of claims online

→ from **79k to 125k**

This year, alongside building new digital capability for Tower, we focused on customer adoption: better communications to encourage digital engagement, and containing more queries within the digital environment.

Our Westpac partnership showed what this investment can do – a customer-first digital experience integrated within the Westpac banking environment. You can read more about the partnership on **page 13**.

Digital service improvements

Over the last two years we have built on strong digital foundations to deliver a series of service improvements:

- **Car policies can be customised online** - adding and removing drivers, updating registration, changing cover levels, and switching between agreed and market value.
- **Payment interactions are simpler** - statements and receipts can be downloaded, refunds follow a streamlined digital journey, and customers in arrears can reinstate their policies in My Tower.
- **Moving house is now a seamless online journey** for updating customer details.
- **Advisers can refer customers digitally** - our new referral solution connects customers directly to Tower's online quote-to-buy journey, replacing a manual, call-back-based process. Read more on **page 13**.

Digital momentum

These changes, together with improvements to our claims process, are driving genuine digital momentum. Average monthly portal logins have increased by 154 per cent over five years and rose 11 per cent in FY26 to around 81,000.

Registered My Tower users increased by 10 per cent year on year. Claims lodged through My Tower rose from 70 per cent in FY25 to 72 per cent, and more customers now check claim progress on My Tower as their first step: from 79,000 unique customer sessions in FY25 to more than 125,000 this year.* House claims saw the biggest jump – 63 per cent lodged online, from 55 per cent in FY25 and 49 per cent in FY24.

We sent more than 300,000 automated weather text message alerts during the year, helping customers prepare for adverse weather, and 86 per cent of weather-related house claims were automatically approved.

We continue to make progress towards our goal of completing 80 per cent of customer interactions through digital channels. In FY26, customers completed 56 per cent of service tasks digitally – up from 51 per cent in FY25. Today, 83 per cent of service tasks can be completed through My Tower, up from 79 per cent in FY25 and 73 per cent in FY24.

- **56%** of NZ service tasks completed in digital self-service channels, up from 51% in FY25 and 44% in FY24
- **83%** of Tower's service experience now digitally enabled, up from 79% in FY25

Digital service tasks are any policy, payment or account related tasks made through the My Tower portal divided by the total number of policy adjustments made across all channels.

*Including windscreen

Automating the claims journey

Claims are what we are here for. Over three years ago, we invested in a programme to transform our claims process by automating as much of the journey as possible.

My Tower became the primary contact channel supported by automated email or text message updates. Straightforward motor claims now move directly to assessment, repair or settlement with no manual handling. A simple motor claim used to involve ten manual touchpoints. Today it can be completed end-to-end without any manual involvement. See our customer case study on **page 8**.

The framework for full automation is built and the ways of working are embedded – a strong foundation for further innovation. The automated end-to-end motor journey will be replicated across house and contents, including two-way integration for third-party suppliers.

The next step is AI: triaging and allocating claims, prompting next-best actions for our people, and automatically contacting the customer for any missing information. These developments will allow Tower to maintain service quality, and scale quickly without increasing head count – freeing our claims teams to focus on higher-value work, and on supporting customers with complex needs, where judgment and empathy matter most.

Governance and auditability are built into every action to ensure consistency and compliance. See **page 18** on our approach to AI.

Tower was proud to be named an Insurance Business 5-Star Claims insurer for 2026.



My Tower, made personal

In FY26 we refreshed the My Tower experience with a redesigned interface, improved mobile usability and new functionality. To support more personalised customer experiences, customers now see one of eight tailored welcome messages when they log in, prompting their next best action – from payment reminders to product and service messages.

In September, we introduced our first journey allowing customers to change their address across multiple policies at once, making it faster and easier to manage their insurance online.

- **400+** automated claim updates sent to customers every day
- **304,114** automated weather update text messages sent to customers in impacted areas.

Digital service tasks are any policy, payment or account related tasks made through the My Tower portal divided by the total number of tasks made across all channels.

*Including windscreen

One view, better decisions

We are building our customer data foundations to deliver a more complete view of each customer. This will improve our ability to create proactive, tailored experiences, deliver the right price to the right customer, and enable more personalised communication in the future.

Delivering great customer service

Whenever customers need support, our frontline is ready to help.

In FY26, we reviewed and strengthened our service processes and controls, making our customer contact systems more accurate and efficient, reducing risk and creating a stronger foundation for greater use of AI.

Alongside this, we built frontline capability and leadership, giving our people the knowledge, confidence and tools to deliver consistently high standards of customer service.

This work is translating into stronger customer and operational outcomes. We are now resolving 80 per cent of customer queries on first contact and responding to customer messages faster. Our internal quality assurance measures across phone and email channels have improved by 57 per cent, while assisted NPS has increased by 13 per cent.

Tower also continues to strengthen its complaints performance, with external dispute outcomes showing an improving trend and comparing well with those across the wider insurance industry, despite record dispute volumes and increasing complexity across the sector.

Case study



> We have saved over a **million minutes** of call time.

A smarter contact centre

In FY26, Tower accelerated the transformation of its contact centre through the continued rollout of its AI-enabled Amazon Connect platform. Building on a pilot in FY24 with Deloitte and Amazon Web Services – including work with Deloitte New Zealand's AI Institute using Amazon Bedrock – the platform launched successfully in FY25 and is now embedded across frontline operations.

The platform brings together customer data, real-time transcription, and AI-assisted guidance to support frontline teams during customer conversations. This reduces the time frontline teams spend navigating systems, allowing them to focus more fully on customers.

The results reflect a material shift in how Tower delivers customer support at scale: automation and AI are embedded directly in everyday service interactions, not operating as standalone tools.

Ultimately, this investment is about ensuring we are there for our customers when they need us most. Since introduction, we have saved over a million minutes of call time and reduced the time customers spend interacting with us by around 15 per cent – quicker, more consistent service, with the care customers expect from Tower. In FY27, we will continue expanding AI across the contact centre, simplifying interactions, reducing effort and delivering faster, more personalised support, while keeping people at the heart of every customer experience.

Read more on our website.

Growing the right way

The focus on strengthening our foundations in recent years has positioned Tower well for its next phase of growth: attracting more customers, improving risk quality, and building partnerships that extend Tower's digital capability to new audiences.

Progress powered by partnerships

Partnerships are central to Tower's sustainable growth, helping more New Zealanders access insurance through trusted digital channels whenever and wherever they choose to engage with us.

Our Partnerships division continued to grow in FY26. GWP from partnerships was up 16 per cent to $133m on the prior year, reflecting progress across both partnership expansion and digital capability, and creating a stronger platform for sustainable future growth.

Welcoming Westpac

A significant milestone for Tower this year was the launch of our partnership with Westpac, live from 1 July 2026. Tower now underwrites Westpac house, contents and motor insurance products. Customers can access address-level, risk-based pricing through a simple, intuitive interface integrated into Westpac's digital experience – a win-win for customers and bankers alike.

The scale and pace of delivery were significant: live in just seven months, the project demonstrated Tower's ability to innovate quickly and execute complex initiatives at pace.

Just as importantly, the investment in digital product and capability built for Westpac can be leveraged across future partnerships, positioning Tower to scale similar opportunities and support sustainable growth over time.

Read more about our partnership with Westpac.

The Kiwibank backbook

In FY26 we began migrating customers from Kiwibank's existing insurance portfolio with a dedicated programme supporting customers to transition at renewal through timely, targeted engagement. The migration created an opportunity to welcome new customers to Tower while supporting Kiwibank's commitment to trusted insurance solutions.

Cover in a click

In August we launched a digital referral solution for 3,000 financial advisers. A unique referral link connects customers directly to Tower's quote-to-buy journey, where they can obtain a quote, view property-specific natural hazard risk information and arrange cover online at a time that suits them. This simplifies customer experience, improves efficiency for advisers, and extends our digital innovation and investment to a new channel.

Read more about our digital referral option.

Tower is proud to partner with leading organisations to provide insurance to New Zealanders.

Targeted growth and responsive pricing

In FY26 we attracted more lower-risk customers through targeted underwriting and risk selection. This improved the quality of our portfolio while also delivering pleasing growth in overall customer numbers.

At the same time, the insurance market moved through a softer pricing cycle. Increased competition and lower average premiums provided some relief for customers after several years of increases, while subdued economic conditions, housing market activity and car sales constrained premium growth across the market.

One of the ways we compete is by focusing on lower prices for customers. We monitor competitor pricing activity to ensure we are competitive. Tower passed cost and underwriting savings on to customers through lower premiums, and our data and technology allow us to update pricing models as new cost data and claims trends emerge – reducing prices when costs ease, increasing them when costs rise.

GWP grew more slowly than customer numbers due to the softer rating environment and our expansion of risk-based pricing, which reduced premiums for most of our customers.

By growing customer numbers in a disciplined way and improving risk quality, we have built a stronger platform for sustainable GWP growth, particularly as pricing pressure eases and economic conditions, housing market activity and vehicle sales improve.

Risk-based pricing

Tower remains the only New Zealand insurer to provide transparent, address-level risk-based pricing, with individual natural hazard risks shown as part of the online quote journey.

Following the introduction of landslide and sea surge perils in FY25, more than 90 per cent of customers saw their premiums reduce by around $70 per year.

For the approximately ten per cent of customers who received an increase, the median increase was $230 per annum.

Risk-based pricing supported retention and growth while improving portfolio quality: customer retention increased to 79 per cent, house policies grew nine per cent, and more than 90 per cent of new house policies were Low or Very Low risk for flood, sea surge and landslide.

Risk-based pricing is a key differentiator for Tower. It is well-received by reinsurers, helped secure the Westpac partnership, and contributed to Tower being named Canstar's Insurer of the Year – Home and Contents 2026 for the third consecutive year.

Canstar Insurer of the Year - Home and Contents 2026



Growing home insurance

Home insurance remains a strategic focus: home customers tend to hold multiple policies and stay with us for longer, and we are targeting growth in areas such as Auckland and newer-build homes, which perform well within our portfolio. House policies grew nine per cent in FY26 and house GWP increased three per cent, despite a subdued property market.

Reinsurance

Tower successfully renewed its reinsurance programme for FY27, securing comprehensive protection across home, motor, boat and commercial portfolios in New Zealand and the Pacific. Catastrophe protection increased to $970m, up from $915m in FY26, with the catastrophe event retention maintained at $20m. Cover for a third catastrophe limit was increased to $100m and restructured to provide greater efficiency and flexibility in managing extreme weather and natural catastrophe risks.

The renewal reflects favourable global reinsurance market conditions, Tower's strong financial and underwriting performance, and the continued expansion of risk-based pricing across a broader range of perils – enabling enhanced protection at a lower cost. Reinsurance premium expense is forecast to decrease to 9.5 per cent of GWP in FY27, from 10.6 per cent in FY26.

We also strengthened relationships with leading global reinsurers, securing additional multi-year agreements that provide greater certainty over future costs and reinforce Tower's financial resilience.

Read more about Tower's FY27 reinsurance programme on the NZX.

Attracting and retaining customers

In FY26, we continued to build our Forward Thinking, Future Ready brand, strengthening Tower's position as a proudly Kiwi insurer that combines digital innovation, customer-focused products and trusted service.

Through the evolution of The Misses platform, including the introduction of Mr E and our Switch to Kiwi, Switch to Tower campaign, we increased brand consideration and preference.

These efforts, alongside our partnership channels and growth initiatives, saw us welcome many new customers to Tower through Tower Direct, Westpac and the acquisition of the Kiwibank insurance portfolio.

The removal of multi-policy discounts (MPD) (see **page 17**) was one of the year's most significant customer changes and provided a real test of customer sentiment and retention. We set ourselves goals for retention and Net promoter score (NPS) through the change. Retention rose to 79 per cent, while renewal rate (measured at 56 days post-renewal) maintained at 93 per cent. Three-month rolling NPS remained strong, finishing the year at +45. This performance reflected the effectiveness of our customer communications, targeted offers, pricing actions and the strength of the Tower brand.

> Retention rose to 79 per cent and three-month rolling NPS remained strong, finishing the year at +45.



Mr E
joined the Misses brand campaign in FY26.

Tower in the Pacific

Tower's Pacific business delivered a resilient performance in FY26, supported by disciplined new business growth and careful cost management.

Parametric insurance

Our parametric products are designed to help build financial and climate resilience in communities vulnerable to extreme weather.

In July we completed our first-ever payments under our parametric insurance programme. Together with the Reserve Bank of Fiji, UNCDF, UNDP and the Asian Development Bank we launched parametric insurance for micro, small and medium enterprises in Fiji.

Parametric insurance is linked to specific conditions and thresholds. For example, our Rainfall Response Cover in Fiji triggers an automatic cash payout when rainfall at an insured location reaches an agreed threshold – no assessor's sign-off required. Following heavy rainfall in late June, 278 customers in Kadavu received a total of FJ$27,050 within just three weeks.

The rollout to micro, small and medium-sized enterprises, which account for nearly 80 per cent of local businesses, will help expand access to insurance and build financial and climate resilience in Fiji.



L-R: Fiji Country Manager Joseph Magnus, Chief Executive Paul Johnston, Fiji's Deputy Prime Minister and Minister for Trade, Co-operatives, Small and Medium Enterprises and Communications, Hon. Manoa Kamikamica, with Head of Pacific Retail Distribution Joanne Rasmussen.

A robust risk culture

We continue to embed a robust risk culture across Tower, supported by a risk management framework that keeps customer outcomes front of mind and strengthens the business for the future.

The Three Lines of Defence Model[1] aims to uplift risk capability across business units and emphasises that everyone at Tower has a role to play. In FY26, incident management and business continuity uplift initiatives increased enterprise-wide risk capability. Our risk culture engagement score increased from 8.3 in FY25 to 8.8 in FY26.

We strengthened controls to ensure compliance with regulatory obligations, and modernised our obligations register to strengthen oversight and accountability.

Read more about Tower's approach to Fair Conduct.

Our people are recognised and celebrated for demonstrating the behaviours that define a strong risk culture: identifying and reporting incidents early, investigating root causes and fixing issues quickly.

We have also developed a strong AI risk framework and supporting processes so Tower adopts AI confidently and appropriately (**page 18**).

Doing the right thing for customers

We continued to focus on product governance throughout the year, regularly reviewing our products to ensure they remain suitable and deliver value to customers.

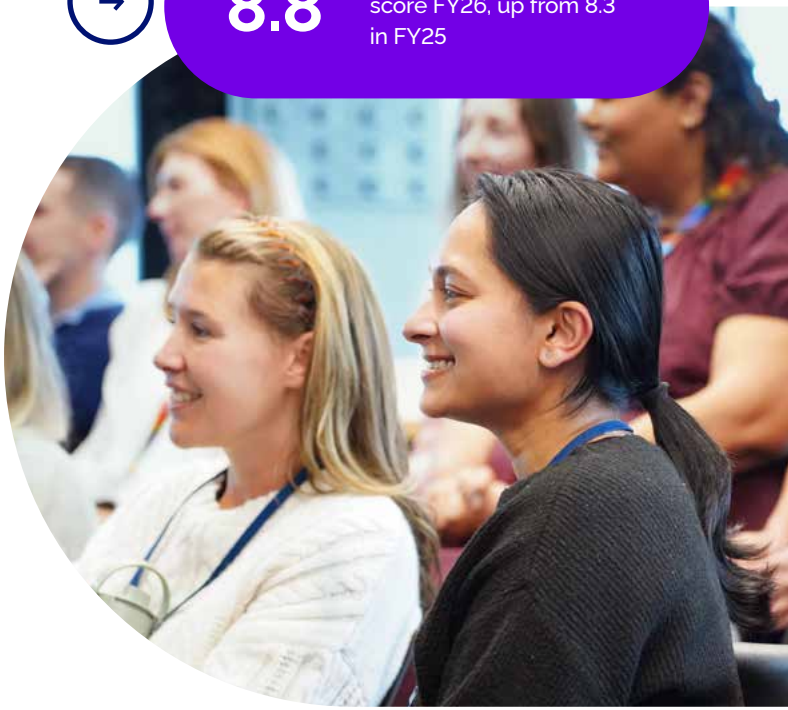
We work hard to put things right when we get them wrong – proactively engaging with regulators and remediating customers affected by prior overcharge or policy errors.

In December 2025, Tower was ordered by the High Court to pay a $7m penalty for overcharging some customers in relation to multi-policy discounts (MPD), following Tower's self-reporting of the issue to the Financial Markets Authority. Tower also paid around $12m (including compensation) to affected customers, having first provisioned for the issue in FY22. The decision to discontinue MPD was taken in FY25, with completion in FY26.

In FY26, we incurred $17.8m after tax in costs, mainly for a historical discount error that primarily affected policies in legacy systems. The error has now been resolved and affected customers are being refunded.

Tower unreservedly apologises to customers where we have got things wrong. A strong risk programme is now in place to help prevent future errors.

8.8 Risk culture engagement score FY26, up from 8.3 in FY25



1. The Three Lines of Defence (3LOD) model is a framework for managing risk within an organisation. It is a widely used model across many industries worldwide.

Simplifying how we operate

Advancing AI adoption

In FY26, Tower advanced its AI adoption across the business, strengthening our data foundations and embedding Tower's first AI operating model.

Embedding AI responsibly is a key priority. Through governance forums, oversight processes and clear guardrails, we matured our AI governance framework to balance pace with appropriate management of risk, privacy and customer trust.

With governance in place, the year's focus was turning ambition into practical outcomes. AI is now supporting people across a range of functions, improving productivity, enhancing customer experience and streamlining how work gets done. An example of this work is Tower's AI-enabled contact centre, which continued to deliver benefits for customers and employees throughout FY26 (**page 12**).

Tower significantly expanded the use of Microsoft 365 Copilot, growing from an initial pilot of around 100 people to all staff across New Zealand and the Pacific. This was a deliberate decision to give all our people fair access to AI tools and the opportunity to explore how AI could enhance their work. With our partner Arinco, we established a governed AI and Power Platform foundation, delivered Copilot capabilities across the organisation and supported adoption through more than 30 enablement sessions, from foundation training and role-based masterclasses to drop-in clinics and hands-on workshops.

We also introduced GitHub Copilot to our engineering teams as part of a broader modernisation of the software development environment. GitHub is an AI assistant that helps developers write, review, and understand code faster, implemented with Arinco, Microsoft and Tower's Security team to ensure appropriate controls and guardrails.

Alongside the AI-enabled contact centre, these steps position Tower to pull further value from data, digital technologies and emerging AI capabilities in the years ahead.

Improving execution across Tower

With our Foundations First programme concluded, we rolled out and embedded our Delivery Ways of Working (DWoW) framework in FY26. The framework introduced a common delivery lifecycle, governance processes, quarterly planning, prioritisation mechanisms, shared methodologies, training and supporting tools. Together, these elements provide a more consistent, enterprise-wide approach to planning, prioritisation and delivery, while improving transparency, planning quality and decision-making across the business.

The last step in platform modernisation

vNIMS is Tower's last legacy insurance system, used primarily for some commercial and lifestyle insurance products not yet migrated to EIS, our modern digital platform.. We are prioritising moving the remaining non-core products in the New Zealand business to EIS. As part of this we will decommission vNIms for use in New Zealand, reducing operational and regulatory risk, simplifying our technology environment, and delivering a more consistent experience for customers.

Consolidating our physical footprint

As part of a wider review of Tower's operating footprint and operating model, we closed the Rotorua office in FY26. Non-customer-facing Rotorua roles transitioned to permanent work-from-home arrangements, while some frontline roles were disestablished or relocated to Auckland – a net reduction of around 46 roles. The change brought frontline teams together across our Auckland and Suva sites under a flexible, office based model, and reflects the benefits of digital claims processing in reducing overall workload (see **page 11**).

The people who make it possible

Our people are at the heart of what makes Tower tick. We aim to create an environment where everyone feels they belong, can be themselves, and are encouraged to grow, contribute and perform at their best.

Developing our performance edge

Building a high-performing culture is critical to delivering on our ambitions as a growth business. We want Tower to be a place where people are proud of being at the forefront of insurance, doing things differently and better for our customers and shareholders, in a culture of achievement, innovation, healthy challenge and diverse thinking.

In FY26, we focused on building the culture and leadership capability our growth ambitions require. Our best-practice adaptive leadership programme – comprising the Executive Leadership Team and eleven senior leaders – sets the tone from the top on culture, leadership, innovation, accountability and performance.

Leadership development sessions cascade to all leaders through our new 'Leader Lab' practical workshops, strengthening leadership capability across the business.

Upskilling our people on AI was also a key focus, with more than 30 Copilot training sessions and targeted workshops building practical AI skills and confidence (see **page 18**).

Stronger together

In our September 2026 engagement survey, we were proud to record our highest ever employee engagement score, at 8.3, up from 8.2 in FY25 and 8.1 in FY24.

The results showed strong performance across key areas of our employee experience. Peer relationships remained a standout strength, with a result of 9.1, and our diversity and inclusion result was 8.8, both placing Tower in the top five per cent of the global finance sector. Our wellbeing result was 8.4, placing us in the top 25 per cent.

Attracting and retaining great people

We continue to attract high-calibre talent from within and beyond the insurance sector, bringing the capabilities Tower needs for the next phase of its strategy - particularly expertise in AI and specialist technology, alongside growth-focused roles.

Rather than increasing headcount, we continually review how resources are deployed. We focus on internal promotion and helping our existing talent move into different roles across the business – benefitting both Tower and our people.



Working at Tower

Tower provides opportunities for connection and learning. Our seven Employee Representative Groups (ERGs) foster an inclusive workplace and lead staff engagement events – from Te Wiki o Te Reo Māori, Matariki, Lunar New Year, Diwali, and Pride to Tongan and Cook Island Language Weeks.

Being a good employer matters to us. Tower maintained several independent accreditations during FY26, including Living Wage Employer, Rainbow Tick, Domestic Violence Free Tick, Mind the Gap and the New Zealand Parental Leave Register and was named Insurance Business Top Insurance Employer for the third consecutive year.

In FY26, we introduced a new staff benefit to complement our existing suite of insurance, leave and wellbeing benefits: Extraordinary Pay helps eligible employees reduce the cost of commuting by public transport by using pre-tax income. Employees can use salary-sacrificed funds for eligible public transport, effectively reducing the cost of their commute while supporting more sustainable travel to and from work.



Tower staff celebrate Diwali

Gender pay gap

When we take the total salary for all women employed by Tower, and divide that by the number of women, and the total salary of all men employed by Tower and divide that by the number of men, we have a gap of 12.1 per cent for our workforce in New Zealand. For our workforce in Fiji we have a gap of 17.3 per cent. For the most part, this is because we have a larger proportion of women in frontline roles in both New Zealand and Fiji.

When we compare like-for-like roles for women and men, our pay equity gap is -1.0 per cent for our workforce in New Zealand, and 0.6 per cent for our workforce in Fiji (women are paid one per cent more than men for the same size role in New Zealand, and men are paid 0.6 per cent more in Fiji).

Comparing our senior leadership population and the average pay gap between men and women, our New Zealand leadership pay gap is -2.8 per cent (women are paid 2.8 per cent more than men. This is because there is a higher proportion of men in lower-level senior leadership roles, which impacts the overall weighted average).

The leadership gender pay equity gap is 0.4 per cent. When we compare like-for-like roles for our leadership population at Tower in New Zealand, our leadership pay equity gap is 0.4 per cent (men are paid 0.4 per cent more than women for the same size role).

Pay gap reporting in New Zealand remains voluntary, and Tower was among the first 50 companies to join the 'Mind the Gap' register in 2022, which tracks and publishes pay gap data for participating businesses.

Here for tomorrow

Our sustainability strategy

At Tower, sustainability starts with supporting the people and communities we serve across New Zealand and the Pacific, while helping build future resilience.

In our FY25 Annual report we introduced our FY26-FY30 Sustainability Strategy. During FY26, we developed a business action plan and began the next phase of sustainability at Tower. Our **Strategy and Material Topics** action plan is published on our website.

Our environment

Climate resilience remains central to our environmental approach. During the year we refreshed our climate scenarios, reviewed climate-related risks and opportunities, and strengthened governance through regular reporting to management and Board forums. These activities supported the development of Tower's FY26 Climate Statement and enhanced our understanding of emerging environmental risks and opportunities.

We continued to reduce our operational footprint. We are exploring opportunities to transition our New Zealand and Pacific fleet to electric and hybrid vehicles, and – following our FY25 Employee Commute Survey – launched Extraordinary Pay in August, making public transport more affordable for Auckland-based employees and supporting more sustainable commuting (**page 20**).

Our focus in FY26 has been exploring resilience and adaptation opportunities in NZ and the Pacific. Risk-based pricing continued to give customers clearer signals about their natural hazard risk, while our Pacific parametric cover made its first payout in Fiji, paying 278 customers within three weeks of heavy rainfall.

Our Business

- Provide no-surprises, easy to understand insurance that is accessible and affordable.
- Provide an efficient claims process to support recovery after a large event.
- Actively collaborate on issues affecting customers, the insurance industry and communities we serve.

Our Environment

- Focus on supporting a climate resilient future for New Zealand and the Pacific.
- Support initiatives that benefit nature and the environment.
- Mitigate the carbon footprint of our business including our supply chain.

Our People

- Focus on leadership development to foster a culture of good business ethics and develop talent to support our customers and partners.
- Foster the mental and physical wellbeing of all employees including continued improvement in DEI metrics.

Our Customers & Community

- Contribute to collective advocacy on climate change, resilience and data resources.
- Demonstrate good corporate citizenship through our sponsorship and volunteering programmes.
- Education on risks and preparedness.

Through ICNZ, we contributed to the insurance sector's input on national adaptation policy and, through the Sustainable Business Council, Climate Leaders Coalition and Centre for Sustainable Finance, we shared learning and explored collaboration on adaptation and resilience.

During the year we have also been developing resilience and adaptation propositions for our customers and communities and look forward to progressing them in FY27.

When our Rotorua office closed in April 2026, (**page 18**), we were committed to minimising waste. Equipment and furniture were transferred to our other offices where possible; the remainder – 471 items weighing over 12 tonnes – was collected by All Heart, a profit-for-purpose organisation and registered charity that redirects office items to community causes and supports the circular economy, diverting them from landfill.

Our people play a key role in delivering our sustainability ambitions. This year we launched a Sustainability Hub and began an employee education programme, with insights informing our FY27 sustainability engagement plan.

Recognising local heroes

Tower is proud to sponsor the New Zealand Local Hero of the Year Award Te Pou Toko o te Tau, part of the Kiwibank New Zealander of the Year Awards Ngā Tohu Pou Kōhure o Aotearoa. The awards celebrate 100 everyday New Zealanders whose contributions have a lasting impact in their communities.

In 2026, Māhera Maihi was named Tower New Zealand Local Hero of the Year for her work addressing homelessness and poverty through her organisation Mā Te Huruhuru, a charitable trust supporting rangatahi through kaupapa Māori programmes that foster belonging, independence, wellbeing and connection to culture.

Read more about Māhera's story.

Supporting the next generation of climate leaders

Through the Tower Climate Change Scholarship, we support students in the University of Waikato's Bachelor of Climate Change – the first degree of its kind in the world. Since 2021, Tower has provided three $5,000 scholarships each year to help grow the next generation of climate leaders. In 2026, recipients Lagi Talalupe, Genifer Tadielo and Ayla Montgomerie each received support to continue their studies and develop the knowledge needed to help communities adapt to a changing climate.

Read more about our 2026 Climate Change Scholarship recipients.

Lending a hand in the community

Our people continue to play an active role in community life. Each permanent, full-time Tower employee receives one day of volunteer leave every year to support causes and organisations that matter to them.

In FY26, our teams contributed 3,817 volunteering hours across New Zealand and the Pacific, and a total of 10,253 since 2018, supporting initiatives including food rescue, education, native planting and community projects.



Tower New Zealand Local Hero of the Year Māhera Maihi.



Tower Climate Change Scholarship recipients Ayla Montgomerie, Lagi Talalupe, and Genifer Tadielo.

Āpōpō – what's next

The foundations are built, and the momentum is real.

Here is what customers, shareholders and our people can expect from Tower next:

- **Claims automation goes house-wide:** Our aspiration is that the zero-touchpoint motor journey will be carefully replicated across house and contents, with two-way integration for third party suppliers - so customer Linda's seamless claim experience becomes the norm, not the exception. **Read** Linda's story.
- **AI moves from adoption to advantage:** From triaging claims to next-best-action prompts in the contact centre, AI will help Tower scale without adding headcount – governed by a risk framework built for it from day one.
- **The last legacy system retires in New Zealand:** With vNIMS decommissioning underway, Tower completes its platform modernisation – simpler, faster, and safer for customers.
- **Partnerships scale:** The digital product built for Westpac becomes a reusable platform, and the Kiwibank migration completes — more New Zealanders getting risk-based pricing through channels they already trust.
- **Resilience travels further:** Parametric cover reaches Fijian micro and small businesses, building financial and climate resilience while demonstrating the potential to scale parametric solutions into new markets.



We are ready for tomorrow

E anga ana ki āpōpō

Board of Directors



Naomi Ballantyne

PGDipBUS, Chairwoman, Non-Executive Director Independent

Director from: 21 May 2025

Naomi Ballantyne has a wealth of experience in the financial services sector and New Zealand's insurance industry. She founded insurance company Partners Life Limited in 2010 and sold it in 2023. Naomi is Managing Director of KNK Consulting Limited, and Chair of both TAP Group Limited and Geoedgex Limited. She founded and served as Managing Director of Unique Solutions and Advice Limited and ING Life (NZ), now Chubb. She was COO of Sovereign Limited, now AIA, for 12 years. Previous directorships include Accuro Health Insurance, Newpark Financial Services Limited, Club Life Limited and New Zealand Superannuation Services Limited.



Mike Cutter

BSc (Hons) GAICD, Non Executive Director Independent

Director from: 17 Nov 2023

Mike has significant global experience in financial services. He is Chair of Arteva Funding, a non-executive Director of Pepper Money and co-founder of credit risk management consultancy Kadre. Mike served as interim Managing Director of Bambora Australia and Group Managing Director of Equifax ANZ. He was previously CEO of OAMPS Insurance Brokers (now Gallagher), GE Money Australia and New Zealand and CRO of ANZ Australia. He has served on the boards of the Women's Cancer Foundation, Ovarian Cancer Institute, Australian Financial Congress, National Insurance Brokers Association and Australian Retail Credit Association.



Marcus Nagel

MBA (International Management), MBA (Banking and Finance), Non-Executive Director Independent

Director from: 14 Jan 2019

Marcus has significant insurance industry experience. He has performed several senior leadership roles for Zurich globally, including his last role as CEO of Zurich Germany. He has also held the position of Vice Chairman of the joint venture with ADAC, Germany's largest Automotive Club, Chairman of the direct insurer DA Direct and Chairman of the life insurer, Zurich Deutscher Herold. He also managed the independent financial adviser/broker business for Zurich Global Life.



Geraldine McBride

BSc, Non-Executive Director Independent

Director from: 1 Oct 2022

Geraldine has extensive governance and technology industry experience, having performed Board and senior leadership roles both in New Zealand and internationally, with Sky Network Television Limited, SAP, Dell, IBM, National Australia Bank and Fisher & Paykel Healthcare. Geraldine is the founder and CEO of MyWave. Geraldine holds a Bachelor of Science from Victoria University and is a Chartered Member of the NZIOD.



Sophie Haslem

BCom, Grad Dip Mgt, GAICD CFInstD, Non-Executive Director Independent

Director from: 20 Aug 2026

Sophie is an experienced company director with more than 25 years' commercial, finance and governance experience across New Zealand and Australia. She is a director of nib New Zealand, CentrePort, Rangatira Investments, Payments NZ and Livestock Improvement Corporation (NZX: LIC), and chairs their respective audit and risk sub-committees. Sophie has held senior roles in corporate and investment banking, management consulting, and spent more than a decade in executive leadership positions at New Zealand Post.



Jefferson Gibbs

FIAA, FNZSA, GAICD BSc, Non-Executive Director Independent

Director from: 2 Sept 2026

Jefferson is an experienced director and former professional services partner with more than 25 years' experience in the general insurance sector. He has held several senior governance roles, including as Board Director, Chair and President of the Institute of Actuaries of Australia, and as Director and Chair of KPMG Financial Services Consulting Pty Ltd.

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Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER 2026

	NOTE	**2026 $000**	2025 $000
Insurance revenue		593,877	594,348
Insurance service expense	2.2	(476,601)	(411,648)
Insurance service result before reinsurance contracts held		117,276	182,700
Net expense from reinsurance contracts held		(50,847)	(77,505)
Insurance service result		**66,429**	105,195
Investment income	3.1	11,380	19,769
Investment expense		(430)	(548)
Net investment income		10,950	19,221
Finance expense from insurance contracts issued	2.3	(883)	(2,158)
Finance income from reinsurance contracts held	2.3	74	571
Net insurance finance expense		(809)	(1,587)
Net insurance and investment result		**76,570**	122,829
Other income	3.3	2,900	4,444
Other operating expenses	2.2	(5,234)	(8,782)
Finance costs		(650)	(744)
Profit before taxation from continuing operations		**73,586**	117,747
Tax expense from continuing operations	7.1	(21,552)	(34,074)
Profit after taxation from continuing operations		**52,034**	83,673

	NOTE	**2026 $000**	2025 $000
Items that may be reclassified to profit or loss			
Currency translation differences		621	2,501
Other comprehensive income		**621**	2,501
Total comprehensive income for the year		**52,655**	86,174
Earnings per share:			
Basic earnings per share (cents) for profit attributable to shareholders	5.4	15.2	23.3
Diluted earnings per share (cents) for profit attributable to shareholders	5.4	15.0	23.0

The above statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet

AS AT 30 SEPTEMBER 2026

	NOTE	**30 SEPT 2026 $000**	30 SEPT 2025 $000
Assets			
Cash and cash equivalents	8.1	91,074	71,047
Investments	3.2	341,068	389,225
Receivables	2.5	12,253	12,780
Current tax assets	7.2a	3,410	1,031
Reinsurance contract assets	2.4a	19,912	20,900
Deferred tax assets	7.3a	938	1,367
Right-of-use assets	6.3a	13,842	17,157
Property, plant and equipment	6.1	5,636	5,966
Intangible assets	6.2	98,184	93,460
Total assets		**586,317**	612,933
Liabilities			
Payables	2.6	28,530	27,005
Insurance contract liabilities	2.4b	171,843	155,627
Current tax liabilities	7.2b	120	20,605
Provisions	2.7	23,758	20,902
Lease liabilities	6.3a	21,192	25,546
Deferred tax liabilities	7.3b	10,174	12,583
Total liabilities		**255,617**	262,268
Net assets		**330,700**	350,665

	NOTE	**30 SEPT 2026 $000**	30 SEPT 2025 $000
Equity			
Contributed equity	5.1	418,359	417,224
Retained earnings		14,225	35,946
Reserves	5.2	(101,884)	(102,505)
Total equity		**330,700**	350,665

The above statement should be read in conjunction with the accompanying notes.

The financial statements were approved for issue by the Board on 26 November 2026.



Naomi Ballantyne
Chair



Marcus Nagel
Director

Consolidated statement of changes in equity

YEAR ENDED 30 SEPTEMBER 2026

	NOTE	ATTRIBUTED TO SHAREHOLDERS: CONTRIBUTED EQUITY $000	RETAINED EARNINGS $000	RESERVES $000	TOTAL EQUITY $000
Year Ended 30 September 2026					
Balance as at 30 September 2025		417,224	35,946	(102,505)	350,665
Comprehensive income					
Profit for the year		–	52,034	–	52,034
Currency translation differences		–	–	621	621
Total comprehensive income		**–**	**52,034**	**621**	**52,655**
Transactions with shareholders					
Dividends paid	5.5	–	(73,755)	–	(73,755)
Share rights issued under Tower Long-Term Incentive Plan	8.4	1,135	–	–	1,135
Total transactions with shareholders		**1,135**	**(73,755)**	–	**(72,620)**
At the end of the year		**418,359**	**14,225**	**(101,884)**	**330,700**
Year Ended 30 September 2025					
Balance as at 30 September 2024		460,734	4,428	(105,006)	360,156
Comprehensive income					
Profit for the year		–	83,673	–	83,673
Currency translation differences		–	–	2,501	2,501
Total comprehensive income		–	83,673	2,501	86,174
Transactions with shareholders					
Dividends paid	*5.5*	–	(52,155)	–	(52,155)
Share rights issued under Tower Long-Term Incentive Plan	8.4	2,038	–	–	2,038
Capital return	5.1	(45,548)	–	–	(45,548)
Total transactions with shareholders		(43,510)	(52,155)	–	(95,665)
At the end of the year		417,224	35,946	(102,505)	350,665

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2026

	NOTE	**2026 $000**	2025 $000
Cash flows from operating activities			
Premiums received for insurance contracts issued		604,328	593,413
Insurance acquisition costs paid		(81,714)	(75,292)
Reinsurance paid		(61,883)	(87,989)
Interest received		12,485	17,198
Fee and other income received		2,745	5,698
Insurance claims paid and other insurance service expenses		(357,843)	(331,406)
Reinsurance recoveries received		11,927	25,197
Payment to Financial Markets Authority (FMA)		(7,000)	–
Other operating payments		(3,341)	(1,764)
Income tax paid		(39,444)	(1,293)
Net cash inflow from operating activities	**8.1**	**80,260**	143,762
Cash flows from investing activities			
Proceeds from sale of interest bearing investments		526,602	529,930
Payments for purchase of interest bearing investments		(479,681)	(554,892)
Payments for purchase of intangible assets		(27,055)	(20,896)
Proceeds from sale of property, plant and equipment		22	69
Payments for purchase of property, plant and equipment		(1,542)	(1,165)
Net cash inflow/(outflow) from investing activities		**18,346**	(46,954)

	NOTE	**2026 $000**	2025 $000
Cash flows from financing activities			
Dividends paid	5.5	(73,755)	(52,155)
Payments for capital return	5.1	–	(45,548)
Payments relating to lease liabilities	6.3c	(5,337)	(5,138)
Net cash outflow from financing activities		**(79,092)**	(102,841)
Net increase/(decrease) in cash and cash equivalents		**19,514**	(6,033)
Effect of foreign exchange rate changes		513	1,690
Cash and cash equivalents at the beginning of the year		71,047	75,390
Cash and cash equivalents at the end of the year		**91,074**	71,047

The above statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1 Overview

This section provides information that is helpful to an overall understanding of the financial statements and the areas of critical accounting judgements and estimates included in the financial statements. It also includes a summary of Tower's operating segments.

1.1 About this Report

a. Entities reporting

The financial statements presented are those of Tower Limited (the Company) and its subsidiaries. The Company and its subsidiaries together are referred to in these financial statements as Tower or the Group. The address of the Company's registered office is 136 Fanshawe Street, Auckland, New Zealand.

During the periods presented, the principal activity of the Group was the provision of general insurance. The Group predominantly operates in New Zealand with some of its operations based in the Pacific Islands region.

The financial statements were authorised for issue by the Board of Directors on 26 November 2026.

b. Statutory base

Tower Limited is a company incorporated in New Zealand under the Companies Act 1993 and listed on the NZX Main Board and the Australian Securities Exchange. The Company is a reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

c. Basis of preparation

The Company is a for-profit entity and the financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards), New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for Tier 1 for-profit entities.

The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

They have been prepared in accordance with the historical cost basis except for certain financial instruments that are stated at their fair value.

1.2 Consolidation

a. Principles of consolidation

The Group consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company at reporting date and the results of all subsidiaries for the year.

Subsidiaries are those entities over which the consolidated entity has control, being power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of any subsidiaries acquired during the year are consolidated from the date on which control was transferred to the consolidated entity and the results of any subsidiaries disposed of during the year are consolidated up to the date control ceased.

Intercompany transactions and balances between Group entities are eliminated on consolidation.

b. Foreign currency

(i) Functional and presentation currencies

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates. Tower Limited's functional and presentation currency is New Zealand dollars (NZD). All amounts in the consolidated financial statements are presented in New Zealand dollars and have been rounded to the nearest thousand dollars, unless otherwise indicated.

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions denominated in foreign currencies are translated into the entity's functional and reporting currency using the exchange rates in effect at the transaction dates. Monetary items receivable or payable in a foreign currency are translated at reporting date at the closing exchange rate.

Translation differences on non-monetary items such as financial assets held at fair value through profit or loss are reported as part of their fair value gain or loss.

Exchange differences arising on the settlement or retranslation of monetary items at year end exchange rates impact profit after tax in the consolidated statement of comprehensive income unless the items form part of a net investment in a foreign operation. In this case, exchange differences are taken to the foreign currency translation reserve (FCTR) and recognised (as part of comprehensive profit) in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Notes to the consolidated financial statements (continued)

1.2 Consolidation (continued)

b. Foreign currency (continued)

(iii) Consolidation

For the purpose of preparing consolidated financial statements, the assets and liabilities of subsidiaries with a functional currency different to the Company are translated at the closing rate at the reporting date. Income and expense items for each subsidiary are translated at a weighted average of exchange rates over the period, as a surrogate for the spot rates at transaction dates. Foreign currency translation differences are taken to the FCTR and recognised in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate with movements recorded through the FCTR in the consolidated statement of changes in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of comprehensive income.

c. Subsidiaries

The table below lists Tower Limited's principal subsidiary companies and controlled entities. All entities have a reporting date of 30 September.

		HOLDINGS	
NAME OF COMPANY	INCORPORATION	**2026**	2025
Parent Company			
New Zealand general insurance operations			
Tower Limited	NZ	Parent	Parent
Subsidiaries			
Overseas general insurance operations			
Tower Insurance (Cook Islands) Limited	Cook Islands	100%	100%
Tower Insurance (Fiji) Limited	Fiji	100%	100%
National Pacific Insurance Limited	Samoa	100%	100%
National Pacific Insurance (Tonga) Limited	Tonga	100%	100%
National Pacific Insurance (American Samoa) Limited	American Samoa	100%	100%
Management service operations			
Tower Services Limited	NZ	100%	100%
Tower Group Services (Fiji) Pte Limited	Fiji	100%	100%

Notes to the consolidated financial statements (continued)

1.3 Critical accounting judgements and estimates

In preparing these consolidated financial statements management is required to make estimates and related assumptions about the future. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, and are reviewed on an ongoing basis. Revisions to the estimates are recognised in the period in which they are revised, or future periods if relevant. The key areas in which estimates and related assumptions are applied are as follows:

- Insurance and reinsurance contracts
  - Premium allocation approach (PAA) eligibility — note 2.1b
  - Identification of groups of onerous contracts — note 2.1d
  - Liability for incurred claims and reinsurance asset for incurred claims, including risk adjustment and the confidence level used — note 2.4
- Compliance and remediation provision — note 2.7
- Intangible assets — note 6.2

1.4 Changes in accounting policies and disclosures

There have been no changes in accounting policies during the year ended 30 September 2026.

No new standards, amendments, or interpretations have been adopted during the year that have had a material impact on the Group's consolidated financial statements.

Future changes in accounting standards

NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) is effective for annual reporting periods beginning on or after 1 January 2027 and will replace NZ IAS 1 Presentation of Financial Statements. The Group will adopt NZ IFRS 18 in the period in which it becomes effective, being the year ended 30 September 2028. NZ IFRS 18 introduces new requirements for the presentation and disclosure of information in the financial statements, and aims to improve the comparability and transparency of information presented in financial statements.

Key changes include the classification of income and expenses in the consolidated statement of comprehensive income into five categories: operating, investing, financing, income taxes and discontinued operations; and the introduction of new mandatory subtotals, including operating profit and profit before financing and income taxes. The Standard also introduces disclosure requirements for management defined performance measures, enhanced requirements for the aggregation and disaggregation of financial information, and additional disclosure requirements for certain expenses by nature where operating expenses are presented by function.

NZ IFRS 18 will be applied retrospectively and comparative information will therefore be restated on initial application. The Standard's impact on the presentation of the Group's primary consolidated financial statements and related note disclosures is expected to be material, but will not affect the recognition or subsequent measurement of items disclosed. Management is currently assessing the detailed presentation and disclosure impacts of adopting the Standard.

1.5 Segmental reporting

a. Operating segments

Information is provided by operating segment to assist an understanding of the Group's performance.

Tower operates in two geographical segments, New Zealand and the Pacific region. New Zealand comprises the general insurance business underwritten in New Zealand. Pacific Islands comprises the general insurance business underwritten in the Pacific by Tower subsidiaries. Other contains balances relating to Tower Services Limited and group diversification benefits.

The Group does not derive revenue from any individual or entity that represents 10% or more of the Group's total revenue.

The financial performance for the Pacific Islands operating segment excludes balances related to previously disposed operations. Intercompany transactions with those entities have been eliminated within continuing operations.

b. Financial performance

	NEW ZEALAND $000	PACIFIC ISLANDS $000	OTHER $000	TOTAL $000
Year Ended 30 September 2026				
Insurance revenue	551,538	42,339	–	593,877
Insurance service expense	(436,646)	(40,145)	190	(476,601)
Net (expense)/income from reinsurance contracts held	(60,156)	9,361	(52)	(50,847)
Insurance service result	**54,736**	**11,555**	**138**	**66,429**
Net investment income	10,521	429	–	10,950
Net insurance finance expense	(809)	–	–	(809)
Net insurance and investment result	**64,448**	**11,984**	**138**	**76,570**
Other income	2,830	70	–	2,900
Other operating expenses	(5,130)	(104)	–	(5,234)
Finance costs	(495)	(155)	–	(650)
Profit before taxation from continuing operations	**61,653**	**11,795**	**138**	**73,586**
Tax expense	(17,210)	(4,303)	(39)	(21,552)
Profit after taxation from continuing operations	**44,443**	**7,492**	**99**	**52,034**

Notes to the consolidated financial statements (continued)

1.5 Segmental reporting (continued)

b. Financial performance of continuing operations (continued)

	NEW ZEALAND $000	PACIFIC ISLANDS $000	OTHER $000	TOTAL $000
Year Ended 30 September 2025				
Insurance revenue	551,496	42,852	–	594,348
Insurance service expense	(379,643)	(32,153)	148	(411,648)
Net expense from reinsurance contracts held	(72,226)	(5,159)	(120)	(77,505)
Insurance service result	99,627	5,540	28	105,195
Net investment income	18,645	576	–	19,221
Net insurance finance expense	(1,587)	–	–	(1,587)
Net insurance and investment result	116,685	6,116	28	122,829
Other income	3,953	491	–	4,444
Other operating expenses	(8,677)	(105)	–	(8,782)
Finance costs	(569)	(175)	–	(744)
Profit before taxation from continuing operations	111,392	6,327	28	117,747
Tax expense	(32,215)	(1,831)	(28)	(34,074)
Profit after taxation from continuing operations	79,177	4,496	–	83,673

c. Financial position of continuing operations

	NEW ZEALAND $000	PACIFIC ISLANDS $000	OTHER $000	TOTAL $000
Additions to non-current assets 30 September 2026	**27,765**	**1,081**	**–**	**28,846**
Additions to non-current assets 30 September 2025	21,674	728	–	22,402
Total assets 30 September 2026	**511,143**	**75,757**	**(583)**	**586,317**
Total assets 30 September 2025	549,932	63,532	(531)	612,933
Total liabilities 30 September 2026	**208,743**	**47,867**	**(993)**	**255,617**
Total liabilities 30 September 2025	231,269	31,840	(841)	262,268

Additions to non-current assets include additions to property, plant and equipment, right-of-use assets and intangible assets.

Definition

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the Chief Executive Officer) who reviews the operating results on a regular basis and makes decisions on resource allocation and assessing performance.

Notes to the consolidated financial statements (continued)

2 Insurance and reinsurance contracts

This section provides information on Tower's underwriting activities.

Tower collects premiums from customers in exchange for providing insurance coverage. These premiums are recognised as insurance revenue when they are earned by Tower, reducing the liability for remaining coverage on the consolidated balance sheet.

When customers suffer a loss that is covered by their policy, Tower will make payments to customers or suppliers, which it recognises as insurance expenses. To ensure that Tower's obligations to customers are properly recorded within the consolidated financial statements, Tower recognises a liability for incurred claims on the consolidated balance sheet.

To manage Tower's risk and optimise its returns, Tower reinsures some of its exposure with reinsurance companies. Net expense from reinsurance contracts is measured as an allocation of reinsurance premiums paid plus any other directly attributable expenses, less amounts recovered from reinsurers and any change in risk from reinsurer non-performance.

Tower also discloses the nature and extent of risks arising from insurance and reinsurance contracts, including sensitivity analyses and risk mitigation strategies.

2.1 Insurance and reinsurance contracts accounting policies

a. Recognition

Tower recognises insurance contracts at the earlier of the commencement of the coverage period, or when the first premium for a group of insurance contracts is due. At inception of insurance contracts, Tower analyses and identifies any distinct contract components that may need to be accounted for under another NZ IFRS instead of NZ IFRS 17. Currently, Tower does not have any product groups that include distinct components that require separation.

Insurance revenue is recognised based on passage of time over the coverage period of the contract, resulting in a linear allocation of revenue for each contract across its coverage period. Revenue earned excludes taxes and levies collected on behalf of third parties.

Insurance service expenses arising from insurance contracts are generally recognised in profit or loss as they are incurred, except for insurance acquisition cash flows.

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of, and changes in, the time value of money and financial risk. Tower has elected to present all insurance finance income and expenses in profit or loss.

b. Measurement model - Insurance contracts

NZ IFRS 17 contains three measurement models:

1) The general measurement model (GMM) measures insurance contracts based on the fulfilment cash flows (the present value of estimated future cash flows with an explicit risk adjustment for non-financial risk) and the contractual service margin (the unearned profit that will be recognised as services are provided over the coverage period)
2) A modified version of the general model (the variable fee approach, or VFA) is applied to insurance contracts with direct participation features
3) A simplified measurement model (the PAA) is permitted in certain circumstances.

The majority of Tower's insurance portfolios have a coverage period of one year or less, which allows for application of the PAA. The coverage period, or contract boundary, is the period during which Tower has a substantive obligation to provide customers with insurance contract services. The substantive obligation ends when Tower can reprice insurance contracts to reflect reassessed risk.

For any insurance groups with coverage periods greater than one year, Tower has assessed that the resulting liability for remaining coverage as measured under the PAA would not differ materially from the result of applying the GMM. Therefore Tower has applied the PAA to all its insurance groups. Refer to note 2.1(i) for discussion around reinsurance PAA eligibility assessment.

Tower does not issue any insurance contracts that provide an investment return, or have direct participating contracts, therefore the VFA does not apply to Tower.

c. Level of aggregation

Tower manages insurance contracts issued by aggregating them into portfolios. Insurance contracts for product lines with similar risks that are within the same geographical area, and managed together, are considered to be in the same portfolio. The geographical areas for portfolio purposes are New Zealand and the Pacific, and within each geographical area there are a number of separate portfolios based on product type. Each portfolio will contain annual cohorts which contain contracts that are issued within a financial year. Annual cohorts can be further disaggregated into three groups at inception: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

d. Onerous contracts

The profitability of groups of contracts is assessed by actuarial valuation models. All insurance contracts are measured under the PAA, and therefore Tower assumes that no contracts in a group are onerous at initial recognition unless facts and circumstances indicate otherwise.

To determine which facts and circumstances are indicative of onerous contracts management considers future profitability for a group of contracts, as well as factors that may be internal to Tower (e.g., pricing decisions) or external (e.g., sudden and unexpected changes to the economic or regulatory environments). When facts and circumstances indicate a set of contracts may be onerous, Tower will perform an additional assessment to distinguish onerous contracts from non-onerous contracts. Onerous contract testing will involve determining the estimation of the fulfilment cash flows in relation to that group of onerous contracts.

Notes to the consolidated financial statements (continued)

2.1 Insurance and reinsurance contracts accounting policies (continued)

d. Onerous contracts (continued)

Tower will recognise a loss in profit or loss for onerous contracts, which is measured as the difference between fulfilment cash flows related to the remaining coverage of the group using the general model, and liability for the remaining coverage using the PAA. The increase to the liability for remaining coverage resulting from the recognition of onerous contracts will be tracked separately as a loss component. In subsequent periods, Tower will reassess previously onerous contracts then remeasure fulfilment cash flows. The impact from changes in fulfilment cash flows will be recorded in profit or loss, and the liability for remaining coverage will reflect the remeasured fulfilment cash flows. When fulfilment cash flows are incurred, they are allocated systematically between the loss component and the liability for remaining coverage. The systematic allocation is based on the loss component relative to the total estimated present value of future cash outflows.

e. Liability for remaining coverage

The liability for remaining coverage (LRC) reflects insurance coverage expected to be provided by Tower after the reporting date. This is measured inclusive of any taxes and levies collected on behalf of third parties. On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received less any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group.

Subsequent measurement of the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

On initial recognition of each group of contracts, Tower expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, Tower has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

f. Insurance acquisition cash flows

Insurance acquisition cash flows (IACF) comprise the costs of selling, underwriting and starting a group of insurance contracts (which are issued or expected to be issued) that are directly attributable to portfolios of insurance contracts.

Tower has elected to defer IACF and recognise as insurance expenses across the coverage period of contracts issued, rather than to expense them when incurred. The amortisation period for IACF begins at the later of when the costs are incurred or when the underlying insurance contracts are recognised, and are expected to be amortised within 12 months on a straight-line basis. All IACF are allocated to groups of insurance contracts.

g. Liability for incurred claims

Liability for incurred claims (LIC) relate to claims that have occurred prior to reporting date but have not been paid. This is measured as the present value of the estimated future cash outflows plus a specific risk adjustment (RA) factor to account for non-financial risks. Tower has elected to discount the LIC to reflect the time value of money.

Tower does not disaggregate changes in the RA between the insurance service result and insurance finance income or expenses. All changes in the RA are included in the insurance service result.

h. Insurance modification and derecognition

Tower derecognises insurance contracts when rights and obligations relating to the contract are extinguished, or when the contract is modified in a way that would have changed the accounting for the contract significantly had the new terms been included at contract inception. In such a case a new contract based on the modified terms is recognised.

i. Measurement model - Reinsurance contracts

Some reinsurance contracts held by Tower have a three year contract boundary, however the result of applying the PAA model does not result in a material difference from applying the GMM model. Therefore all reinsurance contracts held by Tower are measured using the PAA measurement model.

Quantitative PAA eligibility testing has been performed over these contracts, where the following key assumptions and estimates are modelled:

- Expected future cash flows
- Risk adjustment
- Contractual service margin (CSM), the balancing component to result in nil profit or loss impact at inception. The CSM represents the net cost of purchasing reinsurance, which will be released over the coverage period.
- Expected variability in assumptions used, such as changes in discount rates.

Tower measures its reinsurance assets on the same basis as insurance contracts issued, however these are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts held.

j. Reinsurance contracts - level of aggregation

Tower manages all reinsurance contracts held together and the contracts held provide coverage for similar risks. All reinsurance contracts held by Tower are considered as a single portfolio.

Notes to the consolidated financial statements (continued)

2.1 Insurance and reinsurance contracts accounting policies (continued)

k. Reinsurance contract assets - recognition and measurement

A reinsurance asset for remaining coverage (RI ARC) is recognised at the start of the coverage period of the reinsurance contract where the contract provided non-proportionate coverage, or when the underlying insurance contract is recognised where the contract provides proportionate coverage. The asset is measured as premiums paid, adjusted for any acquisition cash flows.

A loss-recovery component is established within the RI ARC for the gain recognised in profit or loss when the Group has recognised a loss on underlying groups of onerous contracts that are covered by reinsurance contracts held. The gain is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

This loss-recovery component is adjusted to reflect changes in the loss component of the onerous group of underlying contracts and is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that Tower expects to recover from the reinsurance contracts held.

Reinsurance asset for incurred claims (RI AIC) is recognised when a claim is made on an underlying contract and a reinsurance contract was held to cover the risks on the underlying insurance contract. This is measured based on estimated future cash flows, adjusted to reflect the time value of money, and a RA factor for any non-financial risks.

Net (expense)/income from reinsurance contracts held is measured as an allocation of reinsurance premiums paid plus any other directly attributable expenses, less amounts recovered from reinsurers, and any change in risk from reinsurer non-performance.

Reinsurance premiums paid reflect premiums ceded to reinsurers and are recognised as an expense in accordance with the pattern of reinsurance service received. Commission revenue from reinsurance contracts held by Tower that are not contingent on claims for underlying insurance contracts is treated as a reduction in premiums paid.

Amounts recovered from reinsurers are recognised when a claim has been incurred and the basis for measurement is the expected future cash inflows.

l. Discount rates

Tower discounts future cash flows related to the insurance liability for incurred claims and reinsurance assets for incurred claims to recognise the impact of the time value of money. Tower has adopted a 'bottom-up' approach to derive the discount rate. The risk-free yield is derived from observable secondary market prices for NZ government bonds. Nil illiquidity premium has been assumed on the basis that it would not have a material impact.

2.2 Insurance service expense and other operating expenses

Composition	2026 $000	2025 $000
Claims expenses	320,426	259,776
(Reversals)/losses on onerous insurance contracts	(230)	148
Commission expenses amortised	14,249	13,629
Management expenses:		
People costs	105,020	102,984
People costs capitalised during the year	(12,335)	(11,134)
Technology	20,726	18,610
Amortisation	21,168	19,512
Depreciation	5,442	5,914
External fees	15,151	23,319
Marketing	20,674	14,069
Communications	3,812	3,337
Other management expense	9,837	7,703
Movement in non-commission deferred insurance acquisition cash flows	(3,140)	(2,784)
Claims related management expenses reclassified to claims expense	(44,199)	(43,435)
Total insurance service expense	**476,601**	411,648
Other operating expenses	5,234	8,782
Total insurance service expense and other operating expenses	**481,835**	420,430

Notes to the consolidated financial statements (continued)

2.3 Net insurance finance expense

	2026 $000	2025 $000
Interest accreted	(943)	(2,077)
Effect of changes in interest rates and other financial assumptions	60	(81)
Finance expense from insurance contracts issued	**(883)**	(2,158)
Interest accreted	80	551
Effect of changes in interest rates and other financial assumptions	(6)	20
Finance income from reinsurance contracts held	**74**	571
Net insurance finance expense	**(809)**	(1,587)

2.4 Insurance and reinsurance assets and liabilities

a. Insurance and reinsurance contracts

	2026 $000				
	ASSETS	LIABILITIES	CURRENT PORTION	NON-CURRENT PORTION	TOTAL
Liability for remaining coverage	–	33,487	33,487	–	33,487
Liability for incurred claims	–	138,356	107,213	31,143	138,356
Total insurance contracts issued	–	171,843	140,700	31,143	**171,843**
Total reinsurance contracts held	19,912	–	11,929	7,983	**19,912**

	2025 $000				
	ASSETS	LIABILITIES	CURRENT PORTION	NON-CURRENT PORTION	TOTAL
Liability for remaining coverage	–	37,254	37,254	–	37,254
Liability for incurred claims	–	118,373	94,774	23,599	118,373
Total insurance contracts issued	–	155,627	132,028	23,599	155,627
Total reinsurance contracts held	20,900	–	17,694	3,206	20,900

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

b. Reconciliation of insurance assets and liabilities

	2026 $000				
	LIABILITIES FOR REMAINING COVERAGE		LIABILITIES FOR INCURRED CLAIMS		TOTAL
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	
Opening insurance contract liabilities	36,696	558	102,926	15,447	155,627
Insurance revenue	(593,877)	–	–	–	(593,877)
Insurance service expense:					
*Incurred claims and other insurance service expenses**	–	–	379,808	5,416	385,224
Amortisation of IACF	77,109	–	–	–	77,109
Changes relating to past service	–	–	(5,004)	(7,094)	(12,098)
Loss on onerous contracts	–	(230)	–	–	(230)
Finance expense from insurance contracts issued	–	–	883	–	883
Effect of movements in exchange rates	137	13	464	–	614
Amounts included in consolidated statement of comprehensive income	**(516,631)**	**(217)**	**376,151**	**(1,678)**	**(142,375)**
Cash flows:					
Premiums received	604,328	–	–	–	604,328
Claims and other insurance service expenses paid	–	–	(353,380)	–	(353,380)
Insurance acquisition cash flows	(81,714)	–	–	–	(81,714)
Amounts included in consolidated statement of cash flows	**522,614**	**–**	**(353,380)**	**–**	**169,234**
Pre-recognition cash flows derecognised and other changes	(9,533)	–	(1,110)	–	(10,643)
Insurance contract liability at 30 September 2026	**33,146**	**341**	**124,587**	**13,769**	**171,843**

*Excludes $26.6m of insurance service expenses for depreciation and amortisation, which do not form part of insurance contract liabilities on the consolidated balance sheet.

Certain cash flows presented above may be on a deemed basis in respect of movements through the insurance contract liability, and certain amounts may be recognised in other receivable, payable and provision balances, so they may differ from the actual cash flow amounts reported in the consolidated statement of cash flows.

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

b. Reconciliation of insurance assets and liabilities (continued)

	2025 $000				
	LIABILITIES FOR REMAINING COVERAGE		LIABILITIES FOR INCURRED CLAIMS		TOTAL
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	
Opening insurance contract liabilities	41,658	384	122,348	13,179	177,569
Insurance revenue	(594,348)	–	–	–	(594,348)
Insurance service expense:					
*Incurred claims and other insurance service expenses**	–	–	323,792	4,818	328,610
Amortisation of IACF	71,617	–	–	–	71,617
Changes relating to past service	–	–	(11,532)	(2,550)	(14,082)
Losses and reversals on onerous contracts	–	148	–	–	148
Finance expense from insurance contracts issued	–	–	2,158	–	2,158
Effect of movements in exchange rates	327	26	845	–	1,198
Amounts included in consolidated statement of comprehensive income	**(522,404)**	**174**	**315,263**	**2,268**	**(204,699)**
Cash flows:					
Premiums received	593,413	–	–	–	593,413
Claims and other insurance service expenses paid	–	–	(334,685)	–	(334,685)
Insurance acquisition cash flows	(75,292)	–	–	–	(75,292)
Amounts included in consolidated statement of cash flows	**518,121**	**–**	**(334,685)**	**–**	**183,436**
Pre-recognition cash flows derecognised and other changes	(679)	–	–	–	(679)
Insurance contract liability at 30 September 2025	**36,696**	**558**	**102,926**	**15,447**	**155,627**

*Excludes $25m of insurance service expenses for depreciation and amortisation, which do not form part of insurance contract liabilities on the consolidated balance sheet.

Certain cash flows presented above may be on a deemed basis in respect of movements through the insurance contract liability, and certain amounts may be recognised in other receivable, payable and provision balances, so they may differ from the actual cash flow amounts reported in the consolidated statement of cash flows.

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

c. Reconciliation of reinsurance assets and liabilities

	ASSETS FOR REMAINING COVERAGE		ASSET FOR INCURRED CLAIMS		TOTAL
	EXCLUDING LOSS RECOVERY COMPONENT	LOSS RECOVERY COMPONENT	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	
Year ended 30 September 2026					
Opening reinsurance contract assets	(1,093)	-	20,808	1,185	20,900
Reinsurance premiums	(65,539)	-	-	-	(65,539)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims	-	-	18,825	318	19,143
Changes relating to past service	-	-	(3,305)	(1,146)	(4,451)
Finance income from reinsurance contracts held	-	-	74	-	74
Effect of movements in exchange rates	(1)	-	(170)	-	(171)
Amounts included in consolidated statement of comprehensive income	**(65,540)**	**-**	**15,424**	**(828)**	**(50,944)**
Cash flows:					
Premiums paid net of ceding commissions	61,883	-	-	-	61,883
Reinsurance recoveries (net of profit share commissions)	-	-	(11,927)	-	(11,927)
Amounts included in consolidated statement of cash flows	**61,883**	**-**	**(11,927)**	**-**	**49,956**
Reinsurance contract assets at 30 September 2026	**(4,750)**	**-**	**24,305**	**357**	**19,912**

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

c. Reconciliation of reinsurance assets and liabilities (continued)

	ASSETS FOR REMAINING COVERAGE		ASSET FOR INCURRED CLAIMS		TOTAL
	EXCLUDING LOSS RECOVERY COMPONENT	LOSS RECOVERY COMPONENT	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	
Year ended 30 September 2025					
Opening reinsurance contract assets	(11,690)	–	44,547	2,646	35,503
Reinsurance premiums	(77,188)	–	–	–	(77,188)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims	–	–	11,477	(790)	10,687
Changes relating to past service	–	–	(10,333)	(671)	(11,004)
Finance income from reinsurance contracts held	–	–	571	–	571
Effect of movements in exchange rates	(204)	–	(257)	–	(461)
Amounts included in consolidated statement of comprehensive income	**(77,392)**	**–**	**1,458**	**(1,461)**	**(77,395)**
Cash flows:					
Premiums paid net of ceding commissions	87,989	–	–	–	87,989
Reinsurance recoveries (net of profit share commissions)	–	–	(25,197)	–	(25,197)
Amounts included in consolidated statement of cash flows	**87,989**	**–**	**(25,197)**	**–**	**62,792**
Reinsurance contract assets at 30 September 2025	**(1,093)**	**–**	**20,808**	**1,185**	**20,900**

Certain cash flows presented above may be on a deemed basis in respect of movements through the reinsurance contract assets, and certain amounts may be recognised in other receivable, and payable balances, so they may differ from the actual cash flow amounts reported in the consolidated statement of cash flows.

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

d. Development of claims

The following table shows how estimates of cumulative claims have developed over time on a net of reinsurance basis.

Tower considers the probability and magnitude of future experience being more adverse than assumed. This uncertainty is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

ULTIMATE CLAIMS COST ESTIMATE	PRIOR $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	TOTAL $000
At end of incident year		199,396	264,367	230,848	228,564	272,725	
One year later		206,023	255,901	220,819	229,273	–	
Two years later		208,231	255,873	218,711	–	–	
Three years later		209,526	255,632	–	–	–	
Four years later		209,522	–	–	–	–	
Ultimate claims cost		209,522	255,632	218,711	229,273	272,725	
Cumulative payments		(209,285)	(255,365)	(217,518)	(222,814)	(191,153)	
Net estimates of the undiscounted amount of the claims	**14,202**	**237**	**267**	**1,193**	**6,459**	**81,572**	**103,930**
Third party recoveries outstanding							(9,414)
Claims handling expense							8,427
Effect from discounting							(2,272)
Effect from risk adjustment							13,412
Reinsurance outstanding on paid claims							(389)
Total net liability for incurred claims							**113,694**

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

d. Development of claims (continued)

	NOTE	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASH FLOWS $000	RISK ADJUSTMENT $000	TOTAL $000
Insurance contract liability	2.4b	124,587	13,769	138,356
Total gross liability for incurred claims		**124,587**	**13,769**	**138,356**
Reinsurance contract assets	2.4c	(24,305)	(357)	(24,662)
Total net liability for incurred claims		**100,282**	**13,412**	**113,694**

Tower has limited exposure to long-tail classes of business. Long-tail classes have increased uncertainty of the ultimate cost of claims due to the additional period of time to settlement.

Prior year numbers have been restated at current year exchange rates to reflect the underlying development of claims.

e. Liability for incurred claims

Future cash outflows are estimated using data specific to each portfolio, relevant industry data and general economic data. The estimation process factors in the risks to which the business is exposed to at a point in time, claim frequency and severity, historical trends in the development of claims as well as legal, social and economic factors that may affect Tower.

Assumption	**2026**	2025
Expected future claims development	41.5%	50.2%
Claims handling expense ratio	6.6%	7.5%
Risk adjustment	10.3%	13.8%
Discount rate	3.5%	2.8%
Future Canterbury Earthquakes overcap property claims	$6.9m	$8.1m

Expected future claims development proportion

This is the proportion of additional claims cost that is expected to be recognised in the future for claims that have already been reported. The assumption is expressed as a proportion of current case estimates for open claims and the resulting amount is recognised in the consolidated balance sheet as a liability for incurred claims. The ratio has reduced over the year due to a strategic focus on improving case reserving accuracy and claims handling processes.

Claims handling expense ratio

This reflects the expected cost to administer future claims. The ratio is calculated based on historical experience of claims handling expenses.

Discount rate

The discount rates determined for 30 September 2026 were between 3.6% and 4.7% (2025: 2.7% and 3.5%).

The table below summarises the yield curves used to discount Tower's liability for incurred claims.

As at 30 September 2026

%	**1 year**	**2 years**	**3 years**	**4 years**	**5+ years**
New Zealand	3.6%	4.1%	4.4%	4.6%	4.7%

As at 30 September 2025

%	1 year	2 years	3 years	4 years	5+ years
New Zealand	2.7%	2.9%	3.1%	3.3%	3.5%

Risk adjustment

The risk adjustment is the compensation Tower requires for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk related to a group of insurance contracts.

The determination of the appropriate level of risk adjustment takes into account:

- the level of economic capital that Tower requires to support the insurance business and the weighted average cost of servicing that capital;
- the run-off profile and term to settlement of the net discounted cash flows;
- class of business; and
- the benefit of diversification between geographic locations.

The Group determines the risk adjustment for non-financial risk at the Group level and allocates it to groups of insurance and reinsurance contracts in a systematic and rational way.

Tower determines the risk adjustment for non-financial risk using a confidence level approach. The probability of sufficiency (PoS) is calibrated to the amount of compensation Tower requires for bearing uncertainty in cash flows, by using a cost of capital analysis.

A 75% PoS was adopted for New Zealand (excluding Canterbury earthquakes) and for Pacific. A higher confidence level of 90% was adopted for Canterbury earthquakes reflecting the higher risk and uncertainty associated with the future cash flows.

A diversification benefit is also included to reflect the spread of risk across geographies, consistent with the entity's required compensation for bearing diversified non-financial risk.

Notes to the consolidated financial statements (continued)

2.4 Insurance and reinsurance assets and liabilities (continued)

f. Sensitivity analysis

The impact on profit or loss before tax, for any reasonable changes at period end have been summarised below. Each change has been calculated in isolation from the other variables.

Liability for incurred claims

		IMPACT ON PROFIT OR LOSS GROSS OF REINSURANCE		IMPACT ON PROFIT OR LOSS NET OF REINSURANCE	
	MOVEMENT IN ASSUMPTION	**2026 $000**	2025 $000	**2026 $000**	2025 $000
Expected future claims development	+ 10%	**(3,765)**	(3,529)	**(3,429)**	(3,102)
	- 10%	**3,765**	3,529	**3,429**	3,102
Claims handling expense ratio	+ 10%	**(849)**	(788)	**(843)**	(769)
	- 10%	**849**	788	**843**	769
Risk adjustment	+ 10%	**(1,377)**	(1,545)	**(1,341)**	(1,426)
	- 10%	**1,377**	1,545	**1,341**	1,426
Discount rate	+ 1.75%	**1,748**	911	**1,591**	801
	- 1.75%	**(1,748)**	(911)	**(1,591)**	(801)
Number of future Canterbury Earthquake overcap claims	+50% more overcaps	**(6,500)**	(7,400)	**(6,500)**	(7,400)
	-50% fewer overcaps	**6,600**	7,500	**6,600**	7,500

2.5 Receivables

Composition	**2026 $000**	2025 $000
Prepayments	9,629	9,450
Other receivables	2,624	3,330
Receivables	**12,253**	12,780
Receivable within 12 months	11,840	11,070
Receivable in greater than 12 months	413	1,710
Receivables	**12,253**	12,780

Recognition and measurement

Receivables (inclusive of GST) are recognised at fair value and are subsequently measured at amortised cost, less any expected credit loss (ECL). Tower applies the simplified approach in calculating ECL. The ECL calculation is based on a provision matrix which is based on historical credit loss experience, adjusted for forward looking factors specific to the receivables and the economic environment.

Notes to the consolidated financial statements (continued)

2.6 Payables

Composition	2026 $000	2025 $000
Trade payables	17,032	16,470
Pre-coverage liability	2,371	2,361
GST payable	2,812	2,833
Other	6,315	5,341
Payables	**28,530**	27,005
Payables within 12 months	28,530	27,005
Payables in greater than 12 months	–	–
Payables	**28,530**	27,005

Recognition and measurement

Payables are recognised where goods or services have been received or supplied and have been invoiced or formally agreed with the supplier. Payables are stated at the fair value of the consideration to be paid in the future inclusive of GST. GST payable represents the net amount payable to the respective tax authorities.

Tower receives some premiums in advance of the initial recognition date of an insurance contract. For these premiums received in advance Tower recognises a separate pre-coverage liability (PCL). When the coverage period for the contract starts, the PCL is reduced and the value of the premiums is transferred to the liability for remaining coverage.

2.7 Provisions

Composition	2026 $000	2025 $000
Annual leave and other employee benefits	8,746	10,573
Compliance and remediation	15,012	10,329
Provisions	**23,758**	20,902
Payable within 12 months	23,758	20,902
Payable in greater than 12 months	–	–
Provisions	**23,758**	20,902

The annual leave and other employee benefits provision has increased by $11.3m during the period, offset by payments to employees of $13.1m.

A compliance and remediation provision has been recognised and is reassessed at each reporting period to determine management's best estimate of the settlement amount at the end of the reporting period. A range of possible outcomes is considered, and the re-assessment has resulted in an additional $17.4m being recognised in the current period, which has been offset by payments made during the period. It is possible that the final settlement could be below or above the provision, if the actual outcome differs to the assumptions used in estimating the provision or additional matters are identified. Estimates may change over time as new facts emerge, and such changes may result in a change to the final provision and amounts paid for remediation and penalties.

During the period, the Group paid a $7.0m penalty following the conclusion of the FMA's regulatory action regarding the misapplication of multi policy discounts. The penalty, which was jointly recommended to the Court by both Tower and the FMA, was fully provided for in the Group's past financial results and therefore has no impact on the Group's FY26 results.

Recognition and measurement

Tower recognises a provision when it has a present obligation as a result of a past event and it is more likely than not that an outflow of resources will be required to settle the obligation. Tower's provision represents the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Notes to the consolidated financial statements (continued)

3 Investments and other income

Tower invests funds collected as premiums and provided by shareholders to ensure it can meet its obligations to pay claims and expenses and to generate a return to support its profitability. Tower has a low risk tolerance for investment and credit risk and therefore the majority of its investments are in investment grade supranational and government bonds, and term deposits.

3.1 Investment income

	2026 $000	2025 $000
Interest income	13,333	16,418
Net realised gain	1,383	2,891
Net unrealised (loss)/gain	(3,336)	460
Investment income	**11,380**	19,769

Recognition and measurement

Tower's investment income is primarily made up of realised and unrealised interest income on fixed interest investments and fair value gains or losses on its investment assets. Both are recognised in the period that they are earned through profit or loss.

3.2 Investments

Tower designates its investments at fair value through profit or loss in accordance with its Treasury policy. It categorises its investments into three levels based on the inputs available to measure fair value:

Level 1 Fair value is calculated using quoted prices in active markets. Tower currently does not have any Level 1 investments.

Level 2 Investment valuations are based on direct or indirect observable data other than quoted prices included in Level 1. Level 2 inputs include: (1) quoted prices for similar assets or liabilities; (2) quoted prices for assets or liabilities that are not traded in an active market; or (3) other observable market data that can be used for valuation purposes. Tower investments included in this category include government and corporate debt, where the market is considered to be lacking sufficient depth to be considered active, and part ownership of a property that is rented out to staff.

Level 3 Investment valuation is based on unobservable market data. Tower currently does not have any Level 3 investments.

	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
As at 30 September 2026				
Fixed interest investments	–	341,034	–	341,034
Property investment	–	34	–	34
Investments	**–**	**341,068**	**–**	**341,068**
As at 30 September 2025				
Fixed interest investments	–	389,191	–	389,191
Property investment	–	34	–	34
Investments	–	389,225	–	389,225

There have been no transfers between levels of the fair value hierarchy during the current period (2025: nil).

Notes to the consolidated financial statements (continued)

3.2 Investments (continued)

Recognition and measurement

Tower's investment assets are designated at fair value through profit or loss. Investment assets are initially recognised at fair value and are remeasured to fair value through profit or loss at each reporting date. Tower's approach to measuring the fair value of these assets is covered above.

Purchases and sales of investments are recognised at the date which Tower commits to buy or sell the assets (i.e. trade date). Investments are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and substantially all the risks and rewards of ownership have transferred.

3.3 Other income

	2026 $000	2025 $000
Agency fees*	1,667	1,767
(Loss)/Gain on disposal of property, plant and equipment	(293)	69
Other	1,526	2,608
Other income	**2,900**	4,444

*Agency fees include fees received for managing claims on behalf of the Natural Hazards Commission.

4 Risk management

Tower is exposed to multiple risks as it works to set things right for its customers and their communities whilst maximising returns for its shareholders. Everyone across the organisation is responsible for driving a positive risk culture and ensuring that Tower's risks are appropriately managed.

4.1 Risk management overview

Tower's approach to achieving effective risk management is to embed a risk-aware culture where everyone across the organisation (including contractors and third parties) is responsible for managing risk.

Tower's Board expresses its appetite for risk in a Risk Appetite Statement, which:

(i) Gives clear concise guidance to management of parameters for risk taking.

(ii) Embeds risk management into strategic and decision-making processes.

(iii) Facilitates risk to be managed at all levels of the organisation through a structured process to identify risk, and the allocation of clear, personal responsibility for management of identified risks by assigned risk owners.

The Board then approves and adopts: (i) the Risk Management Framework (RMF) which is the central document that explains how Tower effectively manages risk within the business; and (ii) the Reinsurance Management Strategy (ReMS) which describes the systems, structures, and processes which collectively ensures Tower's reinsurance arrangements and operations are prudently managed. These documents are approved annually by the Board.

The Board Risk Committee assists the Board in overseeing Tower's Risk Management Framework. In addition, the Board Risk Committee also monitors the effectiveness of Tower's risk management function which is overseen by the Chief Risk Officer (CRO). The CRO provides regular reports to the Board Risk Committee on the operation of the RMF.

Tower has embedded the RMF with clear accountabilities and risk ownership to ensure that Tower identifies, manages, mitigates and reports on all key risks and controls through the three lines of defence model.

(i) First line: Operational management has ownership, responsibility and accountability for directly identifying, assessing, controlling and mitigating key risks which prevent them from achieving business objectives. Business Units are supported by dedicated Line 1 Risk Specialists.

(ii) Second Line: Tower's Risk, Advice and Assurance function is responsible for developing and implementing effective risk, compliance and conduct management processes; providing advisory support to the first line of defence and constructively challenging operational management and risk and obligation owners.

(iii) Third line: Internal Audit is responsible and accountable for providing an independent and objective view of the adequacy and effectiveness of the Group's risk management, governance and internal control framework. Internal audit reports independently to the Board and/or the Audit Committee.

The RMF is supported by a suite of policies that address the risks and compliance obligations covered in this section.

Notes to the consolidated financial statements (continued)

4.1 Risk management overview (continued)

4.2 Strategic risk

Strategic risk is the risk that internal or external factors compromise Tower's ability to execute its strategy or achieve its strategic objectives. Strategic risk is managed through:

(i) Monitoring and managing performance against Board approved plan and targets.

(ii) Board leading an annual strategy and planning process which considers our performance, competitor positioning and strategic opportunities.

(iii) Identifying and managing emerging risks using established governance processes and forums.

4.3 Insurance risk

Insurance risk is the risk that for any class of risk insured, the present value of actual claims payable will exceed the present value of actual premium revenues generated (net of reinsurance). This risk is inherent in Tower's operations and arises and manifests through underwriting, insurance concentration and reserving risk.

a. Underwriting risk

Underwriting risk refers to the risk that claims arising are higher (or lower) than assumed in pricing due to bad experience including catastrophes, weakness in controls over underwriting or portfolio management, or claims management issues. Tower has established the following key controls to mitigate this risk:

(i) Use of comprehensive management information systems and actuarial models to price products based on historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes, trended forward to recognise anticipated changes in claims patterns after making allowance for other costs incurred by the Group.

(ii) Passing elements of insurance risk to reinsurers. Tower's Board determines a maximum level of risk to be retained by the Group as a whole. Tower's reinsurance programme is structured to adequately protect the solvency and capital position of the insurance business. The adequacy of reinsurance cover is modelled by assessing Tower's exposure under a range of scenarios. The plausible scenario that has the most financial significance for Tower is a major earthquake. Each year, as part of setting the coming year's reinsurance cover, comprehensive modelling of the event probability and amount of the Group's exposure is undertaken.

(iii) Underwriting limits are in place to enforce appropriate risk selection criteria and pricing with specific underwriting authorities that set clear parameters for the business acceptance.

Tower has not experienced significant changes in exposure to underwriting risk during the period, and no significant changes to underwriting risk management have been implemented in the current period.

b. Concentration risk

Concentration risk refers to the risk of underwriting a number of like risks, where the same or similar loss events have the potential to produce claims from many of Tower's customers at the same time. Tower is particularly subject to concentration risks in the following variety of forms:

(i) Geographic concentration risk – Tower purchases a catastrophe reinsurance programme to protect against a modelled 1-in-1000 years whole of portfolio catastrophe loss.

(ii) Product concentration risk - Tower's business is weighted towards the NZ general insurance market where its risks are concentrated in house insurance (Home & Contents) and motor insurance. Tower limits its exposure through single risk excess of loss reinsurance arrangements, where Tower transfers its exposure to accumulations of assets at a single risk location (for example, a house and its contents) above a set threshold.

Refer to note 4.3a for exposure of underwriting risk at reporting date. Liability for incurred claims (LIC) is the key component of insurance liability sensitive to possible changes in underwriting risk, and we have performed sensitivity analysis over all variables that could reasonably change and impact the measurement of LIC in note 2.4f.

Tower has not experienced significant changes in exposure to concentration risk during the period, and no significant changes to concentration risk management have been implemented in the current period.

The table below illustrates the diversity of Tower's operations.

% of Insurance revenue	**2026**			2025		
	NZ	**PACIFIC***	**TOTAL**	NZ	PACIFIC*	TOTAL
Home	43%	2%	**45%**	40%	2%	42%
Contents	14%	0%	**14%**	14%	0%	14%
Motor	35%	3%	**38%**	36%	3%	39%
Other	1%	2%	**3%**	3%	2%	5%
Total	**93%**	**7%**	**100%**	93%	7%	100%

Notes to the consolidated financial statements (continued)

4.3 Insurance risk (continued)

c. Reserving risk

Reserving risk is managed through the actuarial valuation of insurance liabilities and monitoring of the probability of adequacy booked reserves. The valuation of the liability for incurred claims is performed by qualified and experienced actuaries. The liability for incurred claims is subject to a comprehensive review at least annually.

Tower has not experienced significant changes in exposure to reserving risk, and no significant changes to reserving risk management have been implemented in the current period.

Refer to note 2.4d for exposure of reserving risk at reporting date. Liability for incurred claims (LIC) is the key component of insurance liability sensitive to possible changes in reserving risk, and we have performed sensitivity analysis over all variables that could reasonably change and impact the measurement of LIC in note 2.4f.

4.4 Credit risk

Credit risk is the risk of loss that arises when a counterparty fails to meet their financial obligations to Tower in accordance with the agreed terms. Tower's exposure to credit risk primarily results from transactions with security issuers, reinsurers and policyholders and is set out below.

a. Investment and treasury

Tower manages its investment and treasury credit risks in line with limits set by the Board:

(i) New Zealand cash deposits that are internally managed are limited to banks with a minimum Standard & Poor's (S&P) AA- credit rating or equivalent.

(ii) Cash deposits and investments that are managed by external investment managers are limited to counterparties with a minimum S&P A- credit rating or equivalent.

(iii) Tower holds deposits and invests in Pacific regional investment markets through its Pacific Island operations to comply with local statutory requirements and in accordance with Tower investment policies. These deposits and investments generally have low credit ratings representing the majority of the value included in the 'Below BBB' and 'not rated' categories in the following table.

	CASH AND CASH EQUIVALENTS		FIXED INTEREST INVESTMENTS		TOTAL	
	2026 $000	2025 $000	**2026 $000**	2025 $000	**2026 $000**	2025 $000
AAA	14,960	–	97,295	99,303	112,255	99,303
AA	56,150	57,466	163,442	230,186	219,592	287,652
A	–	–	77,358	53,192	77,358	53,192
Below BBB	9,000	7,436	2,846	5,568	11,846	13,004
Not rated	10,964	6,145	127	976	11,091	7,121
Total	**91,074**	71,047	**341,068**	389,225	**432,142**	460,272

Notes to the consolidated financial statements (continued)

4.4 Credit risk (continued)

b. Reinsurance

Tower manages its reinsurance programme in line with the ReMS. Tower seeks to manage the quantum and volatility of insurance risk in order to reduce exposure and overall cost.

Tower's policy is to only deal with reinsurers with a credit rating of S&P A-. Additional requirements of the policy are for no individual reinsurer to have more than 25% share of the overall programme and Tower is prohibited from offering inwards reinsurance to external entities.

Tower has not experienced significant changes in exposure to reinsurance risk during the period, and no significant changes to reinsurance risk management have been implemented in the current period.

The following table provides details on Tower's maximum exposure to reinsurance contract assets:

	REINSURANCE AIC	
	2026 $000	2025 $000
AA	17,599	18,121
A	7,050	3,673
BBB	9	41
Not rated	4	158
Total	**24,662**	21,993

c. Insurance and other credit risk

Tower's receivables for insurance contracts primarily relates to policies which are paid on either a fortnightly or monthly basis. Payment default or policy cancellation – subject to the terms of the policyholder's contract – will result in the termination of the insurance contract eliminating both the credit risk and the insurance risk.

The following table provides details on Tower's maximum exposure to credit risk for insurance contracts and other receivables:

		PAST DUE				
	NOT PAST DUE* $000	1 MONTH $000	1 TO 2 MONTHS $000	2 TO 3 MONTHS $000	OVER 3 MONTHS $000	TOTAL $000
As at 30 September 2026						
Net premiums receivable	300,020	4,142	695	477	264	**305,598**
Other receivables	2,624	–	–	–	–	**2,624**
As at 30 September 2025						
Net premium receivable	279,673	4,963	987	226	137	285,986
Other receivables	3,330	–	–	–	–	3,330

*This includes premiums that are less than 30 days outstanding (which are owed but not past due) of $4.0m (2025: $5.4m). The remaining balance is related to the provision of future insurance services to customers.

Notes to the consolidated financial statements (continued)

4.5 Market risk

Market risk is the risk of adverse impacts on investment earnings resulting from changes in market factors. Tower's market risk is predominantly as a result of changes in the value of the New Zealand dollar (currency risk) and interest rate movements. Tower's approach to managing market risk is underpinned by its Treasury Policy as approved by the Board.

a. Currency risk

Tower's currency exposure arises from the translation of foreign operations into Tower's functional currency (currency translation risk) or due to transactions denominated in a currency other than the functional currency of a controlled entity (operational currency risk). The currencies giving rise to this risk are primarily the US dollar, Fijian dollar and Papua New Guinea (PNG) kina.

Tower's principal currency risk is currency translation (where movement impacts equity). Tower generally elects not to hedge this risk as it is difficult given the size and nature of the currency markets in the Pacific. Tower seeks to minimise its net exposure to foreign operational risk by actively seeking to return surplus cash and capital to the parent company.

Operational currency risk impacts profit and generally arises from:

(i) Procurement of goods and services denominated in foreign currencies. Tower may enter into hedges for future transactions, using authorised instruments, provided that the timing and amount of those future transactions can be estimated with a reasonable degree of certainty.

(ii) Investment assets managed by the external investment manager that are denominated in foreign currencies. Tower's Board set limits for the management of currency risk based on prudent asset management practice. Regular reviews are conducted to ensure that these limits are adhered to.

Tower has not experienced significant changes in exposure to currency risk during the period, and no significant changes to currency risk management have been implemented in the current period.

The following table demonstrates the impact of the New Zealand dollar weakening or strengthening against the most significant currencies for which Tower has foreign exchange exposure before tax, holding all other variables constant.

	DIRECT IMPACT ON EQUITY THROUGH CURRENCY TRANSLATION RESERVE		IMPACT ON PROFIT OR LOSS	
	2026 $000	2025 $000	**2026 $000**	2025 $000
New Zealand Dollar - USD				
Currency strengthens by 10%	**(500)**	(731)	**555**	10
Currency weakens by 10%	**611**	894	**(678)**	(12)
New Zealand Dollar - Fijian Dollar				
Currency strengthens by 10%	**(1,071)**	(960)	**(31)**	(10)
Currency weakens by 10%	**1,309**	1,173	**38**	13
New Zealand Dollar - PNG Kina				
Currency strengthens by 10%	**–**	–	**(476)**	(513)
Currency weakens by 10%	**–**	–	**699**	708

Notes to the consolidated financial statements (continued)

4.5 Market risk (continued)

b. Interest rate risk

Tower is exposed to interest rate risk through its holdings in interest-bearing assets and discounted insurance cash flows. Interest-bearing assets with a floating interest rate expose Tower to cash flow interest rate risk, whereas fixed interest investments expose Tower to fair value interest rate risk.

Tower's interest rate risk primarily arises from fluctuations in the valuation of fixed-interest investments recognised at fair value and from the underwriting of general insurance contracts, which have interest rate exposure due to the use of discount rates in calculating the value of insurance liabilities.

Fixed-interest investments are measured at fair value through profit or loss. Movements in interest rates impact the fair value of interest-bearing financial assets and therefore impact profit or loss (there is no direct impact on equity). The impact of a 1.75% increase or decrease in interest rates on fixed interest investments and discounted insurance cash flows, after tax, is shown below (holding everything else constant).

	IMPACT ON PROFIT OR LOSS	
	2026 $000	2025 $000
Interest rates increase by 1.75%	**(2,128)**	(3,408)
Interest rates decrease by 1.75%	**2,220**	3,408

Tower manages its interest rate risk through Board-approved investment management guidelines that give regard to policyholder expectations and risks, and to target surplus for solvency as advised by the Appointed Actuary.

Tower has not experienced significant changes in exposure to interest rate risk during the period, and no significant changes to interest rate risk management have been implemented in the current period.

4.6 Liquidity risk

Liquidity risk arises where liabilities cannot be met as they fall due as a result of insufficient funds and/or illiquid asset portfolios. Tower mitigates this risk through maintaining sufficient liquid assets to ensure that it can meet all obligations on a timely basis.

Tower is primarily exposed to liquidity risk through its obligations to make payment for claims of unknown amounts on unknown dates. Fixed-interest investments can generally be readily sold or exchanged for cash to settle claims and are managed in accordance with the policy of broadly matching the overall maturity profile to the estimated pattern of claim payments.

Tower has not experienced significant changes in exposure to liquidity risk during the period, and no significant changes to liquidity risk management have been implemented in the current period.

The following table presents the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities.

	LIABILITY FOR INCURRED CLAIMS		CASH AND INVESTMENTS	
	2026 $000	2025 $000	**2026 $000**	2025 $000
Floating interest rate (at call)	–	–	91,074	71,107
Within 3 months	54,150	51,934	74,335	64,650
3 to 6 months	26,959	22,267	12,352	44,431
6 to 12 months	26,103	20,574	106,061	143,623
1 to 2 years	19,324	14,419	70,894	18,378
2 to 3 years	5,904	4,780	26,241	65,427
3 to 4 years	3,410	3,328	20,827	10,521
4 to 5 years	986	1,257	8,806	23,367
5+ years	1,520	(186)	21,552	18,768
Total	**138,356**	118,373	**432,142**	460,272

Notes to the consolidated financial statements (continued)

4.7 Capital management risk

Capital risk is the risk that capital is insufficient or not of the best form to provide a buffer against losses arising from unanticipated events, while also maximising the efficient use of capital with a view to enhancing growth and returns, and adding long-term value to Tower's shareholders.

Tower has a documented description of its capital management process which sets out Tower's principles, approaches, and processes in relation to capital management that enables it to operate at an appropriate level of target solvency capital which is within the bounds of Tower's risk appetite.

The capital management process allows the Board, management, rating agencies and the regulator to understand Tower's approach to capital management, including requirements for formulating capital targets, and monitoring, reporting and remediating capital as required.

The operation of the capital management process is reported annually to the Board together with a forward-looking estimate of expected capital utilisation and capital resilience. In addition, Tower carries out stress, reverse stress and scenario testing to ensure the level of capital is appropriate given its risk appetite.

a. Regulatory solvency capital

The Reserve Bank of New Zealand (RBNZ) is the prudential regulator and supervisor of all insurers carrying on insurance business in New Zealand, and is responsible for administering the Insurance (Prudential Supervision) Act 2010. Tower measures the adequacy of capital against the Solvency Standards published by the RBNZ alongside additional capital held to meet RBNZ minimum requirements and any further capital as determined by the Board.

Foreign operations are subject to regulatory oversight in the relevant jurisdiction. It is Tower's policy to ensure that each of the licenced insurers in the Group maintain an adequate capital position within the requirements of the relevant regulator.

During the year ended 30 September 2026 the Group complied with all externally imposed capital requirements (2025: complied).

Tower has applied the RBNZ's Interim Solvency Standard (ISS) from 1 October 2023, and calculated its solvency position in accordance with the updated ISS effective from 1 March 2025, which represents the mandatory regulatory framework currently in force. Any future amendments to the ISS will be adopted once issued and effective.

Tower Limited's Group and Parent solvency margins are illustrated in the table below.

	2026 $000		2025 $000	
	PARENT	**GROUP**	PARENT	GROUP
Solvency capital	295,843	314,765	296,427	314,579
Adjusted prescribed capital requirement:	216,120	214,197	207,410	205,487
Adjusted solvency margin	**79,723**	**100,568**	89,017	109,092
Adjusted solvency ratio	**137%**	**147%**	143%	153%

b. Financial strength rating

Tower Limited has an insurer financial strength rating of "A- (Excellent)" and a long-term issuer credit rating of "a-" as affirmed by international rating agency AM Best Company Inc. in April 2026.

Notes to the consolidated financial statements (continued)

4.8 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

Tower's approach is to proactively manage our operational risks to mitigate potential customer detriment, regulatory or legal censure, financial and reputational impacts.

Tower has in place appropriate operational processes and systems, including prevention and detection measures. These include processes which seek to ensure Tower can absorb and/or adapt to internal or external occurrences that could disrupt business operations.

Management and staff are responsible for identifying, assessing, recording and managing operational risks in accordance with their roles and responsibilities. Associated controls are actively monitored and managed through our enterprise risk management system (ERMS). Incidents are managed by the first line of defence and overseen by the second line of defence, with ongoing reporting to management and the Board Risk Committee.

Tower maintains operational resilience arrangements, including its Crisis Management, Business Continuity and Disaster Recovery Plans designed to support Tower's preparedness for, response to and recovery from operational disruption.

4.9 Regulatory and compliance risk

Regulatory and compliance risk includes the risk of legal or regulatory sanction, remediation effort and/or financial or reputational loss arising from a failure by Tower to meet its compliance obligations.

Tower manages its regulatory and prudential compliance obligations through its compliance management framework with obligations assigned to accountable and responsible persons across the business and recorded in its ERMS.

Tower engages with regulators and regularly monitors developments in regulatory requirements to support ongoing compliance.

4.10 Conduct risk

Conduct risk is the risk of poor customer outcomes or unfair treatment of customers.

Tower manages conduct risk through measures including ongoing product governance and review to ensure products continue to meet customers requirements and objectives, monitoring customer outcomes, feedback and complaints to identify conduct trends or issues, quality assurance, support for vulnerable customers, incident management and remediation processes, controls monitoring, staff training and oversight of third parties.

Tower's approach to fair customer treatment is set out in its Fair Conduct Programme, which comprises the policies, processes, systems and controls designed to support compliance with the fair conduct principle under the Financial Markets Conduct Act 2013.

4.11 Cyber risk

Cyber risk is any risk associated with financial loss, disruption or damage to the reputation of Tower resulting from either the failure, or unauthorised or erroneous use of its information systems.

Tower's approach to Cyber risk is to proactively protect against, monitor for and respond to those cyber threats seen to be targeting the organisation. Tower continues to monitor evolving key cyber risks, which are discussed and reviewed on a monthly basis through our Management Risk and Conduct Committee and on a quarterly basis with the Risk Committee. Risk mitigation is achieved through ongoing investment in Tower's security programme and Tower's dedicated security function.

Notes to the consolidated financial statements (continued)

4.12 Environment, social and governance (ESG) risk

Tower Limited's ESG risks and opportunities are identified and prioritised through our Materiality Assessment and Risk Management Framework (RMF). They form the basis for Tower's Sustainability Framework and include climate-related risk outlined below.

Climate-related risk

Climate-related risk relates to the physical and transitional impacts of climate change. Physical risks are associated with an increasing frequency and severity of weather events, sea level rise and coastal inundation. Transitional risks are related to potential social, political and economic changes as New Zealand and the world transition to low emission and climate resilient economies. Climate-related risks are assessed through the risk pathway of hazard, exposure and vulnerability across Tower's value chain.

As a listed, licensed New Zealand insurer Tower qualifies as a climate reporting entity (CRE) under the Financial Markets Conduct Act 2013 and the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) published by the XRB in December 2022 (CRD Regime). Tower's climate statement was prepared alongside the FY26 consolidated financial statements and annual report. These disclosures have been made available on Tower's website, the New Zealand Stock Exchange (NZX), and the Australian Securities Exchange (ASX). The climate statement covers Tower's New Zealand and Pacific operations and responds to the XRB Aotearoa New Zealand Climate Standards.

Tower's RMF considers climate-related risks, which are reported to the Board as required by Tower's Climate and Sustainability Governance Framework. Tower's approach to managing climate-related risk includes expansion of our risk-based pricing strategy for climate-related hazards, maintaining a robust reinsurance programme to provide protection from volatility in weather events, planning for increasing large events over time in our budget process to limit financial impacts, implementation of our Large Events Response Plan and supporting communities through climate change via product and proposition development.

Other than the impact on liability for incurred claims, Tower considers that climate change risk does not materially impact the valuation of Tower's assets and liabilities, where these assets or liabilities are expected to be realised in one year or less. For non-current assets, Tower has looked to its short-medium term forecasting, which implicitly includes allowances for the risk of climate change in forecasts of the severity and frequency of future claims, including large events. These forecasts show continued profitability for Tower, which supports the carrying value of non-current assets. Accordingly, Tower does not consider that climate change risk has a material impact on the assets and liabilities recorded in these consolidated financial statements, as at 30 September 2026 (2025: no impact).

5 Capital structure

This section provides information about how Tower finances its operations through equity. Tower's capital position provides financial security to its customers, employees and other stakeholders whilst operating within the capital requirements set by regulators.

5.1 Contributed equity

	NOTE	**2026 $000**	2025 $000
Opening balance		417,224	460,734
Capital return (including costs of the capital return)		–	(45,548)
Share rights issued under Tower Long-Term Incentive Plan	8.4	1,135	2,038
Total contributed equity		**418,359**	**417,224**
Represented by:			
Opening balance (number of shares)		342,552,063	379,483,987
Issue of new shares under Tower Long-Term Incentive Plan		859,288	1,128,138
Cancellation of shares on capital return		–	(38,060,062)
Total shares on issue		**343,411,351**	**342,552,063**

Ordinary shares issued by the Company are classified as equity and are recognised at fair value less direct issue costs. All shares rank equally with one vote attached to each share. There is no par value for each share.

859,288 Ordinary shares were issued during the period as part of the Company's Long-Term Incentive Plan. This constituted a modification to the plan as per note 8.4.

Notes to the consolidated financial statements (continued)

5.2 Reserves

	2026 $000	2025 $000
Opening balance	(1,495)	(3,996)
Currency translation differences arising during the year	621	2,501
Foreign currency translation reserve	**(874)**	(1,495)
Capital reserve	**11,990**	11,990
Separation reserve*	**(113,000)**	(113,000)
Reserves	**(101,884)**	(102,505)

*The separation reserve was created in 2007 at the time of the demerger of the New Zealand and Australian businesses in accordance with a ruling provided by the Australian Tax Office (ATO). It will be carried forward indefinitely as a non-equity reserve to meet the requirements of the ATO.

Recognition and measurement

The assets and liabilities of entities whose functional currency is not the New Zealand dollar are translated at the exchange rates ruling at reporting date. Income and expense items are translated at a weighted average of exchange rates over the period approximating spot rates at the transaction dates. Exchange rate differences are taken to the foreign currency translation reserve.

5.3 Net tangible assets per share

	2026 CENTS	2025 CENTS
Net tangible assets per share	**70**	78

Net tangible assets per share have been calculated using the net assets as per the consolidated balance sheet adjusted for intangible assets (including goodwill) and deferred tax divided by total shares on issue.

5.4 Earnings per share

	2026	2025
Profit from continuing operations attributable to shareholders ($ thousands)	**52,034**	83,673
Weighted average number of ordinary shares for basic earnings per share	**343,125,709**	359,813,701
Weighted average number of dilutive potential ordinary shares issued under the Tower Long-Term Incentive Plan	**3,561,869**	3,938,032
Weighted average number of ordinary shares for diluted earnings per share	**346,687,578**	363,751,733
Basic earnings per share (cents)	**15.2**	23.3
Diluted earnings per share (cents)	**15.0**	23.0

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of fully paid shares.

Diluted earnings per share includes shares that would be issued if unvested share rights were exercised. The weighted average number of shares is adjusted by the number of outstanding rights to executive shares that are assessed to be vested at their future vesting dates.

5.5 Dividends

On 29 January 2026, Tower paid a fully imputed final dividend of 16.5 cents per share in respect of the 2025 financial year, totalling $56.5m.

On 25 June 2026, Tower paid a fully imputed interim dividend of 5.0 cents per share in respect of the 2026 financial year, totalling $17.2m.

Notes to the consolidated financial statements (continued)

6 Other consolidated balance sheet items

This section provides information about assets and liabilities not included elsewhere.

6.1 Property, plant and equipment

30 September 2026	OFFICE EQUIPMENT & FURNITURE $000	MOTOR VEHICLES $000	COMPUTER EQUIPMENT $000	TOTAL $000
Composition:				
Cost	8,018	1,513	6,037	15,568
Accumulated depreciation	(3,797)	(1,229)	(4,906)	(9,932)
Property, plant and equipment	**4,221**	**284**	**1,131**	**5,636**
Reconciliation:				
Opening balance	4,260	346	1,360	5,966
Depreciation	(740)	(132)	(861)	(1,733)
Additions	902	73	648	1,623
Disposals	(332)	(10)	(40)	(382)
Foreign exchange movements	131	7	24	162
Closing balance	**4,221**	**284**	**1,131**	**5,636**

30 September 2025	OFFICE EQUIPMENT & FURNITURE $000	MOTOR VEHICLES $000	COMPUTER EQUIPMENT $000	TOTAL $000
Composition:				
Cost	7,436	1,545	5,407	14,388
Accumulated depreciation	(3,176)	(1,199)	(4,047)	(8,422)
Property, plant and equipment	4,260	346	1,360	5,966
Reconciliation:				
Opening balance	4,770	326	1,639	6,735
Depreciation	(744)	(205)	(1,050)	(1,999)
Additions	181	250	783	1,214
Disposals	(125)	(32)	(67)	(224)
Foreign exchange movements	178	7	55	240
Closing balance	4,260	346	1,360	5,966

Recognition and measurement

Property, plant and equipment (PPE) is initially recorded at cost including transaction costs and subsequently measured at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated using the straight line method to allocate the asset's cost or revalued amounts, net of any residual amounts, over their useful lives. The assets' useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if it is considered that the carrying amount is greater than its recoverable amount.

Furniture & fittings	5-12 years
Leasehold property improvements	3-12 years
Motor vehicles	5 years
Computer equipment	3-5 years

Notes to the consolidated financial statements (continued)

6.2 Intangible assets

a. Amounts recognised in the consolidated balance sheet

30 September 2026	GOODWILL $000	SOFTWARE AND WORK IN PROGRESS $000	CUSTOMER RELATIONSHIPS $000	TOTAL $000
Composition:				
Cost	17,744	149,120	38,572	205,436
Accumulated amortisation	–	(79,227)	(28,025)	(107,252)
Intangible assets	**17,744**	**69,893**	**10,547**	**98,184**
Reconciliation:				
Opening balance	17,744	61,839	13,877	93,460
Amortisation	–	(17,838)	(3,330)	(21,168)
Additions*	–	27,055	–	27,055
Impairment**	–	(1,163)	–	(1,163)
Closing balance	**17,744**	**69,893**	**10,547**	**98,184**

*During the year ended 30 September 2026, Tower continued to invest in its core insurance platform. New computer software assets were created for the Westpac Partnership, delivering Westpac customers access to Tower's general insurance products through a seamless, digital first experience. The Claims transformation programme concluded in FY26, specifically the Motor Claims Assessing Platform and Claims Journey work streams, delivering significant value to Tower through more efficient claims handling and cost control. Other notable software assets added during the year related to migration of Kiwibank backbook, enhancements to the new Contact Centre platform implemented in FY25, and MyTower enhancements.

**During the year, an impairment loss was recognised on work-in-progress assets within the Tower New Zealand segment. The recoverable amount of these assets was assessed in accordance with NZ IAS 36 Impairment of Assets and determined to be nil as at the reporting date. Consequently, the carrying amount of these assets has been fully written down to zero.

30 September 2025	GOODWILL $000	SOFTWARE AND WORK IN PROGRESS $000	CUSTOMER RELATIONSHIPS $000	TOTAL $000
Composition:				
Cost	17,744	123,227	40,674	181,645
Accumulated amortisation	–	(61,388)	(26,797)	(88,185)
Intangible assets	17,744	61,839	13,877	93,460
Reconciliation:				
Opening balance	17,744	60,855	18,022	96,621
Amortisation	–	(15,367)	(4,145)	(19,512)
Additions*	–	21,188	–	21,188
Impairment**	–	(4,545)	–	(4,545)
Transfers to property, plant and equipment	–	(292)	–	(292)
Closing balance	17,744	61,839	13,877	93,460

*During the year ended 30 September 2025, additions to software assets primarily related to continued investment in Tower's core insurance platform, particularly, digitisation of claims processes.

**During the year ended 30 September 2025, an impairment loss was recognised on computer software and work-in-progress assets within the Tower New Zealand segment. The recoverable amount of these assets was assessed in accordance with NZ IAS 36 Impairment of Assets and determined to be nil as at the reporting date. Consequently, the carrying amount of these assets has been fully written down to zero.

Notes to the consolidated financial statements (continued)

6.2 Intangible assets (continued)

a. Amounts recognised in the balance sheet (continued)

Recognition and measurement

Intangible assets are assets without physical substance. They are recognised as an asset if it is probable that expected future economic benefits attributable to the asset will flow to Tower and that costs can be measured reliably.

Application software and customer relationships are recorded at cost less accumulated amortisation and impairment. Application software is amortised on a straight line basis over the estimated useful life of the software. Customer relationships are amortised over the estimated useful life in accordance with the pattern of economic benefit consumption.

Internally generated intangible assets are recorded at cost, which comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Amortisation of internally generated intangible assets begins when the asset is available for use and is amortised on a straight line basis over the estimated useful life.

The useful lives for each category of intangible assets with a finite life are as follows:

- capitalised software: 3-5 years for general use computer software and 3-10 years for core operating system software
- customer relationships: 5-10 years

Goodwill (i.e. assets with an indefinite useful life) generated as a result of business acquisition is initially measured as the excess of the purchase consideration over the fair value of the net identifiable assets and liabilities acquired. Goodwill is not subject to amortisation but is tested for impairment annually or more frequently where there are indicators of impairment.

Critical accounting estimates and judgements

The customer relationships asset predominantly consists of customer relationship assets with a useful life equivalent to the customer base's expected lifespan of ten years with the exception of one asset (acquired in 2021) with an additional non-compete component that has a contracted useful life of five years.

Where applicable the estimated capitalised cost related to the customer relationships asset has been apportioned between the two asset components by valuing the non-compete at the differential in net present value of the asset from improved customer retention over the non-compete period, pro-rated over the full asset value.

b Impairment testing

An impairment charge is recognised in profit or loss when the carrying value of the asset, or cash-generating unit (CGU), exceeds the calculated recoverable amount.

(i) Software and customer relationships

Software and customer relationships are reviewed at each reporting date by determining whether there is an indication that the carrying values may be impaired. If an indication exists, the asset is tested for impairment. A loss is recognised for the amount by which the carrying value exceeds the asset's recoverable value.

Certain work-in-progress assets were written off during the year as they are no longer expected to have future benefits, due to operational changes. Apart from this, there were no indications of impairment during the year and therefore other assets were not tested for impairment (2025: Certain software assets and work-in-progress were written off during the year. No other indicators).

Notes to the consolidated financial statements (continued)

6.2 Intangible assets (continued)

b. Impairment testing (continued)

(ii) Goodwill

Goodwill is deemed to have an indefinite useful life and is tested annually for impairment or more frequently where there is an indication that the carrying value may not be recoverable.

Goodwill is allocated to cash generating units (CGUs) expected from synergies arising from the acquisition giving rise to goodwill. Tower's goodwill is allocated to the New Zealand general insurance CGU.

Tower undertook an annual impairment review and no impairment has been recognised as a result (2025: nil).

Critical accounting estimates and judgements

The recoverable amount of the New Zealand general insurance business is assessed by determining its value in use by discounting the future cash flows generated from the continuing use of the CGU. A discount rate of 12.0% was used in the calculation (2025: 11.4%). The cash flows are based on Board-approved management plans and forecasted profits for FY27 - FY29 (2025: FY26 - FY28). The projected cash flows are determined based on past performance and management's expectations for market developments with a terminal growth rate of 2.5% (2025: 2.5%).

The overall valuation is sensitive to a range of assumptions including management's forecasted profits, the discount rate and the terminal growth rate. Reasonable changes to these assumptions would not result in an impairment.

6.3 Leases

a. Amounts recognised in the consolidated balance sheet

(i) Right-of-use assets

	2026 $000	2025 $000
Composition:		
Cost	30,086	30,628
Accumulated depreciation	(16,244)	(13,471)
Right-of-use assets	**13,842**	**17,157**
Reconciliation:		
Opening balance	17,157	19,990
Depreciation	(3,709)	(3,910)
Additions	168	65
Revaluations	265	318
Net foreign exchange movements	(39)	694
Right-of-use assets	**13,842**	**17,157**

Right-of-use assets mainly comprise of office space and an immaterial balance of motor vehicles.

Recognition and measurement

Right-of-use assets are recognised when Tower has the right to use the corresponding assets. Right-of-use assets are measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received; and indirect costs; and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Notes to the consolidated financial statements (continued)

6.3 Leases (continued)

a. Amounts recognised in the consolidated balance sheet (continued)

(ii) Lease liabilities

	2026 $000	2025 $000
Composition:		
Current	5,381	5,197
Non-current	15,811	20,349
Lease liabilities	**21,192**	25,546
Due within 1 year	5,381	5,197
Due within 1 to 2 years	4,535	5,135
Due within 2 to 5 years	12,447	13,116
Due after 5 years	–	3,742
Discount	(1,171)	(1,644)
Lease liabilities	**21,192**	25,546

Recognition and measurement

Lease liabilities are recognised at the date Tower has the right to use the corresponding asset. Lease liabilities are initially measured as the present value of expected lease payments under lease arrangements. Lease liability will include any option to extend where it is reasonably certain that the option will be exercised. The lease payments are discounted using the incremental borrowing rate as the interest rate in the lease cannot be readily determined.

Subsequent repayments are split between principal and interest cost where the finance cost represents the time value of money and is charged to the profit or loss over the lease period. The discount rate applied is unchanged from that applied at the initial recognition of the lease, unless there are material changes to the lease.

b. Amounts recognised in the consolidated statement of comprehensive income

	CLASSIFICATION	2026 $000	2025 $000
Depreciation and impairment	Insurance service expense	(3,709)	(3,910)
Interest expense	Finance costs	(650)	(744)
Lease expense		**(4,359)**	(4,654)

c. Amounts recognised in the consolidated statement of cash flows

	2026 $000	2025 $000
Total cash out flow for lease principal payments	**(5,337)**	(5,138)

Notes to the consolidated financial statements (continued)

7 Tax

This section provides information on Tower's tax expense during the year and its position at reporting date.

7.1 Tax expense

Composition	2026 $000	2025 $000
Current tax	23,527	35,311
Deferred tax benefit	(1,953)	(1,346)
Adjustments in respect of prior years	(22)	109
Tax expense	**21,552**	34,074

Reconciliation of prima facie tax to income tax expense	2026 $000	2025 $000
Profit before taxation	73,586	117,747
Prima facie tax expense at 28% (2025: 28%)	20,604	32,969
Adjustments in respect of prior years	(22)	109
Tax effect of non-deductible expenses and non-taxable income	(645)	(462)
Foreign tax credits written off	248	359
Other	1,367	1,099
Tax expense	**21,552**	34,074

Recognition and measurement

Tax expense is calculated on the basis of the applicable tax rates that have been enacted or substantively enacted at the end of the reporting period in the jurisdictions Tower operates in. There have been no tax rate changes during the year in these jurisdictions. Current tax expense relates to tax payable for the current financial reporting period while deferred tax will be payable in future periods.

7.2 Current tax

a. Current tax assets

	2026 $000	2025 $000
Excess tax payments in New Zealand	3,049	–
Excess tax payments in the Pacific Islands	361	1,031
Current tax assets	**3,410**	1,031

b. Current tax liabilities

	2026 $000	2025 $000
Tax payable to the tax authorities in the Pacific Islands	(120)	(31)
Tax payable to the New Zealand tax authority	–	(20,574)
Current tax liabilities	**(120)**	(20,605)

Recognition and measurement

Current tax is measured at the amount expected to be recovered from or payable to the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Notes to the consolidated financial statements (continued)

7.3 Deferred tax

a. Deferred tax assets

Composition	2026 $000	2025 $000
Tax losses recognised	418	571
Software, property, plant, equipment and other	64	300
Leases	5,934	7,123
Provisions and accruals	8,032	4,557
Recognised in profit or loss	**14,448**	12,551
Impact through other comprehensive income	27	772
Recognised in comprehensive profit or loss	**14,475**	13,323
Set-off of deferred tax liabilities pursuant to NZ IAS 12	(13,537)	(11,956)
Deferred tax asset	**938**	1,367

Reconciliation of movements	2026 $000	2025 $000
Opening balance	13,323	14,028
Movements recognised in other comprehensive income	27	772
Movements recognised in profit or loss	1,125	(1,477)
Deferred tax asset pre NZ IAS 12 set off	**14,475**	13,323

b. Deferred tax liabilities

Composition	2026 $000	2025 $000
Insurance acquisition cash flows	(11,716)	(10,374)
Customer relationships	(2,314)	(3,087)
Software, property, plant and equipment	(3,707)	(3,601)
Leases	(5,150)	(6,326)
Other*	(824)	(1,151)
Recognised in profit or loss	**(23,711)**	(24,539)
Set-off of deferred tax liabilities pursuant to NZ IAS 12	13,537	11,956
Deferred tax liability	**(10,174)**	(12,583)

*Primarily relates to deferred tax items in the Pacific Islands.

Reconciliation of movements	2026 $000	2025 $000
Opening balance	(24,539)	(27,362)
Movements recognised in profit or loss	828	2,823
Deferred tax liability pre NZ IAS 12 set off	**(23,711)**	(24,539)

Notes to the consolidated financial statements (continued)

7.3 Deferred tax (continued)

b. Deferred tax liabilities (continued)

Recognition and measurement

Deferred tax is income tax which is expected to be payable or recoverable in the future as a result of the unwinding of temporary differences. These arise from differences in the recognition of assets and liabilities for financial reporting and from the filing of income tax returns. Deferred tax is recognised on all temporary differences, other than those arising from (i) goodwill or (ii) from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss.

At the reporting date, the Group has recognised deferred tax assets in respect of its unused tax losses of $0.4m in the Pacific Islands (2025: $0.6m).

Deferred tax is calculated at the tax rates that are expected to apply to the year when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

7.4 Imputation credits

The Group imputation credit account reflects the imputation credits held by the Company as the representative member of the Group.

	2026 $000	2025 $000
Imputation credits available for use in subsequent reporting periods	**3,315**	10,893

8 Other information

This section includes additional required disclosures.

8.1 Notes to the consolidated statement of cash flows

Composition	**2026 $000**	2025 $000
Cash at bank	56,736	71,047
Deposits at call	34,338	–
Cash and cash equivalents*	**91,074**	71,047

*The average interest rate at 30 September 2026 for deposits is 2.39% (2025: 2.56%).

Tower operates in countries in the Pacific Islands that are subject to foreign exchange restrictions, which may restrict the ability for immediate use of cash by the parent or other subsidiaries. As at 30 September 2026, this included NZD 5.8m (2025: NZD 3.7m) held in Papua New Guinea and NZD 0.4m (2025: NZD 3.8m) held in the Solomon Islands following the sale of the disposal groups. This cash is not currently available for use outside of these countries.

Tower assessed the exchangeability of the Papua New Guinean Kina (PGK) and the Solomon Islands Dollar (SBD) at the reporting date. Although observable exchange rates were available at each month-end, restrictions on the timely conversion and transfer of funds were identified, indicating that these currencies were not fully exchangeable in practice.

Where exchangeability was deemed lacking, Tower used the observable spot exchange rate without adjustment, as it was considered to reflect the rate at which an orderly transaction could occur between market participants under prevailing conditions.

Risks: Tower is exposed to risks including delays in repatriating funds, potential devaluation, and limitations on the use of cash for group-wide liquidity purposes.

Management continues to monitor developments in these jurisdictions and has implemented controls to mitigate financial exposure.

Notes to the consolidated financial statements (continued)

8.1 Notes to the consolidated statement of cash flows (continued)

Reconciliation of profit for the year to cash flows from operating activities	**2026 $000**	2025 $000
Profit after taxation	**52,034**	83,673
Adjusted for non-cash items		
Depreciation of property, plant and equipment	1,733	1,933
Depreciation and disposals of right-of-use assets	3,709	3,910
Impairment and amortisation of intangible assets	22,331	24,057
Financing costs	650	744
Fair value gains/(losses) on financial assets	1,953	(3,351)
Share rights issued under Tower Long-Term Incentive Plan	1,135	1,982
Change in deferred tax	(1,980)	(2,119)
Change in foreign exchange	(784)	814
Adjusted for investing activities		
Gain/(loss) on disposal of fixed assets	293	(69)
Investment expenses	430	547
Adjusted for movements in working capital		
Change in receivables	(678)	7,726
Change in payables and provisions	(1,857)	(3,646)
Change in insurance contract liabilities	16,215	(21,941)
Change in reinsurance contract assets	988	14,603
Change in taxation payable	(15,912)	34,899
Net cash inflow from operating activities	**80,260**	143,762

8.2 Related party disclosures

Tower considers key management personnel to consist of the Board of Directors, Chief Executive Officer and executive leadership team. Information regarding individual director and executive compensation is provided in the Corporate Governance section of the annual report.

	2026 $000	2025 $000
Salaries and other short-term employee benefits	6,849	7,708
Long-term benefits	775	525
Termination benefits	113	340
Director fees	623	634
Key management personnel remuneration	**8,360**	9,207

Tower insurance products are available to all key management personnel on the same terms as available to other employees. In addition, Tower purchases indemnity insurance for all directors both past and present covering liabilities and legal expenses incurred whilst in office.

The amounts presented above do not include premiums for directors' indemnity insurance or transactions relating to insurance products provided on standard employee terms.

The Board implemented a share-based long-term incentive plan with effect from 7 December 2022. Refer note 8.4.

Notes to the consolidated financial statements (continued)

8.3 Auditor's remuneration

a. Fees incurred for services provided by PwC New Zealand

	2026 $000	2025 $000
Audit and review of the financial statements of the Group	538	570
Audit or review related services*	44	48
Other assurance services**	58	58
Total fees incurred for services provided by PwC New Zealand	**640**	676

*Fee in relation to assurance over the annual solvency return of Tower Limited

**Fee in relation to assurance services over scope 1 and 2 greenhouse gas (GHG) emissions disclosure.

b. Fees incurred for services provided by Grant Thornton Fiji

	2026 $000	2025 $000
Audit of the financial statements of subsidiaries	125	134
Audit related services*	6	7
Total fees incurred for services provided by Grant Thornton Fiji	**131**	141

*This includes fees in relation to assurance over the regulatory returns of Tower Insurance (Fiji) Limited. (2025: includes assurance over the regulatory returns of Tower Insurance (Fiji) Limited and Solomon Islands branch).

8.4 Tower Long-Term Incentive Plan

The Group has a long-term incentive plan which is intended to align the interests of management and shareholders.

Recognition and measurement

The Tower Long-Term Incentive Plan is considered to be an equity settled scheme under NZ IFRS 2 Share-based Payments and the vesting conditions for the scheme include both service and performance conditions.

The costs associated with this plan are measured at fair value at grant date and are recognised as an expense in profit or loss over the vesting period, with a corresponding entry to a reserve in equity. The estimate of the number of rights for which the service conditions are expected to be satisfied is revised at each reporting date, with any cumulative catch-up adjustment recognised in profit or loss in the period that the change in estimate occurred. Any rights not vested after the expiry date are cancelled.

The plan provides selected eligible employees with Restricted Share Rights (RSR's), which 'vest' over a three-year period, during which participants must remain employed by the Group and performance conditions must be met as follows.

Share Rights vest if Tower's Total Shareholder Return (TSR) sits at or above the 50th percentile of the NZX 50 index ranked by TSR over the same period:

(i) Where the Company TSR equals the 50th percentile TSR of the index companies over the performance period, 50% of the share rights will vest.

(ii) Where the Company TSR equals or exceeds the 75th percentile TSR of the index companies over the performance period, 100% of the share rights will vest.

(iii) Where the Company TSR over the performance period exceeds the 50th percentile TSR of the index companies but does not reach the 75th percentile, then between 50% and 100% of the share rights will vest as determined on a straight-line progression basis.

During the year the following movements of rights to shares occurred in accordance with the rules of the plan:

	2026 NUMBER OF SHARE RIGHTS (RSR'S)	2025 NUMBER OF SHARE RIGHTS (RSR'S)
Share Rights outstanding at the beginning of the period	3,523,218	4,411,580
Share Rights granted during the period	1,066,677	1,206,987
Share Rights forfeited during the period	(402,872)	(967,211)
Share Rights vested and settled during the period	(859,288)	(1,128,138)
Share Rights outstanding at the end of the period	3,327,735	3,523,218

Notes to the consolidated financial statements (continued)

8.4 Tower Long-Term Incentive Plan (continued)

The weighted average remaining contractual life for share rights outstanding under the plan is 1.1 years (2025: 1.3 years).

The assessed fair value of the rights granted during the year was $1.17 (2025: 79 cents). This was calculated using a Monte Carlo share price simulation model and key inputs to the model are as below:

Assumptions	**2026**	2025
Share price at grant date (dollars)	1.90	1.41
10-day volume weighted average price (dollars)	1.94	1.33
Exercise price	Nil	Nil
Option life	3 years	3 years
Risk-free rate	3.38%	3.83%
Expected volatility	24%	23%

The expected price volatility is based on annualised price volatility for the four years prior to the grant date.

The total share-based payment expense during the year was $0.8m (2025: $0.7m).

There were no liabilities arising from share-based payment transactions at reporting date (2025: nil).

The plan allows participants to request a PAYE Election, under which they may ask Tower to make payment to the IRD to settle their PAYE liability subject to Tower being reimbursed by the participant. Tower is not required to accept any participant's request for a PAYE Election. Tower has not entered into any agreed PAYE Election arrangements during the year.

8.5 Contingent liabilities

The Group is occasionally subject to claims, disputes and customer remediation as a commercial outcome of conducting insurance business. Provisions are recorded for these claims, disputes or remediations when it is probable that an outflow of resources will be required to settle any obligations. Best estimates are included within claims reserves for any litigation that has arisen in the usual course of business. Best estimates for settlements of customer remediations are included within provisions.

The Group has no other contingent liabilities.

8.6 Capital commitments

As at 30 September 2026, Tower has nil capital commitments (2025: nil).

8.7 Subsequent events

On 26 November 2026, the Board approved a final dividend of 6.0 cents per share and a special dividend of 4.0 cents per share, with the dividends being payable on 22 December 2026 for approximately $34.3m. There were no other subsequent events.

Independent auditor's report

To the shareholders of Tower Limited

Our opinion

In our opinion, the accompanying consolidated financial statements (the financial statements) of Tower Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 September 2026, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's financial statements comprise:

- the consolidated balance sheet as at 30 September 2026;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board (PES 1) and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

In our capacity as auditor and assurance practitioner, our firm also provides review and other assurance services. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 800

pwc.co.nz

Description of the key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims (2026: $138,356,000; 2025: $118,373,000) We considered the valuation of the liability for incurred claims a key audit matter as it involves an estimation process combined with significant judgements and assumptions, made by the Group, to determine the balance. The liability for incurred claims relates to claims incurred under groups of insurance contracts, as at and prior to the reporting date, which have not been paid. The liability includes: • an estimate of the present value of future cash outflows to settle claims; and • a risk adjustment for non-financial risk. There is uncertainty over the amount that reported claims, and claims incurred at the reporting date but not yet reported to the Group, will ultimately be settled at. The estimation process relies on the quality of underlying claims data and the use of informed estimates to determine the quantum of the ultimate future cash flows. Key actuarial assumptions applied in the valuation of future cash flows include: • expected future claims development; • claims handling expense ratios; and • future Canterbury Earthquake overcap property claims. Changes in assumptions can lead to significant movements in the liability for incurred claims. A risk adjustment allows for the inherent uncertainty in the amount and timing of the cash flows that arise from non-financial risk related to a group of insurance contracts. In determining the risk adjustment, management applies judgement to the level of capital required, the run-off profile, class of business and diversification between geographic locations. Refer to note 2.4 to the financial statements.	Our audit procedures included obtaining an understanding of key claims and actuarial processes and controls, including key data reconciliations and management's review of the actuarial estimates of the liability for incurred claims. Claims data is the key input to the actuarial estimate. Accordingly, we evaluated the design effectiveness and tested the operating effectiveness of key controls over claims processing. On a sample basis, we: • assessed claim case estimates at year end to check that they were supported by an appropriate management assessment and documentation, and correctly classified to the relevant claim type; • assessed the accuracy of the previous claim case estimates by comparing to the actual amount settled during the year and assessed the changes in the claim case estimate to determine whether such change was based on new information available during the year; • inspected claims paid during the year to confirm that they are supported by appropriate documentation; • agreed key attributes of insurance contract information to each underlying contract to determine the level of aggregation and groups used for valuation purposes; and • tested the integrity of data used in the actuarial models by agreeing relevant model inputs, such as claims data, to source data. Together with our actuarial experts, we: • evaluated significant actuarial models and methodologies used, by comparing to generally accepted models and methodologies applied in the sector and to the prior year, seeking justification for any variances; • assessed significant actuarial judgements and assumptions and challenged them by comparing with our expectations based on the Group's historical claims experience and our own sector knowledge; • tested on a sample basis, the underlying calculations in certain valuation models; • evaluated the relevant underlying calculation used to derive the risk adjustment, including the significant assumptions, against our own knowledge of the Group's business; and • assessed the appropriateness of presentation and disclosures in the financial statements against the requirements of the accounting standards.

Our audit approach

Overview



Overall Group materiality: $5.9 million, which represents approximately 1% of Insurance Revenue.

We chose insurance revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark for insurance companies. The application of approximately 1% is based on our professional judgement, noting that it is also within the range of commonly accepted revenue related thresholds.

A full scope audit was performed for the Company based on its financial significance to the Group. Specified audit procedures or analytical review procedures were performed on selected financial statement line items of certain subsidiaries, including elimination entries required for consolidation.

As reported above, we have one key audit matter, being:

- Valuation of the liability for incurred claims.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. We issue a separate limited assurance report on certain sustainability information included in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

PricewaterhouseCoopers Auckland
26 November 2026

PwC - Independent auditor's report

Appointed actuary's report

26 November 2026

The Directors
Tower Limited
136 Fanshawe Street
Auckland 1010

Dear Directors

Review of Actuarial Information contained in the financial statements of Tower Limited as at 30 September 2026

Finity Consulting Pty Limited (Finity) has been asked by Tower Limited (Tower) to carry out a review of the 30 September 2026 Actuarial Information (as described in Section 77 of the Insurance (Prudential Supervision) Act 2010 (the Act)) contained in the financial statements and used in their preparation and to provide an opinion as to the appropriateness of this information. This letter sets out the findings of our review, as required under Section 78 of the Act.

Estelle Pearson is an employee of Finity and is the Appointed Actuary to Tower. Finity has no relationship with Tower apart from being a provider of actuarial services.

We prepared the actuarial valuation of liabilities remaining from the Canterbury Earthquakes and reviewed the actuarial valuations of insurance liabilities for the New Zealand business and the Pacific Islands businesses. The scope of our review was Section 77 of the Act and the solvency standard applicable to Tower (the Interim Solvency Standard issued by the Reserve Bank of New Zealand).

Having carried out the review, nothing has come to our attention that would lead us to believe that the Actuarial Information used in the financial statements or their preparation, or the determination of the solvency position for Tower as at 30 September 2026 is inappropriate.

In our opinion Tower has maintained a solvency margin in excess of the minimum required as at 30 September 2026.

No limitations were placed on us in performing our review, and all data and information requested was provided.

The report is being provided for the sole use of Tower for the purpose stated above It is not intended, nor necessarily suitable, for any other purpose and should only be relied on for the purpose for which it is intended.

Yours sincerely

Estelle Pearson (Appointed Actuary)
Fellow of the New Zealand Society of Actuaries

Anagha Pasche
Fellow of the New Zealand Society of Actuaries

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Finity Consulting Pty Limited | ABN 89 111 470 270 finity.com.au | finityconsulting.co.nz

Underlying profit reconciliation

Reconciliation between underlying profit after tax and reported profit after tax

	FY26 UNDERLYING PROFIT $M	NON-UNDERLYING ITEMS[1] $M	MANAGEMENT EXPENSE RECLASSES[2] $M	RECLASS OF REINSURANCE EXPENSES[3] $M	RECLASS OF REINSURANCE & OTHER RECOVERY REVENUES[4] $M	FY26 REPORTED PROFIT $M
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**

This reconciliation is unaudited and provided for informational purposes only.

(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

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.

Corporate governance at Tower

This section of the Annual Report provides an overview of the corporate governance principles, policies and processes adopted and followed by Tower's Board (Board) during the year ending 30 September 2026 (**FY26**).

For the reporting period to 30 September 2026, the Board considers that Tower's corporate governance practices have materially adhered to the NZX Corporate Governance Code (**NZX Code**). Further information about the extent to which Tower has complied with each of the NZX Code recommendations is set out in Tower's corporate governance statement, available on Tower's website at **tower.co.nz/investor-centre**.

Statutory disclosures

Diversity

Gender diversity

The Company achieved a Diversity and Inclusion engagement result of 8.9 for the year ending 30 September 2026, exceeding the target of 8.8 for both ethnic and gender diverse populations. Participation in a Tower Employee Representative Group reached our target of 30% of employees. The Pay Equity gap of -1.0% (women are paid 1% more than men for the same size role in New Zealand) sits slightly outside the 0.0% (+/- 0.9%) target range. The overall New Zealand pay gap reduced by 4.4% to 12.1%, surpassing the goal of a 1% reduction from 16.5%. Reporting and analysis of Māori and Pacific pay equity for New Zealand based employees continued for the People, Remuneration and Appointment Committee.

	30 SEPTEMBER 2026		30 SEPTEMBER 2025	
GROUP	**% GROUP**	**NUMBER**	% GROUP	NUMBER
Board of directors				
Males	50%	3	60%	3
Females	50%	3	40%	2
Gender diverse	0%		0%	0
Executive leadership team				
Males	60%	6	50%	6
Females	30%	3	41%	5
Gender diverse	0%	0	0%	0
Prefer not to disclose	0%	0		
Did not disclose	10%	1	8%	1
Senior leadership team				
Males	53%	24	53%	26
Females	38%	17	39%	19
Gender diverse	0%	0	0%	0
Prefer not to disclose	2%	1	4%	2
Did not disclose	7%	3	4%	2
Employees				
Males	33%	289	31%	283
Females	58%	519	60%	540
Gender diverse	1%	8	1%	11
Prefer not to disclose	1%	9	1%	8
Did not disclose	7%	63		61
Total company				
Males	34%	319	33%	315
Females	57%	539	58%	564
Gender diverse	1%	8	1%	11
Prefer not to disclose	1%	10	1%	10
Did not disclose	7%	67	6%	61
Total employees		**943**		**966**

Evaluation from the Board on Tower's performance with respect to diversity and inclusion

Tower has a Diversity Equity and Inclusion Policy, which outlines Tower's commitment to diversity, equity and inclusion, and provides principles and approaches to cultivate a respectful and inclusive environment. The Policy notes that the Company actively seeks to increase diversity in all its forms, including but not limited to race, ethnicity, gender identity, experience, education, sexual orientation, age, disability, neurodiversity, socio-economic status and cultural background.

The Board has delegated to its People, Remuneration and Appointments Committee the responsibility to review the Company's performance against measurable objectives for achieving diversity and inclusion, pursuant to the Diversity, Equity and Inclusion policy.

For FY26, diversity objectives required Tower to maintain 30% participation in Employee Representative Groups and achieve an Inclusion & Diversity engagement score of 8.8. The Board is pleased to report that these objectives were achieved, with participation maintained at 30% and an Inclusion & Diversity engagement score of 8.9 for the year ended 30 September 2026. The Company also continues its gender pay-gap analysis for Tower's Fiji workforce.

Board and Committee Composition

During FY26 the Board comprised the following members:

Michael Stiassny (Chair) *until 18 February 2026*

Naomi Ballantyne (Chair) *from 18 February 2026*

Marcus Nagel

Geraldine McBride

Mike Cutter

Sophie Haslem *appointed 20 August 2026*

Jefferson Gibbs *appointed 2 September 2026*

Director independence

The Board has determined, based on information provided by directors regarding their interests, and criteria for independence benchmarked against the FMA, RBNZ and NZX independence requirements, that at 30 September 2026, all directors were independent.

Board Committees

During FY26 the Board had the following Committees:

Audit Committee

Members: Mike Cutter *(Chair until 24 September 2026, following which date, member)*, Naomi Ballantyne, Geraldine McBride, Marcus Nagel *(Chair from 25 September 2026)*, Sophie Haslem *(from 20 August 2026)*, Jefferson Gibbs *(from 2 September 2026)*, Michael Stiassny *(until 18 February 2026)*

Risk Committee

Members: Geraldine McBride *(Chair until 9 June 2026, following which date, member)*, Naomi Ballantyne, Mike Cutter *(Acting Chair – 10 June 2026-24 September 2026, Chair from 25 September 2026)*, Marcus Nagel, Sophie Haslem *from 20 August 2026*, Jefferson Gibbs *from 2 September 2026*, Michael Stiassny *(until 18 February 2026)*

People, Remuneration & Appointments Committee

Members: Marcus Nagel *(Chair from 25 March 2026-24 September 2026, at all other times, member)*, Geraldine McBride *(Chair from 25 September 2026)*, Naomi Ballantyne, Mike Cutter, Sophie Haslem *from 20 August 2026*, Jefferson Gibbs *from 2 September 2026*, Michael Stiassny *(Chair until 18 February 2026)*

Results Sub-Committee

Members: *27 November 2025* - Michael Stiassny *(Chair)*, Naomi Ballantyne, *21 May 2026* - Naomi Ballantyne *(Chair)*, Mike Cutter

Board and Committee meeting attendance

Director attendance at Board and Committee meetings held from 1 October 2025 to 30 September 2026 is set out below:

	BOARD	AUDIT COMMITTEE	RISK COMMITTEE	PEOPLE, REMUNERATION AND APPOINTMENTS COMMITTEE	RESULTS SUB-COMMITTEE
Meetings held	**10**	**4**	**6**	**4**	**2**
Michael Stiassny	4	1	3	4	1
Naomi Ballantyne	10	4	6	4	1
Mike Cutter	10	4	6	4	2
Geraldine McBride	9	4	6	3	
Marcus Nagel	9	4	6	4	
Sophie Haslem	2	1	2	1	
Jefferson Gibbs	1	1	1	1	

In addition to meetings, the Board held a two-day strategy session in July, attended by Directors, members of the Executive Leadership Team and various speakers and experts.

Remuneration

Director Remuneration

The Board's approach is to remunerate directors at a similar level to comparable Australasian companies, with a small premium to reflect the complexity of the insurance and financial services sector. At the Annual Shareholders' Meeting in February 2004 shareholders approved a maximum payment of NZ$900,000 per annum for director fees.

Tower seeks external advice when reviewing Board remuneration. The Remuneration and Appointments Committee is responsible for assisting directors with the review of directors' fees. Remuneration is considered through the lens of the Director and Executive Remuneration Policy to ensure that directors and executives are remunerated in a fair and reasonable manner, and that such remuneration is transparently communicated to relevant stakeholders.

Annual fees as approved by the Board with effect from 1 October 2020 are:

TOWER LIMITED BOARD/COMMITTEE FEES	CHAIR (NZ$)	MEMBER (NZ$)
Base fee – Board of directors	180,000	100,000
Audit Committee	10,000	(included in base Director fee)
Risk Committee	10,000	(included in base Director fee)
People, Remuneration and Appointments Committee	10,000*	(included in base Director fee)

*PRAC Chair fee approved by the Board, May 2026

The total remuneration received by each director for the year ended 30 September 2026 is set out below (NZ$, and exclusive of GST, if any):

REMUNERATION AND BENEFITS RECEIVED BY TOWER LIMITED DIRECTORS IN THE YEAR ENDED 30 SEPTEMBER 2026	
Naomi Ballantyne	149,286
Geraldine McBride	110,000
Marcus Nagel	105,208
Mike Cutter	110,000
Sophie Haslem	11,559
Jefferson Gibbs	8,055
Michael Stiassny	75,000

REMUNERATION AND BENEFITS RECEIVED BY TOWER SUBSIDIARY DIRECTORS IN THE YEAR ENDED 30 SEPTEMBER 2026	
Isikeli Tikoduadua, Director Tower Insurance (Fiji) Limited and Southern Pacific Insurance Company (Fiji) Limited	10,918 Fijian Dollars
Barry Whiteside, Director Tower Insurance (Fiji) Limited and Southern Pacific Insurance Company (Fiji) Limited, Tower Insurance (Fiji) Limited	18,963 Fijian Dollars
Michael Yee Joy, Director, Tower Insurance (Fiji) Limited & Chair of the Audit & Risk Committee, Tower Insurance (Fiji) Limited	22,325 Fijian Dollars
Antony Whitton, Director, Tower Insurance (Fiji) Limited	5,900 Fijian Dollars

Directors of Tower Limited and its subsidiaries are reimbursed for out of pocket expenses incurred in the course of their activities as directors, including travel and other expenses. As these expenses are not in the nature of remuneration or benefits, they are not listed here.

No employee of Tower Limited or its subsidiaries who acts as a director of a subsidiary receives any remuneration for their role as a director of that subsidiary. The number of employees who receive remuneration of more than $100,000 is included in the remuneration table on **page 82** of this report.

CEO and Senior Executive Remuneration

Chief Executive Officer Remuneration

In FY26, the Board received external and independent advice from EY on the CEO's remuneration, including market benchmarking against comparable New Zealand companies. The advice covered actual and forecast market movements and the appropriate levels of fixed remuneration and target total remuneration for the CEO.

CEO remuneration at a glance

The Board's approach to CEO remuneration is designed to support the delivery of Tower's strategy and sustainable shareholder value. The remuneration package comprises fixed remuneration, a short-term incentive (STI) and a long-term incentive (LTI), with a significant proportion of total remuneration linked to company performance.

REMUNERATION COMPONENT	FY26 ARRANGEMENT	PURPOSE
Base salary	$681,000	Reflects the scope and responsibilities of the CEO role
Employer KiwiSaver contribution	3.0% from 1 October 2025 to 31 March 2026 and 3.5% from 1 April 2026 to 30 September 2026	Statutory employer contribution
Other benefits	Life Insurance and Income Protection Insurance	Benefits provided through Tower's group scheme to all permanent employees
STI maximum opportunity	$340,500 (50% of base salary)	Rewards annual performance against financial, customer and people measures
FY26 STI outcome	$273,081	Based on a company scorecard outcome of 80.2%
LTI maximum opportunity	$340,500 (50% of base salary)	Aligns remuneration with sustainable long-term shareholder returns
Total potential package	$1,362,000	Base salary, benefits and maximum incentive opportunity

The total potential package shown above comprises base salary and the stated maximum STI and LTI opportunities; it excludes the value of benefits and any additional share rights the Board may grant under the LTI scheme if Tower achieves the highest relative TSR in the comparator group.

Short-term incentive

Mr Johnston was eligible for a maximum FY26 short-term incentive of $340,500. The award was determined by performance against a company scorecard comprising financial measures weighted at 75%, customer measures weighted at 20%, and people measures weighted at 5%. Regrettable attrition was also introduced as an additional people metric in FY26 to reflect the importance of retaining key talent and institutional knowledge.

PILLAR	MEASURE	%	THRESHOLD (30%)	TARGET (60%)	MAXIMUM (100%)	FY26 ACTUAL	SCORECARD OUTCOME
Financial (75%)	Underlying NPAT	45%	$55m	$62.5m	$75m	74.2m	43.8%
	GWP	10%	$630m	$653.5m	$660m	620.1m	–
	BAU Claims Ratio	10%	47.7%	46.4%	45.6%	46.1%	7.5%
	MER	10%	32.1%	31.4%	30.4%	31.9%	3.9%
Customer (20%)	NPS	10%	37	41	44	45	10.0%
	Retention	10%	77%	78%	79%	79.1%	10.0%
People (5%)	Engagement	2.5%	8.1	8.2	8.3	8.3	2.5%
	Regrettable attrition	2.5%	16.3%	13.3%	11.3%	10.0%	2.5%
Company outcome							**80.2%**

The short-term incentive scheme has two gates that must both be satisfied before any STI outcome can be assessed. First, NPAT must reach at least 90% of plan. Second, under the Risk Gate, the Board determines whether Tower has maintained material regulatory compliance and risk management obligations, avoided material damage to its reputation, and maintained capital adequacy within prudential ranges.

If the Board determines that the Risk Gate has been satisfied, it may then apply a risk discount to adjust the preliminary STI outcome for all or some participants. This provides for a more specific assessment of risk matters, including progress against key risk improvement areas and any serious incidents or behaviours that may have had a material adverse impact on Tower's risk profile.

The FY26 company scorecard outcome was 80.2%. The Board determined that both STI gates were satisfied and considered whether a risk discount should apply before confirming the final STI outcome. Based on the final outcome, Mr Johnston was awarded an STI payment of $273,081.

The Board retains broader discretion to adjust the STI outcome where necessary to ensure that the award appropriately reflects company and individual performance, shareholder experience, risk outcomes, conduct and any other relevant circumstances. This discretion is separate from the STI gates and risk discount described above, and any adjustment is reflected in the final STI outcome.

Long-term incentive

Mr Johnston holds performance share rights granted under Tower's long-term incentive scheme. Under this scheme, the number of share rights granted is calculated by dividing the grant value by the volume-weighted average price (VWAP) of Tower shares on the NZX over the 10 business days preceding the relevant commencement date and rounding up to the nearest whole share right.

Mr Johnston received 175,516 performance share rights under the FY26 LTI grant, with a grant value of $340,500 and an allocation share price of $1.94. The rights remain unvested and are scheduled to be assessed following the end of the performance period on 11 December 2028.

Vesting is based on Tower's TSR relative to the entities comprising the NZX 50 index and is subject to Tower's TSR being positive. No rights vest for performance below the 50th percentile; 50% vest at the 50th percentile; between 50% and 100% vest on a straight-line basis for performance between the 50th and 75th percentiles; and 100% vest at or above the 75th percentile. If Tower's relative TSR is the highest in the comparator group, the Board may, at its absolute discretion, grant additional share rights so that the final vesting outcome exceeds 100%. There is no re-test opportunity, and any rights that do not vest lapse following the performance assessment.

The FY23 LTI grant reached the end of its three-year performance period on 6 December 2025 and vested during FY26. The vesting outcome is summarised below.

LTI vested during FY26

GRANT	PERFORMANCE PERIOD	RIGHTS GRANTED	TOWER TSR	RELATIVE TSR RESULT	VESTING OUTCOME	RIGHTS VESTED	RIGHTS LAPSED
FY23 LTI	7 December 2022 to 6 December 2025	222,858	208.2%	Second highest among the relevant NZX 50 comparator companies; at or above the 75th percentile	100%	222,858	Nil

The Board retains discretion under the LTI scheme rules, including in relation to vesting outcomes and the treatment of awards in exceptional circumstances. The Board has sole discretion over matters concerning the composition of the NZX 50 comparator group and the calculation of TSR. Tower may also adjust TSR for capital reconstructions, corporate transactions or other circumstances that materially alter the balance between shareholders' and participants' interests.

Outstanding long-term incentive awards

GRANT YEAR	PERFORMANCE PERIOD	EXPECTED ASSESSMENT OR VESTING YEAR	PERFORMANCE MEASURE	SHARE RIGHTS GRANTED	GRANT-DATE VALUE	STATUS
FY26	12 December 2025 to 11 December 2028	FY29	Relative TSR against entities comprising the NZX 50 index, subject to positive absolute TSR	175,516	$340,500 Allocation share price: $1.94	Unvested
FY25	12 December 2024 to 11 December 2027	FY28	Relative TSR against entities comprising the NZX 50 index, subject to positive absolute TSR	218,606	$290,745 Allocation share price: $1.33	Unvested
FY24	7 December 2023 to 6 December 2026	FY27	Relative TSR against entities comprising the NZX 50 index, subject to positive absolute TSR	462,712	$273,000 Allocation share price: $0.59	Unvested

CEO employment terms

TERM	ARRANGEMENT
Notice period	Six months' written notice by either party. Tower may make a payment of salary in lieu of all or part of the notice period.
Termination payment	If Tower terminates Mr Johnston's employment under the no-fault termination provision, it will pay three months' salary as compensation in addition to providing the six-month notice entitlement. This is not a general severance entitlement.
STI treatment on termination	To be eligible for an STI, Mr Johnston must be employed and not serving a notice period when the incentive is due for assessment. Any unpaid or outstanding STI entitlement terminates when his employment ends.
LTI treatment on termination	To be eligible for an LTI, Mr Johnston must be employed and not serving a notice period when the incentive is due for assessment. Any unpaid or outstanding LTI entitlement terminates when his employment ends, subject to the applicable LTI plan rules.
Sign-on or buy-out arrangements	No sign-on payment, buy-out arrangement or onboarding payment was made in connection with Mr Johnston's appointment as CEO.
Restrictive covenants	Twelve months for employee and customer non-solicitation and six months for non-competition, subject to the terms of the employment agreement.

Executive remuneration disclosure | Long-term incentive scheme

Tower operates a Long-Term Incentive (LTI) scheme designed to support longer-term company performance, align the interests of participating executives with those of shareholders and support the retention of key employees.

Participation in the LTI scheme is determined by the Board. Grants to qualifying participants are intended to be made annually in the form of Share Rights. The number of Share Rights granted is determined with reference to the participant's annual grant value, Tower's share price based on the 10-day volume weighted average price on the NZX, and the participant's performance rating.

Share Rights are subject to a three-year vesting period. Vesting is determined by Tower's Total Shareholder Return (TSR) relative to the entities comprising the NZX 50 index over that period, subject to Tower's TSR being positive and the participant remaining employed.

The vesting scale is:

TOWER RELATIVE TSR PERFORMANCE	PROPORTION OF SHARE RIGHTS VESTING
Below 50th percentile	0%
50th percentile	50%
Between 50th and 75th percentile	Straight-line vesting between 50% and 100%
75th percentile or above	100%

Where Tower's TSR is the highest in the comparator group, the Board has discretion to grant additional Share Rights. Share Rights that do not vest lapse and are not subject to retesting. Following vesting, each vested Share Right converts on a one-for-one basis into an ordinary Tower share after the Board has determined that the applicable performance hurdle has been satisfied. The scheme was expanded in FY25 beyond the Executive Leadership Team to include selected senior leaders, with participation determined having regard to factors including alignment with business priorities, expertise and capability, and executive succession planning.

LTI Scheme vesting during FY26

The FY23 Executive LTI scheme reached the end of its three-year performance period on 6 December 2025. In November 2025, the Board approved full vesting subject to the performance test. Independent testing by Deloitte confirmed that Tower's TSR ranked second highest among the relevant NZX 50 comparator companies and exceeded the 75th percentile, resulting in 100% vesting of the 859,288 active Share Rights held by the five remaining participants.

The Chair confirmed the final vesting outcomes in December 2025 under delegated authority from the Board, and the resulting shares were issued on 29 January 2026.

GRANT	PERFORMANCE PERIOD	TOTAL RIGHTS GRANTED	RIGHTS VESTED IN FY25	RIGHTS LAPSED BEFORE FY26	ACTIVE SHARE RIGHTS	TOWER ANNUALISED TSR	RELATIVE TSR RESULT	VESTING OUTCOME	RIGHTS VESTED IN FY26
FY23 LTI	7 Dec 2022 to 6 Dec 2025	1,946,557	678,773	408,496	859,288	208.2%	Above the 75th percentile	100%	859,288

The totals in the table above include Paul Johnston's 222,858 Share Rights that vested during FY26, as disclosed in the CEO remuneration section above; these are not additional to that disclosure. Of the 1,946,557 Share Rights originally granted, 678,773 vested in February 2025 as part of Blair Turnbull's termination agreement and his remaining 261,067 rights lapsed. The FY25 vesting is shown separately from the FY26 vesting in the table above.

Of the FY23 Share Rights which were issued, 408,496 FY23 Share Rights had lapsed, including 261,067 rights held by Blair Turnbull and a further 147,429 rights that lapsed following an employee departure. The remaining 859,288 rights vested in full during FY26, with no rights lapsing as a result of the FY23 performance assessment.

Employee remuneration

The table below sets out the number of employees or former employees of Tower and its subsidiaries (excluding directors and former directors) who received remuneration and other benefits valued at or exceeding $100,000 for the years ended 30 September 2025 and 2026. Tower has not previously included its subsidiaries in this reporting. Remuneration includes base salary, performance payments and redundancy or other termination payments.

FROM	TO	FY26	FY25
100,000	109,999	35	36
110,000	119,999	33	36
120,000	129,999	37	22
130,000	139,999	26	38
140,000	149,999	38	34
150,000	159,999	31	29
160,000	169,999	27	25
170,000	179,999	30	19
180,000	189,999	15	7
190,000	199,999	13	9
200,000	209,999	10	3
210,000	219,999	4	2
220,000	229,999	6	3
230,000	239,999	5	2
240,000	249,999	2	4
250,000	259,999	7	3
260,000	269,999	7	5
270,000	279,999	0	2
280,000	289,999	1	3
290,000	299,999	7	1
300,000	309,999	2	0
310,000	319,999	1	0
320,000	329,999	1	2
330,000	339,999	2	1
340,000	349,999	3	0

FROM	TO	FY26	FY25
350,000	359,999	2	2
360,000	369,999,	1	1
370,000	379,999	0	1
380,000	389,999	0	1
390,000	399,999	2	1
400,000	409,999	5	0
410,000	419,999	1	2
420,000	429,999	2	2
430,000	439,999	0	1
440,000	449,999	1	0
450,000	459,999	0	3
560,000	569,999	1	0
600,000	609,999	0	1
630,000	639,999	1	0
640,000	649,999	0	1
660,000	669,999	0	1
670,000	679,999	0	1
730,000	739,999	0	1
740,000	749,999	1	1
880,000	889,999	0	1
910,000	919,999	1	0
1,100,000	1,109,999	0	1
1,210,000	1,219,999	1	0
1,400,000	1,409,999	1	0
1,600,000	1,609,999	0	1
Total		**363**	**306**

Auditor fees paid on behalf of Tower and its subsidiaries are disclosed in the financial statements.

Security Holder Information

Substantial product holders (as at 30 September 2026)

The names and holdings of Tower's substantial product holders based on notices filed with Tower under the Financial Markets Conduct Act 2013 at 30 September 2026 are:

NAME	TOTAL ORDINARY SHARES
Accident Compensation Corporation	23,197,331
Pacific International Insurance Pty Limited	20,925,211
Forsyth Barr Investment Management Limited	17,188,739

These totals may differ from the shareholdings described in other sections on this report.

Largest shareholders (30 September 2026)

The names and holdings of the 20 largest registered Tower shareholders on 30 September 2026 were:

		UNITS	% UNITS
1	BNP Paribas Nominees (Nz) Limited - NZCSD <Bpss40>	23,594,344	6.87
2	Custodial Services Limited <A/C 4>	22,972,776	6.69
3	HSBC Nominees (New Zealand) Limited - NZCSD <Hkbn90>	22,734,070	6.62
4	Accident Compensation Corporation - NZCSD <Acci40>	22,249,123	6.48
5	Pacific International Insurance Pty Limited	21,173,697	6.17
6	Forsyth Barr Custodians Limited <1-Custody>	20,496,284	5.97
7	Citibank Nominees (New Zealand) Limited - NZCSD <Cnom90>	18,913,208	5.51
8	HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD <Hkbn45>	14,482,956	4.22
9	Masfen Securities Limited	14,400,000	4.19
10	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	13,436,388	3.91
11	HSBC Nominees A/C Nz Superannuation Fund Nominees Limited - NZCSD <Supr40>	11,841,267	3.45
12	HSBC Custody Nominees (Australia) Limited	7,118,994	2.07
13	JBWere (Nz) Nominees Limited <Nz Resident A/C>	6,548,143	1.91
14	Forsyth Barr Custodians Limited <Account 1 E>	4,125,630	1.20
15	Apex Custodian Nominees (Nz) Limited Cpta For Harbour Asset Management <Teac44>	3,967,925	1.16
16	Pt (Booster Investments) Nominees Limited	3,866,683	1.13
17	Queen Street Nominees Ltd No.6 - NZCSD	3,070,429	0.89
18	Queen Street Nominees Ltd No.4 - NZCSD	2,912,696	0.85
19	Chester Perry Nominees Limited	2,084,822	0.61
20	Leveraged Equities Finance Limited	1,501,767	0.44
Totals: Top 20 holders of ORDINARY SHARES (Total)		**241,491,202**	**70.32**
Total remaining holders balance		**101,920,149**	**29.68**

Securities held by directors

Until Tower's shareholders adopted a revised constitution at the annual shareholder meeting held in February 2024, directors were required to hold shares in the Company. At 30 September 2026, directors, or entities related to them held relevant interests (as defined in the Financial Markets Conduct Act 2013) in Tower Limited shares as follows:

Ordinary shares

DIRECTOR	BENEFICIAL
Mike Cutter	31,253
Wongaling Pty Limited (Geraldine McBride)	4,929
Marcus Nagel	50

Director trading in Tower securities

There were no other acquisitions or disposals of Tower shares by its directors in FY26.

Total voting securities

	ORDINARY SHARES	NUMBER OF HOLDERS
30 September 2026	343,411,351	22,803

Tower's ordinary shares each carry a right to vote on any resolution on a poll at a meeting of shareholders. Holders of ordinary shares may vote at a meeting in person, or by proxy, representative or attorney.

Shareholder analysis

Tower's shares are quoted on both the NZX Main Board and ASX. At 30 September 2026 8,955 Tower shareholders held less than A$500 of Tower shares (i.e., less than a marketable parcel as defined in the ASX Listing Rules), amounting to a total of 1,888,041 of the Tower shares on issue.

In comparison, a 'minimum holding' under the NZX Listing Rules means a holding of shares having a value of at least NZ$1,000. At 30 September 2026 13,309 Tower shareholders held less than NZ$1,000 of Tower Shares (being a parcel size of 507 at $1.97 per share), amounting to a total of 3,603,522 of the Tower shares on issue.

Spread of Shareholders (as at 30 September 2026)

HOLDING RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 – 1,000	17,143	6,330,694	1.84%
1,001 – 5,000	3,570	7,630,999	2.22%
5,001 – 10,000	746	5,475,517	1.59%
10,001 – 100,000	1,127	34,920,551	10.17%
100,001 and over	187	289,053,590	84.17%
Total	**22,773**	**343,411,351**	**100%**

The address and telephone number of the office at which the register of Tower securities is kept is set out in the directory at the back of this Annual Report.

Interests register

Tower and its subsidiaries are required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Tower Limited is available for inspection on request by shareholders. Tower's constitution provides that an 'interested' director may not vote on a matter in which he or she is interested unless the director is required to sign a certificate in relation to that vote pursuant to the Companies Act 1993, or the matter relates to a grant of an indemnity pursuant to section 162 of the Companies Act 1993.

During the year to 30 September 2026 pursuant to section 140 of the Companies Act 1993 Tower's directors disclosed new interests and cessations of interest as noted in the table below.

Naomi Ballantyne	
DLI Asia Pacific Limited	Retired as Director 31 March 2026
Geoedgex	Director 2 February 2026-21 July 2026
Sophie Haslem	
Omphalos Limited	Director & Shareholder
Rangatira Limited	Director
Centerport Investment Holdings Limited	Director
Centreport Captive Insurance Limited	Director
Centreport Limited	Director
Payments NZ Limited	Director
NIB NZ Holdings Limited	Director
Livestock Improvement Corporation Limited	Director
Jefferson Gibbs	
Atarau Investments Pty Limited	Director
McGrath Nicol	Contractor
Marcus Nagel	
Bain Capital	Senior Adviser
Yarowa AG	Senior Adviser

Specific disclosures of interest

Directors also disclosed the monetary value of dividends received during the year.

Tower Limited Final Dividend – declared 27 November 2025

	NATURE OF INTEREST	MONETARY VALUE* NZD
Michael Stiassny	Shareholder of 562,407 shares in Tower Limited	92,797.00
Mike Cutter	Shareholder of 31,253 shares in Tower Limited	5,156.75
Wongaling Pty Limited (Geraldine McBride)	Shareholder of 4,929 shares in Tower Limited	813.29
Marcus Nagel	Shareholder of 50 shares in Tower Limited	8.25

*Based on a Dividend of NZ$0.165 per share (declared on 27 November 2025)

Tower Limited Interim Dividend – declared 21 May 2026

	NATURE OF INTEREST	MONETARY VALUE* NZD
Mike Cutter	Shareholder of 31,253 shares in Tower Limited	1,838.41
Wongaling Pty Limited (Geraldine McBride)	Shareholder of 4,929 shares in Tower Limited	246.45
Marcus Nagel	Shareholder of 50 shares in Tower Limited	2.94

*Based on a Dividend of NZ$0.050 per share (declared on 21 May 2026)

Subsidiary company directors' interests

Directors of Tower's subsidiary companies made the following new entries into the interests register during FY26.

Anthony Whitton	
Rosie Travel Group	Managing Director
Ahura Resorts Limited	Managing Director
Cure Kids Fiji	Trustee – Chair
Model Towns Charitable Trust, Koroipita Lautoka	Trustee
International School, Nadi	Trustee
Fiji Water Board	Trustee

Tower subsidiary company directors

Directors of Tower's subsidiary companies during the year to 30 September 2026 were:

TOWER SUBSIDIARY COMPANY DIRECTORS	
Tower Services Limited	Paul Johnston
	Angus Shelton *(until 31 May 2026)*
	Shannon Dooley *(from 1 June 2026)*
The National Insurance Company of New Zealand Limited	Paul Johnston
	Angus Shelton *(until 31 May 2026)*
	Shannon Dooley *(from 1 June 2026)*
Tower Group Services (Fiji) Pte Ltd	Jajeena Bhan *(retired 6 March 2026, reappointed 4 July 2026)*
	Shannon Dooley
	Marina Elliott *(retired 6 March 2026, reappointed 26 August 2026)*
	Joanne Rasmussen *(until 6 March 2026)*
	Steve Wilson *(until 14 May 2026)*
	Ritesh Singh *(5 March 2026 – 3 July 2026)*
	Mary Balemaira *(5 March 2026 – 26 August 2026)*
	Carly Orr *(from 23 March 2026)*
	Michael Skeens *(from 30 March 2026)*
Southern Pacific Insurance Company (Fiji) Limited	Isikeli Tikoduadua *(until 20 February 2026)*
	Angus Shelton *(until 30 May 2026)*
	Barry Whiteside
	Paul Johnston
	Ronald Mudaliar
	Michael Yee Joy *(from 20 February 2026)*

TOWER SUBSIDIARY COMPANY DIRECTORS	
Tower Insurance (Fiji) Limited	Isikeli Tikoduadua *(until 20 February 2026)*
	Paul Johnston
	Barry Whiteside
	Ronald Mudaliar
	Michael Yee Joy
	Angus Shelton *(until 30 May 2026)*
	Anthony Whitton *(from 20 February 2026)*
	James Silcock *(from 26 June 2026)*
Tower Insurance (Cook Islands) Limited	Paul Johnston
	Ronald Mudaliar
	Angus Shelton *(until 30 May 2026)*
	James Silcock *(from 28 June 2026)*
National Pacific Insurance Limited	Paul Johnston
	Ronald Mudaliar
	Angus Shelton *(until 30 May 2026)*
	James Silcock *(from 8 June 2026)*
National Pacific Insurance (Tonga) Limited	Paul Johnston
	Ronald Mudaliar
	Angus Shelton *(until 30 May 2026)*
	James Silcock *(from 8 June 2026)*
National Pacific Insurance (American Samoa)	Ronald Mudaliar
	Paul Johnston
	Angus Shelton *(until 30 May 2026)*
	James Silcock *(from 31 May 2026)*

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and Tower's constitution, Tower has provided insurance for and indemnities to, directors and employees of Tower for losses from actions undertaken in the course of their duties. The insurance includes indemnity costs and expenses incurred to defend an action that falls outside the scope of the indemnity. Particulars have been entered in the Interests Register pursuant to section 162 of the Companies Act 1993.

Other matters

Donations

During the financial year ended 30 September 2026, Tower Limited made the following donations:

DONATIONS	
All Heart NZ	Furniture with estimated community value of $31,673.00
Fair Food	$1,223.91
Talent Rise Foundation	$4,347.83
Communities Feeding Communities	Donation of potting mix valued at $223.11

Credit rating

In April 2026, global rating organisation A.M. Best Company re-affirmed Tower Limited's financial strength rating of A- (Excellent).

Waivers

Tower Limited did not rely on, or make any applications for, waivers from the NZX Listing Rules or the ASX Listing Rules in the financial year ending on 30 September 2026.

Trading Halts

Trading in Tower shares was not subject to any halts during the period.

Limits on acquisition of securities

Tower undertook to the ASX, at the time it granted Tower a full listing in July 2002 to include the following information in its annual report. Except for the limitations detailed below, Tower securities are freely transferable under New Zealand law.

The New Zealand Takeovers' Code prohibits a person (including associates) from increasing their shareholding to more than 20% of the voting rights in Tower except in accordance with the Takeovers Code. The exceptions include a full or partial takeover offer in accordance with the Takeovers Code, a scheme of arrangement (under the Companies Act 1993), an acquisition or an allotment approved by an ordinary resolution of shareholders, a creeping acquisition (in defined circumstances) and a compulsory acquisition once a shareholder owns or controls 90% or more of the voting rights in Tower.

The New Zealand Overseas Investment Act 2005 and related regulations determine certain investments in New Zealand by overseas persons. Generally, the Overseas Investment Office's consent is required if an 'overseas person' acquires Tower shares or an interest in Tower shares of 25% or more of the shares on issue or, if the overseas person already holds 25% or more, the acquisition increases that holding.

The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring Tower shares if the acquisition would, or would be likely to, substantially lessen competition in a market.

Tower is incorporated in New Zealand and therefore not subject to Chapters 6, 6A, 6B or 6C of the Corporations Act 2001 (Australia) dealing with the acquisition of shares (such as substantial holdings and takeovers).

The Annual Report is signed on behalf of the Board by:



Naomi Ballantyne
Chair



Marcus Nagel
Director

Global Reporting Initiative (GRI) content index

Statement of use: Tower has reported the information cited in this GRI content index for the period 1 October 2025 to 30 September 2026, in accordance with the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

DISCLOSURE		LOCATION/INFORMATION
GRI 2: General Disclosures 2021		
2-1	Organisational details	Pg 3 and 4 About Tower and pg 93 Tower Directory.
2-2	Entities included in the organisation's sustainability reporting	See pg 93 Tower Directory, as well as our FY26 Pacific operations in Fiji, Tonga, Samoa, American Samoa, the Cook Islands.
2-3	Reporting period, frequency and contact point	Tower reports sustainability information annually. This report covers the period 1 October 2025 – 30 September 2026. This report was published on 26 November, 2026. Questions about this report can be directed to Emily.Davies@tower.co.nz
2-4	Restatements of information	This is Tower's fifth report in accordance with the GRI Standards. There were no restatements of information from previous reporting periods.
2-5	External assurance	External assurance approach is covered in our Corporate Governance Statement which can be found at this link: https://www.tower.co.nz/investor-centre/corporate-governance/policies/ Our External Audit Independence Policy can also be found at this link: https://www.tower.co.nz/investor-centre/corporate-governance/policies/ Scope 1 & 2 greenhouse gas emissions are subject to limited assurance as required by the Climate-related Disclosures regime and detailed within our FY26 Climate Statement. We have not sought external assurance on our sustainability information.
2-6	Activities, value chain and other business relationships	https://www.tower.co.nz/about-us/
2-7	Employees	Tower has 943 employees across New Zealand (586) and the Pacific (357). Of employees who disclosed their gender, 62% are women, 37% are men, and 1% are gender diverse, non-binary or transgender. This is based on 92% of employees who chose to disclose their gender. Of the population of women, 96% are permanent full-time employees, 1% are permanent part-time employees and 3% are fixed-term employees. Of the population of men, 94% are permanent full-time employees, 1% are permanent part-time employees and 5% are fixed-term employees. Of gender diverse, non-binary or transgender employees, 88% are permanent full-time employees and 13% are permanent part-time employees.
2-8	Workers who are not employees	As at 30 September 2026, Tower had 48 contingent workers who are predominantly independent contractors on either direct or agency contracts engaged in technology or project-based work. There were no significant fluctuations in this number during the reporting period.
2-9	Governance structure and composition	Our Governance structure and composition, along with a list of committees of the highest governance body, and our Corporate Governance Statement can be found in this link: https://www.tower.co.nz/investor-centre/corporate-governance/policies/
2-10	Nomination and selection of the highest governance body	Tower's Constitution and Board Renewal Policy can be found in this link https://www.tower.co.nz/investor-centre/corporate-governance/policies/
2-11	Chair of the highest governance body	Pg 24.
2-12	Role of the highest governance body in overseeing the management of impacts	Pg 5 Chair's Report and pg 24 Board of Directors. Tower's Annual Report content is considered by the Audit Committee and approved by the Board of Directors.
2-13	Delegation of responsibility for managing impacts	The board delegates day-to-day management of the company to the CEO and does not currently provide for any additional specific delegation of ESG impacts.
2-14	Role of the highest governance body in sustainability reporting	Pg 5 Chair's Report and pg 24 Board of Directors. Tower's Annual Report content is considered by the Audit Committee and approved by the Board of Directors.
2-15	Conflicts of interest	Our Code of Conduct Policy and Conflict of Interest Policy can be found in this link: https://www.tower.co.nz/investor-centre/corporate-governance/policies/
2-16	Communication of critical concerns	See Corporate Governance Statement in this link: https://www.tower.co.nz/investor-centre/corporate-governance/policies/ Communication of critical concerns regarding ESG topics is unavailable. See Corporate Disclosure Policy in this link: https://www.tower.co.nz/investor-centre/corporate-governance/policies/

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DISCLOSURE		LOCATION/INFORMATION
2-17	Collective knowledge of the highest governance body	See Corporate Governance Statement in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/** Actions to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development will continue to be undertaken in FY27. Tower's 2026 Climate Statement can be found in the investor section of our website, here: **https://www.tower.co.nz/investor-centre/reports/**
2-18	Evaluation of the performance of the highest governance body	See Corporate Governance Statement in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/**
2-19	Remuneration policies	See Corporate Governance Statement in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/**
2-20	Process to determine remuneration	See People, Remuneration and Appointments Committee Charter, and Director and Executive Remuneration Policy in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/**
2-21	Annual total compensation ratio	Not disclosed: information on annual compensation ratio is not reported externally.
2-22	Statement on sustainable development strategy	**Pg 21**.
2-23	Policy commitments	Relevant policies currently in place can be found here: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/** Tower has a Code of Conduct, a Board approved policy that sets out the standards and expectations for how Tower's directors, executives, employees and contractors must act, behave and make decisions to uphold Tower's values: "we do what's right", "our people come first", "our customers are our compass" and "progress, boldly. This policy considers our shareholders, customers, employees and wider communities in its application. It is supported by a range of associated policies and frameworks including our Risk Appetite Statement and Fair Conduct Programme. Further details are provided in 2.24.
2-24	Embedding policy commitments	Tower's Corporate Governance Statement in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/** supplements the FY26 Annual Report and discloses the extent to which Tower has followed the recommendations of the NZX Corporate Governance Code. The Statement references internal policies and frameworks relevant to the ethical operation of Tower across all levels of the business. The Sustainability and Climate Governance Framework establishes the key roles and responsibilities of Tower's governance groups to establish, monitor and disclose ESG obligations including the requirements of the Aotearoa New Zealand Climate Standards 1-3. Tower also has an Internal Procurement Policy and a Procurement Engagement Framework, a Supplier Relationship Management Framework and a Supplier Code of Conduct. In FY26 Tower became the first New Zealand insurer to obtain The Chartered Institute of Procurement & Supply (CIPS) Ethics Mark.
2-25	Processes to remediate negative impacts	**https://www.tower.co.nz/contact-us/complaints-and-compliments/** Our material impacts table can be found here: **https://www.tower.co.nz/about-us/sustainability/** Our material impacts process is covered under the relevant topics.
2-26	Mechanisms for seeking advice and raising concerns	See Code of Conduct Policy in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/** Through our internal Whistleblower Policy, staff are encouraged to raise concerns with their manager, or a senior leader. Tower's whistle blower service provides a confidential avenue to report any serious concerns.
2-27	Compliance with laws and regulations	For an update on Tower's progress in the year, regarding remediating customers who did not receive the discounts or benefits they were entitled to, or experienced other policy errors, please see **pg 17**. Details of fines and non-compliance with laws and regulations are provided on **pg 17**.
2-28	Membership associations	Tower is a member of Insurance Council of New Zealand and is active in ICNZ's Climate Change committee. Tower is also a member of the Sustainable Business Council, a signatory of the Climate Leaders Coalition and associate partner of the Centre for Sustainable Finance: Toitū Tahua.

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DISCLOSURE		LOCATION/INFORMATION
2-29	Approach to stakeholder engagement	Tower takes a collaborative approach to stakeholder engagement. Our value chain depicted on pg 4 illustrates our relationships with a wide range of external and internal stakeholders, whilst our strategy on pg 9 sets out our purpose and strategic pillars. Our ESG strategy was developed in consultation with a range of stakeholders and considers our impacts on various stakeholder groups.
2-30	Collective bargaining agreements	None.
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Presented in our FY25 Annual Report https://www.tower.co.nz/wp-content/uploads/2025/11/FINAL-FY25-TWR-Annual-Report.pdf
3-2	List of material topics	See our material impacts table via our website for all: https://www.tower.co.nz/about-us/sustainability/
3-3	Management of material topics	See our material impacts table via our website for all: https://www.tower.co.nz/about-us/sustainability/
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Scope 1 emissions includes refrigerant top-ups and vehicle fleet fuel in New Zealand and the Pacific. Tower applies the operational control approach and has chosen FY20 as the baseline year as this was the first year Tower measured its emissions. New Zealand emissions factors used were sourced from Ministry for the Environment's (MfE) 2026 Measuring Emissions: A Guide for Organisations. Quantities of each greenhouse gas are converted to tonnes CO_2e using the global warming potentials from the Intergovernmental Panel on Climate Change (IPCC) Fourth-Sixth Assessment Report (AR4-6). The time horizon is 100 years. For further detailed information on the methodology, assumption, and uncertainties refer to our FY26 Climate Statement. Our full greenhouse gas emissions inventory is provided in our 2026 Climate Statement, which is in the investor section of our website, here: https://www.tower.co.nz/investor-centre/reports/ The Statement contains our Scope 1, Scope 2 and operational Scope 3 emissions data, as well as information about our work to identify and assess our climate-related risks, opportunities and business impacts.
305-2	Energy indirect (Scope 2) GHG emissions	Scope 2 emissions include electricity consumption from all business premises. See 305-1 for relevant disclosures on baseline year, emissions factors and methodology and assumptions. Emission factors for New Zealand were sourced from Ministry for the Environment's (MfE) 2026 Measuring Emissions: A Guide for Organisations. For the Pacific they were sourced from the CaDI (2026) Greenhouse Gas Emissions Factors for International Grid Electricity Environment (calculated from fuel mix) factor was used for all countries. Emissions from purchased heating and cooling at the Suva Retail Branch and in Samoa have been assessed as immaterial and excluded from the FY26 inventory. Our full greenhouse gas emissions report is provided in our 2026 Climate Statement, which is in the investor section of our website, here: https://www.tower.co.nz/investor-centre/reports/
305-3	Other indirect (Scope 3) GHG emissions	Scope 3 emissions included in our FY26 disclosure are transmission and distribution losses for electricity, and well-to-tank emissions for electricity and vehicle fuel, air travel, hotel stays, rental cars, taxi travel, employee commutes, working from home, paper purchased (NZ only), waste to landfill (NZ only), wastewater (NZ only) and water supply (NZ only). The following Scope 3 emissions sources have been excluded from our reporting; employee vehicle claims NZ; waste, wastewater, and water supply from Pacific operations; value chain emissions from purchased goods and services, capital goods, upstream transportation and distribution, insurance-associated emissions, and our investment portfolio. Emission factors have primarily been sourced from Ministry for the Environment's (MfE) 2026 Measuring Emissions: A Guide for Organisations, and Department for Environment Food & Rural Affairs (DEFRA) 2025 'Greenhouse gas reporting: conversion factors' (UK). For Information on the methodology, assumptions, and uncertainties refer to our 2026 Climate Statement, which is in the investor section of our website, here: https://www.tower.co.nz/investor-centre/reports/

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DISCLOSURE		LOCATION/INFORMATION
305-5	Reduction of GHG emissions	Our full greenhouse gas emissions inventory is provided in our 2026 Climate Statement, which is in the investor section of our website, here: **https://www.tower.co.nz/investor-centre/reports/** The Statement contains our Scope 1, Scope 2 and a subset of operational Scope 3 emissions data, as well as information about our work to identify and assess our climate-related risks, opportunities and business impacts.
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	In FY26 Tower hired 167 new employees to address growth and attrition. These comprised casual, permanent and fixed term new hires. New hires by Gender: Female: 87, Male: 65, Not disclosed: 15 New hires by region: New Zealand: 118, Pacific: 49. Number and rate of new employees by age is currently unavailable. Over the period employee numbers increased by 14 full-time equivalent staff, from 922 in FY25 to 936 in FY26, with our total head count of 943 staff, due to continuous development of our frontline teams. Employee attrition was 10% in FY26.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits are offered to both full-time and part-time permanent employees. Tower benefits include Group Insurances, parental leave, ability to buy additional leave, birthday leave, domestic violence leave, gender affirmation leave, volunteer leave, discretionary leave, free flu vaccinations, Tower insurance discounts, health insurance discounts, partner discounts, eyesight testing, and study assistance.
401-3	Parental leave	From July 2025, all Tower New Zealand employees have enjoyed 26 weeks paid leave for primary carer leave. In the Pacific, employees enjoy 16 weeks paid leave for primary carers (or maternity leave as it's referred to in the Pacific). Across all countries, Tower offers four weeks paid partner's leave for partners of primary carers. We also offer all employees compassionate leave and flexible working on return. Additionally, any annual leave taken on the employee's return from parental leave will be paid at their usual rate. This is more generous than the current Holidays Act legislation and means take home pay is not affected when the employee takes paid annual leave. In FY26: 28 employees took parental leave (22 female and 6 Male) versus 62 in FY25. 21 employees returned to work from parental leave during FY26 (15 female and 6 Male); of these 19 are still employed (14 female and 5 Male).
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	See Health and Safety Policy in this link: **https://www.tower.co.nz/investor-centre/corporate-governance/policies/**
403-2	Hazard identification, risk assessment, and incident investigation	Tower has a H&S Framework that includes a risk register and incident register to capture and record all incidents, hazards, near misses and injuries. Incidents are reported in the online register with corrective actions identified, assigned and implemented before incidents are closed. Incidents are reviewed by the Health and Safety Manager who completes investigations and ensures that corrective actions are implemented. Where the incident raises new or previously unidentified risks, these risks will be entered into the risk register. Workers are encouraged to report hazards and hazardous situations through the H&S system. Tower's H&S Policy is in line with New Zealand's Health and Safety at Work Act 2015. All workers have access to the Health and Safety Policy on Tower's intranet.

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DISCLOSURE		LOCATION/INFORMATION
403-3	Occupational health services	Tower workers have access to Employee Assistance Programme (EAP) counselling sessions provided by external trained counsellors. These sessions are arranged by workers independently. If employees choose to use counselling or health and wellbeing services via EAP, these services are strictly confidential between the worker and healthcare provider.
403-4	Worker participation, consultation, and communication on occupational health and safety	As per the NZ Health and Safety at Work Act 2015, Tower has a team of Health and Safety Committee Members from across the NZ business. In the Pacific we also have Health and Safety committee members in each country. These Committee Members engage and consult with workers regularly and report any concerns to the Health and Safety Officer and/or at the regular Health and Safety meeting. Tower's H&S Management system is continuously reviewed by the Health and Safety Officer to ensure risks are kept up to date. Tower has two Health and Safety committees that meet monthly – one New Zealand committee and one Pacific committee, with representatives from our Fiji, Tonga, Samoa, American Samoa, Cook Islands teams. Committee members are allocated specific time each month to undertake their responsibilities. Their responsibilities include but are not limited to: office inspections, disseminating H&S updates from the meetings to relative teams, ensuring H&S is on the agenda at team meetings and promotion of health, safety and wellbeing education and activities.
403-5	Worker training on occupational health and safety	Tower offers training to workers who volunteer to be First Aiders, Fire Wardens, Mental Health First Aiders and Domestic Violence First Responders. Building Assessors are asbestos awareness trained.
403-6	Promotion of worker health	Tower works with ACC to support its employees that have non-work-related accidents by offering workstation assessments to ensure they have the necessary equipment to undertake their job. Where a return-to-work plan is required, Tower will work alongside ACC to facilitate a satisfactory solution for the employee. Health checks in the Pacific are done through a local General Practitioner, and the results are confidential and not shared with Tower. Tower offers employees access to several health promotion services including; EAP (online and in person), discounted flu vaccinations, access to trained Mental Health First Aiders and trained Domestic Violence first responders (online and in-person). Tower promotes prevention of communicable diseases in the Pacific through education on symptoms, prevention and treatment. Our Rainbow network supports education on AIDS awareness and prevention.
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Pg 74.
405-2	Ratio of basic salary and remuneration of women to men	Pg 74.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	During the reporting period no substantiated customer privacy breaches were identified. We remain committed to upholding the highest standards of data protection and continuously enhancing our practices to prevent future occurrences.

Tower directory

Enquiries

For customer enquiries, call Tower on
0800 808 808 or visit **www.tower.co.nz**

For investor enquiries:
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Email: **investor.relations@tower.co.nz**
Website: **www.tower.co.nz**

Board of Directors

Naomi Ballantyne (Chair)
Marcus Nagel
Geraldine McBride
Mike Cutter
Sophie Haslem *(appointed 20 August 2026)*
Jefferson Gibbs *(appointed 2 September 2026)*

Chief Executive Officer

Paul Johnston

Company Secretary

Trevor Wairepo

Executive leadership team

Len Elikhis, Chief Financial Officer *(joined Tower on 2 November 2026)*
Carly Orr, Chief People Officer
Michelle Finch, Chief Customer & Marketing Officer
Micheal Maclean, Chief Digital & Technology Officer
Mike Skeens, Chief Operations Officer
Dan Walker, Chief Claims Officer
Ronald Mudaliar, Chief Underwriting Officer
Sharyn Reichstein, Chief Risk Officer
Stephen Hastings, Chief Data & Analytics Officer

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Australia

Auditor

PricewaterhouseCoopers

Lawyers

MinterEllisonRuddWatts

Banker

Westpac New Zealand Limited

Company numbers

Tower Limited
(Incorporated in New Zealand)
NZ Incorporation 143050
NZBN 9429040323299
ARBN 645 941 028

Stock Exchanges

The Company's ordinary shares are listed on the NZSX and the ASX. On Wednesday 18 May 2016, Tower's ASX admission category changed to "ASX Foreign Exempt Listing".


TOWER
Forward thinking
Future ready