

2 February 2022

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TOWER LIMITED – ANNUAL MEETING ADDRESS

Attached is a copy of the address and presentation to Tower's annual meeting of shareholders, held today at 10:00am.

ENDS

This announcement has been authorised by the Tower Board.

Blair Turnbull
Chief Executive Officer
Tower Limited

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Tower 2022 Annual Shareholder Meeting Script

2 February, 2022

Slide 1 – Cover page – Michael Stiasny

Mōrena, good morning and thank you for making the time to join us online this morning.

My name is Michael Stiasny, Chairman of Tower Limited. As it's now 10.00am, I am pleased to open Tower's Annual Shareholder Meeting.

On behalf of my fellow Directors, welcome and thank you for joining us via the Computershare Online Meetings platform. This is your meeting, and, given the ongoing restrictions imposed by the pandemic, we appreciate you making the effort to join us remotely today.

With me this morning and, following strict COVID-19 protocols in Tower's Auckland office, are directors, Steve Smith, and Graham Stuart.

PAUSE

And joining us by video link, due to COVID-19 travel restrictions, are your directors Warren Lee, Wendy Thorpe, and Marcus Nagel.

PAUSE

Also joining us in the room today is our Chief Executive Officer, Blair Turnbull and our Chief Financial Officer Paul Johnston. Our Auditors, PricewaterhouseCoopers are also present virtually and are available to answer shareholder questions.

As today's meeting is being held online via the Computershare Meeting Platform, we have Shareholders, Proxies and Guests attending the meeting virtually. Shareholders and proxies are able to ask questions and submit votes.

Slide 2 – Questions

I encourage you to submit questions via Computershare at any time during the meeting. If you do have a question, please select the Q&A tab on the right half of your screen. Type your question into the field and press send. Your question will be submitted immediately. Specific questions on any of the resolutions to be considered will be answered as the relevant resolution is put forward and general questions will be addressed in question time later in the meeting.

Should you require any assistance, you can type your query and one of the Computershare team will assist and reply to your query or, alternatively, you can call Computershare on 0800-650-034 or from overseas +64 9 488 7800.

Questions may be moderated, or if we receive multiple questions on a topic, they may be amalgamated. However, questions will not be censored, unless they are unseemly or rude.

If we run out of time to answer all questions in the course of this meeting, we will answer them directly via email and post the responses on our website.

Slide 3 – Voting process

Voting today will be by way of a poll on all items of business. To provide you with enough time to vote, I will shortly open voting for all resolutions.

At that time, if you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions together, at once, or for individual resolutions. When the tick appears, your vote has been cast. To change your vote after that time, simply select 'Change Your Vote'. You can do this until I declare voting closed.

[PAUSE]

I now declare voting open on all items of business. The resolutions will be open in the vote tab, you may submit your votes at any time and I will let you know in advance that voting will be closing.

Slide 4 – Agenda

Here is today's meeting agenda.

We will provide you with an update on last year's performance and our strategy, as well as the progress we've made at Tower in recent months.

Following Blair's presentation, we will move to the formal resolutions set out in the Notice of Meeting.

Let's now move on to the formal part of the meeting.

Apologies

Are there any apologies?

(If not:) Thank you.

(If yes:) Thank you, I will ask the Secretary to record those in the minutes.

Quorum

The Company's constitution requires a quorum of 25 shareholders for this meeting. As confirmed by Computershare, this requirement has been met and a quorum exists.

Proxies

In addition to those attending in person today, 558 shareholders, holding a total of 142,670,525 shares, have appointed proxies (including proxies instructed to abstain). The appointed proxies represent 33.84% of valid securities voted.

In my capacity as Chairman of the meeting and in my own name I hold proxies for 460 shareholders, representing 142,051,439 shares, or 33.69% of all shares.

I intend to vote all undirected proxies I have received in favour of resolutions 1, 2, 3, 4, and 5.

Annual Report and Notice of Meeting

The annual report was made available on Tower's website on the 22nd of December 2021.

I propose that we take the Annual Report and Notice of Meeting as read.

Slide 5 – Chairman's update

Supporting Pacific resilience

Before I talk about Tower's performance over the past year, I wish to take a moment to talk about recent events in Tonga. The level of devastation is enormous and – as is often the case – will have the largest impact on those with the very least.

We are grateful that our team up there were unharmed and are now able to assist our customers to lodge claims and pick up the fabric of their lives. However, the impact of the volcanic eruption and tsunami on a community ill-equipped to cope with a disaster of this magnitude was a timely reminder of the need to do more to support resilience in the Pacific.

Tower is proudly a New Zealand and Pacific insurer and takes its responsibilities to all those communities equally seriously. Insurance plays a vital role in economic resilience, enabling people to get on with their lives, remain productive and face the future with confidence.

And, as a business operating in the Pacific, we are mindful that access to insurance is not a level playing field.

The proportion of people who have insurance in Tonga – and across the Pacific – is low and inevitably in times of natural disaster, substantial New Zealand aid is required to deliver a meaningful response. As the effects of climate change intensify in the region, this situation is only going to worsen.

Without significantly increasing levels of insurance cover in the islands, reliance on New Zealand (and other governments) to provide relief is going to increase.

We believe that by increasing rates of insurance in the Pacific, those nations will be far less reliant on foreign aid and disaster relief and can improve their long-term economic resilience.

For some time, Tower has been working with other businesses who operate in the Pacific to look for ways to address this inequity and achieve a win:win for both New Zealand and Pacific Island nations. We are committed to finding a collective solution for this challenge and we are doing our part by digitising in the Pacific to help improve access to insurance.

As we announced in our market update on the 21st of January, Tower is in a strong position to support our customers throughout Tonga's recovery. As an insurer we plan for these events and our reinsurance excess is well within the \$20m provided for large events in our FY22 guidance.

The future of private insurance in New Zealand

The situation in Tonga is a timely reminder of changes closer to home and the future of private insurance in New Zealand.

In September, the Government announced its decision to increase the EQC building cap from \$150,000 to \$300,000 for damage caused by natural disasters including earthquakes, tsunamis and volcanic eruptions.

The Government has said it expects this change to lead to reduced insurance premiums and, should that fail to occur, it is prepared to look at other options to assure New Zealanders the market is competitive.

Unfortunately, the government's expectation of the impact of the raising of the EQC cap fails to take into account the full range of factors that drive premium costs. The EQC levy is just one component. Other considerations include inflation, supply chain issues, the rapidly rising costs of construction, and, most importantly, the international reinsurance market which underwrites and supports the majority of New Zealand's seismic risk.

Tower is all for competition – our model is predicated on offering an attractive alternative to the major Australian insurers – but we equally believe that ensuring the industry remains sustainable is essential.

From a customer point of view, the changes to the EQC cap will also see insurance costs rise for homeowners in less earthquake-prone areas. While Tower has worked hard to remove the inherent unfairness of cross-subsidisation by implementing transparent, risk-based pricing, the EQC building cap will partly undo that work.

Homeowners in high-risk areas like Wellington, Hawkes Bay and Gisborne will have their premiums subsidised by every other Kiwi.

[PAUSE]

Tower believes that the increase in EQC cap has the potential to undermine an already competitive industry that is vital to support New Zealanders in their time of greatest need. And, we do not wish to see a return to subsidisation that is inequitable and penalises our customers who live in lower seismic risk areas.

Tackling the challenges

Looking back on the past year, it is clear that the insurance industry faced numerous challenges:

- There was a marked increase in large events and large house claims;
- Pandemic-induced supply chain and inflationary pressures swiftly led to a general increase in business as usual claims costs;
- And, low interest rates meant lower investment income.

Tower was not immune. It was a tough year that saw our profits squeezed. The Board acknowledges and shares your frustration, but can also confirm that actions taken to address these issues in the final quarter of the 20/21 financial year are making inroads. In particular, the introduction of a full house fire replacement cap and risk-based pricing for inland flooding will continue to have a positive impact in 2022.

Along with the rest of the world, the COVID-19 pandemic continues to challenge New Zealand and the Pacific. Our business continuity practices have ensured we put people first. The entire Tower workforce is set up to work remotely, so they can remain safe while meeting the needs of our customers.

Strong and well capitalised

You will also be aware that we were able to recommence the payment of dividends with a full year dividend of 5 cents per share being declared. There's no question it has been a long journey for Tower – and you as our shareholders – to get to this point and we acknowledge and thank you for your continued support. We look forward to consistently making dividend payments in a prudent and appropriately cautious manner.

[PAUSE]

Shortly, we will vote on our proposal for a capital return of \$30.4 million to shareholders.

As advised in our full year results, in March 2021, the Reserve Bank lowered Tower's solvency condition from \$50 million to \$25 million. As at the 30th of September 2021, Tower's New Zealand

parent solvency ratio was 271% and the company was holding \$56.6 million above its target solvency margin.

We have always said that we will not hold onto capital unnecessarily. Therefore, it makes sense at this time to return excess capital to all shareholders.

Positioned for long-term growth

Innovation and growth are the cornerstone of Tower's strategy and this approach saw Tower write more than \$400 million in premiums in the financial year – a significant milestone.

More customers than ever are choosing Tower and using our online offering. Our flagship Tower Direct business and unique partnership distribution capability continue to go from strength to strength. Technology is also making a significant contribution, enabling the business to quickly respond to challenges and capitalise on opportunities.

Blair will update you on how this strategy is progressing, but what I can say is that the business is in good heart.

Your company remains well-capitalised and positioned well for long term growth, despite the obstacles faced in 2021.

[PAUSE]

On behalf of the Board, I'd like to thank Blair, the management team and our frontline teams for their continued resilience and sustained focus in difficult circumstances. The impact of COVID-19 restrictions on our workforce has been significant and they have continued to deliver good outcomes for customers, despite working from kitchen tables, bedrooms and lounges. We are grateful for their efforts.

I'll now hand over to Blair, who will take you through the results and our plans for the business, before we take questions.

Slide 6 - CEO address and performance overview title slide – Blair Turnbull

Kia ora and thank you Michael.

A warm welcome to everyone joining us today. I am delighted to share with you our full year 2021 results as well as a performance update for the first three months of the 2022 financial year. I would also like to take this opportunity to give you an overview of Tower's plans to continue growing and innovating in the future.

Slide 7 - Clear strategy leverages our technology, customer and partnerships advantage

Despite the headwinds, our FY21 results demonstrate the resilience of our customer and digitally led strategy. We are continuing to grow; to drive down expenses; and to respond quickly to the changing external environment.

You can be confident that we are very focused on addressing the FY21 challenges, improving profitability and continuing to seek growth through our clear technology, customer experience and partnership advantage.

Our core strategy is around personal lines and small to medium sized commercial lines in New Zealand and the Pacific region.

We have a set of five strategic priorities:

- We are relentlessly focused on our customers, deepening our relationships with them through rewards, new products and other offerings that make sense and drive value.
- We are leveraging our digital technology, using the insights from our data to make our customers' lives easier and to understand their needs better.
- We are finding the best organisations to partner with to boost our offering, develop new products, and deliver services in better ways and more efficiently.
- We understand that our people are the ultimate drivers of our success as they are on the front line, building our customer relationships, so we're embracing agile ways of working and focusing on our culture and talent.
- And importantly, we are committed to maintaining a strong capital and solvency structure delivering value for you, our shareholders.

Slide 8 – Results achieved in a challenging environment

Tower's FY21 results were achieved while navigating a challenging external environment, which impacted profit.

However, reported profit including large events was \$19.3 million for the year, up 72% from \$11.2 million in the prior year.

Underlying NPAT including large events was \$20.8 million, versus \$28.4 million in FY20.

Tower's combined operating ratio was 91.4% vs 88.6% in the prior year reflecting claims inflationary pressure and higher large events.

Offering customers a simple and rewarding experience coupled with fair and transparent pricing and a richer product suite has helped grow Tower's Gross Written Premium to a milestone \$404 million, up 5% on the same period last year.

Slide 9 - Impact of external factors

In insurance, there will always be volatility in claims – it's the nature of our business.

However, it was the unusual combination of four external factors that weighed on our profits in FY21:

- Inflation contributed an additional \$7.1 million to business-as-usual claims costs
- Seven large events contributed \$13.9 million in costs vs \$9.7 million in FY20
- Large house claims rose significantly from 57 in FY20 to 92 in FY21
- And net investment income before tax dropped \$5.1m to \$0.2m.

While the impact of any one of these factors alone would be sustainable in a normal year, with the ongoing effects of the pandemic, this was not a normal year.

Slide 10 – Claims inflation in New Zealand is an ongoing challenge

Inflation accelerated rapidly in the second half of FY21 with house construction reaching double digits at 12%.

Supply chain issues for new vehicles drove up the value of second-hand vehicles by 13% year on year, significantly increasing the cost of total loss motor claims.

The COVID-19 lockdown late in the year resulted in higher levels of open claims - and therefore higher claims costs - due to significant delays in completing repairs as repairers struggled to obtain parts.

We have taken decisive action to address these challenges.

Slide 11 – Decisive action to address claims inflation

Tower's unique advantage is our ability to be nimble in identifying emerging trends and quickly addressing them utilising the digital and data technology we've invested in.

In the financial year we took a number of decisive actions to address claims inflation, and these are delivering improvements.

We quickly applied premium increases across motor and home to offset inflation and this change will flow through the portfolio over the coming year.

At the same time we are continuously working with our supply chain to moderate the impact on customers as much as possible. In FY21 we undertook a full supplier contract review which resulted in better pricing and efficiencies. This included a focus on ensuring claims are prioritised through our preferred referrer network.

Automation and data management continue to be at the forefront of our response through optimising digital claims management to improve the quality of claims assessment, repair and settlement. A third of all claims are now lodged online and we are working to increase this.

Through our leading technology capability, we swiftly adjusted our underwriting and removed the full replacement for house fire benefit from our policies, instead capping it to an extended sum insured amount.

A significant achievement was launching our risk-based pricing policy for flooding to the market in November. This received a very positive response from customers and stakeholders who recognise that Tower is leading the way in fairer and more transparent insurance pricing.

As part of Tower's proactive approach to fraud management we have partnered with Dutch AI-based solution FRISS to automate and accelerate our claims process. In the coming months this new tool will allow us to quickly and accurately screen and identify potentially fraudulent claims. Furthermore it will help us to fast track those with low fraud risk, to allow for a faster process for customers.

Slide 12 – FY21 - Good growth in customers and premium

We have continued to grow ahead of the market, particularly in New Zealand where GWP rose 7.9% to \$350m in FY21.

Our customer base grew 5% to 304,000 customers in the year and market share of New Zealand personal lines increased to 9.2%.

We aim to grow through a balanced mix of attracting new customers, deepening existing customer relationships through our expanded product range and competitive premium rating adjustments where appropriate. Pleasingly, our FY21 growth also reflects improvements in customer satisfaction as evidenced by our New Zealand Net Promoter Score increasing to 43% vs 27% in the prior year.

Our flagship Tower Direct business went from strength to strength recording 132,000 My Tower registrations in FY21, compared with 45,000 in the prior year. Tower Direct GWP grew to \$273m but noting this now includes the ANZ legacy portfolio which is midway through migration. This was previously included in the Partnership business which has reduced accordingly.

Our Partnership business also delivered positive growth as we continue to transform from a more traditional, higher commission portfolio to a new generation of partnerships.

Our Pacific business GWP declined by 10% due to a combination of product rationalisation, targeted underwriting and economic challenges related to COVID-19. However, it remains resilient.

Slide 13 – Building deeper, more engaged customer relationships

Our growth has come from a relentless focus on our customers and a commitment to building deeper, more engaged customer relationships. We do this by delivering the products, experiences and innovations people value along with fair and transparent pricing.

This has allowed us to attract new customers and keep existing customers for longer.

We know that transparency and trust is more important than ever. So, last year we raised the benchmark around open and transparent pricing for customers. Through My Tower we are now presenting visual breakdowns of customer premiums in an easy to understand chart which compares year on year changes for the various pricing elements.

In November we became the first New Zealand insurer to provide customers with a risk rating for flood and earthquake hazards for their homes. As we did with earthquake risks, we are also using data to better match flood premiums to risk. We believe that risk-based pricing is a fairer way to structure insurance to ensure that customers don't pay for risks they don't have.

In FY21 we further enhanced our quick quote process through smart use of data and algorithms to make it a faster and easier experience for customers. This has helped contribute towards the number of quotes issued by the Tower Direct business growing by 31% compared to FY20, with the bulk of these sent through digital channels.

We also trained our chatbot on an additional 1,000 queries and phrases which has made it easier for our customers to do simple tasks and quickly get the answers they need.

Our digital platform has allowed us to quickly develop and bring to market new and enhanced products to deepen our relationships with customers, improve revenue and increase retention. For example, with online boat insurance, we've given Kiwi boaties the ability to have all their things insured in one place and get a quote online. We also upgraded our motor offering to cover more EVs and our home offering with a new sustainability benefit which contributes \$15,000 to sustainable products for a total rebuild.

In December 2021 we launched Tower Pet Insurance and prior to that we launched a new Travel product in anticipation of future travel bubbles and border openings. In Fiji and Vanuatu we launched new digital home and contents, and motor policies.

This year we are developing a home renovation product and planning to upgrade our rural and SME offerings.

We have also made insurance more accessible for our customers, particularly in the Pacific where we became the first insurer to provide an online general insurance offering. Through our corporate

partnerships such as Auckland Council and New Zealand Defence Force we are bringing insurance to people's workplaces.

During the year we continued to engage our Go Carma customers who drove 10.5 million kilometres, receiving safe driving tips and feedback, as well as rewards and offers.

In the year we were proud to be awarded two Canstar car insurance awards for 2021 - 'Insurer Of The Year' and 'Outstanding Value'.

Slide 14 – Positive culture, supporting customers and the environment

Our ability to continue delivering these customer innovations as a leading digital and data business is only possible with a strong team and a positive workplace culture.

On the 17th of January we were pleased to welcome two new executives to the Tower whanau.

Our new CFO, Paul Johnston, is an internationally experienced finance professional with more than 15 years senior experience in the insurance and financial services sectors in the UK and Asia. Paul has returned home to New Zealand after more than 15 years offshore and we are delighted to have him at Tower.

Steve Wilson also joined the Tower executive team as our Chief Claims Officer. He brings to Tower a wealth of experience across the breadth of claims operations with experience both in Australia and Asia. Having Steve's claims and digital transformation experience on board will be invaluable.

During the year we made great strides with our flexible working capability with all staff now able to work remotely, operating on a common desktop platform that enables us to move workloads across our sites and support efficiency. While our people can work from home, we know it is not easy to navigate the challenges of COVID-19 lockdowns, both in New Zealand and across the Pacific. We have put in place several initiatives to support our people during this time and are pleased our employee engagement score has increased over the past year.

It's also good to see that cultural diversity across our business continues to be strong with well over half of our people identifying as non-European.

In the coming year we will continue to prioritise and invest in our people to ensure we have a diverse, inclusive culture where everyone can contribute and feel valued.

Last year we also started our sustainability journey with the development of an ESG strategy that will guide how Tower manages its environment, social and governance issues in the future. Importantly we have now measured our total carbon emissions across our New Zealand and Pacific operations and have set a science based target for meaningful reduction towards a zero carbon future.

Slide 15 – Strong capital & solvency, delivering shareholder returns

Our New Zealand parent solvency ratio is 271%, which is \$56.6m above our target solvency margin and reflects our strong capital position.

During the year we were pleased to resume dividend payments after a five year hiatus. The Board has confirmed a full year dividend payment of 2.5 cents per share bringing total dividends for FY21 to 5 cents per share. The total dividend payment is \$21 million with \$10.5 million to be paid today, the 2nd of February 2022.

This payment is in line with the ordinary dividend policy of paying 60-80% of adjusted earnings where prudent to do so.

Tower is in a strong capital position and we continue to look at acquisitions which are sensible and value accretive for shareholders. In the year we acquired the ANZ legacy portfolio and we completed the acquisition of the remaining minority shares in National Pacific Insurance.

However, having considered current opportunities and our capital position, the Board felt it would be appropriate to return excess capital to shareholders of \$30.4 million, subject to necessary approvals being obtained.

Slide 16 – Trading update for the three months to 31 December 2021

Turning now to our trading results for the first three months of our 2022 financial year. I'm pleased to say we have had a good start to the financial year, while still navigating a challenging inflationary environment.

In the three months to 31 December, we achieved \$112 million of gross written premium (GWP), representing growth of 12% on the same period last year. This has been achieved by a combination of new business, improved customer retention and inflation-based rating adjustments. Our customer numbers continued to grow strongly as we welcomed another 6,000 customers over the quarter, increasing our base to 310,000, an increase of 24,000 customers year-on-year.

Given the challenges we are facing around claims inflation, we are pleased that our claims ratio, excluding large events, has remained consistent with the same period in the prior year, at 47%.

Our disciplined approach to controlling costs has seen management expenses remain consistent with the prior year at 38%.

Slide 17 – Strong position to support Tonga recovery

We are committed to supporting our Pacific communities and are proud of our 147-year history in the Pacific.

Our hearts go out to everyone affected in Tonga, as well as the Tongan community in Aotearoa New Zealand following the significant eruption of the underwater volcano and subsequent tsunami in Tonga and surrounding areas. Our focus is on supporting our people and customers who have been affected by this natural disaster and we are grateful that all our team members are safe. Our Nuku'alofa branch is open and assisting customers.

To date we have received 66 claims, mainly for damage to commercial or domestic properties caused by the tsunami.

Right now the removal of volcanic ash is the main priority for our customers and Tower has been running radio advertising to provide helpful information on how to clean up ash and to encourage customers to make early contact with us.

We are also fast-tracking assessments thanks to our in-country expertise and our ability to assess damage remotely.

As you can see, Tower plans for such large-scale events. Alongside our robust reinsurance programme that underpins our resilience, we are in a strong position to support our customers with Tonga's recovery.

We are currently assessing the financial impact of this event. Tower's reinsurance programme provides up to \$873m of cover for catastrophe events. Our reinsurance excess for such events is \$11.25m which is within the \$20m Tower has allowed for large events in FY22.

Our role as an insurer is to be there to help people when they need us most. This event in Tonga highlights the necessary and important role insurers play in communities' economic resilience.

Slide 18 – Targeting an increased return in FY22

There is no change to Tower's FY22 underlying Net Profit After Tax (NPAT) guidance range of \$21m to \$25m, noting that this guidance assumes inflation pressures will continue throughout FY22 and that the \$20m excess on Tower's aggregate reinsurance will be fully utilised. This represents a \$4.4m after tax increase in the impact of large events when compared to FY21.

As the Chair previously noted, we look forward to consistently making dividend payments in a prudent manner and in line with Tower's dividend policy.

Slide 19 – Well positioned to deliver dividends and growth

FY21 was a challenging year and we have taken decisive actions to deliver improvements in FY22. Tower is a well-capitalised business with a strong balance sheet and solvency margins. We have delivered customer and premium growth while further improving our management expenses.

In FY22, our focus is on:

- Driving shareholder value by accelerating growth and innovation
- Continuing decisive action to address challenges with claims inflation and climate change risks, and;
- Continuing to invest in our digital and data platform to drive efficiency and support growth.

In the meantime, I'm pleased to say we've started this year well with a good first quarter performance.

I will now hand back over to the Chair.

Slide 20 - Shareholder Resolutions – Michael Stiasny

Thank you, Blair.

I now propose that we move to the next item of business, which is the shareholder resolutions before the meeting. Resolutions 1-4 are ordinary resolutions, each passed by a simple majority of votes of those shareholders entitled to vote and voting on the relevant resolution. Resolution 5, relating to the return of capital, is a special resolution requiring approval by a majority of 75% of those shareholders entitled to vote and voting on the resolution.

As noted earlier, voting has already opened online and will close shortly after discussions on the resolutions are completed so that everyone has the opportunity to cast their votes.

Slide 21 – Shareholder resolutions

Resolution 1 - Authorisation to fix remuneration of auditor

The Companies Act provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes

PricewaterhouseCoopers to continue as the company's auditor and PricewaterhouseCoopers has indicated its willingness to do so.

The Companies Act provides that the fees and expenses of the auditors are to be fixed by the Company, or in the manner that the company determines at the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees be fixed by the Board.

I therefore:

- Record that the auditors, PricewaterhouseCoopers, are automatically re-appointed as auditors of the company; and
- Move that the Board be authorised to determine the auditor's fees and expenses for the 2022 financial year.

At this point, I would also like to note that the New Zealand Shareholders Association policy and international best practice is that the Audit Firm should not serve more than 10 years and the Lead Audit Partner should be rotated at five years to ensure the appropriate degree of independence is maintained. We agree with this view and have noted Audit Firm tenure and Lead Audit Partner rotation information in the Corporate Governance Statement on our website.

Are there any questions?

[FOLLOWING ANY QUESTIONS]

I now move to the re-election of directors.

Resolution 2 - Re-election of Warren Lee as Director of Tower Limited

Warren Lee retires by rotation, and being eligible, offers himself for re-election. I now invite Warren to address this meeting on his proposed re-election.

[WARREN LEE ADDRESS]

Thank you, Warren. I will now move that Warren Lee, who retires on rotation in accordance with NZX Listing Rule 2.7.1 be re-elected as a director of Tower Limited.

Are there any questions?

[FOLLOWING ANY QUESTIONS]

Resolution 3 - Re-election of Graham Stuart as Director of Tower Limited

Graham Stuart retires by rotation, and being eligible, offers himself for re-election. I now invite Graham to address this meeting on his proposed re-election.

[GRAHAM STUART ADDRESS]

Thank you, Graham. I will now move that Graham Stuart, who retires on rotation in accordance with NZX Listing Rule 2.7.1 be re-elected as a director of Tower Limited

Are there any questions?

[FOLLOWING ANY QUESTIONS]

Resolution 4 - Re-election of Marcus Nagel as Director of Tower Limited

Marcus Nagel retires by rotation, and being eligible, offers himself for re-election. I now invite Marcus to address this meeting on his proposed re-election.

[MARCUS NAGEL ADDRESS]

Thank you, Marcus. I will now move that Marcus Nagel, who retires on rotation in accordance with NZX Listing Rule 2.7.1 be re-elected as a director of Tower Limited

Are there any questions?

[FOLLOWING ANY QUESTIONS]

Resolution 5 - Approval of scheme of arrangement to return capital to shareholders

I will now move that the scheme of arrangement relating to the return of capital to shareholders, as set out in the Arrangement Document annexed to the Notice of Meeting, dated 22nd of December 2021, be approved.

Are there any questions?

[FOLLOWING ANY QUESTIONS]

As announced this morning, we have received IRD approval for the return of capital. The only conditions remaining to be satisfied are shareholder approval of the scheme of arrangement and final court orders. Assuming we receive both of these, our expectation is that payment will be made to shareholders around mid March.

That concludes our discussion on the items of business.

So, if you haven't already done so, please cast your votes now. Voting will close in approximately 2 minutes. The votes will then be counted under the scrutiny of Computershare.

We will now pause for a moment to ensure that all questions relating to the resolutions have been received.

[PAUSE]

Right, let's move on. The final item on our agenda is Questions and General Business:

At this point I would like to acknowledge Steve Smith who retires from the Tower Board with effect from the end of this meeting today. Steve has been a director of Tower since the 24th of May 2012.

There is no doubt that Tower today is a vastly improved company from the one Steve joined in the wake of the Christchurch Earthquakes a decade ago. We are a resilient, strong and well capitalised business that is achieving sustained premium growth and delivering on our strategy of innovation and customer focus.

On behalf of the Tower Board I would like to thank Steve for his considerable contribution towards Tower's transformation over the past 10 years.

A recruitment process is underway for Steve's replacement. The new Director will be appointed to fill the casual vacancy, and subject to re-election by shareholders at the 2023 Annual Shareholder Meeting.

Slide 22 – Questions & General Business

Are there any matters of General Business? Or any questions?

[FOLLOWING ANY QUESTIONS]

In a minute, I will close voting. This is your final chance to ensure that you have cast your vote on all resolutions. I will now pause to allow you time to finalise those votes.

[PAUSE for 60 seconds]

Voting is now closed.

The results of these polls will be released to the stock exchanges later today.

Ladies and gentlemen that concludes our meeting and it remains for me to thank you for your participation in today's meeting.

I declare the meeting closed. Thank you.



Annual Shareholder Meeting

2 February, 2022

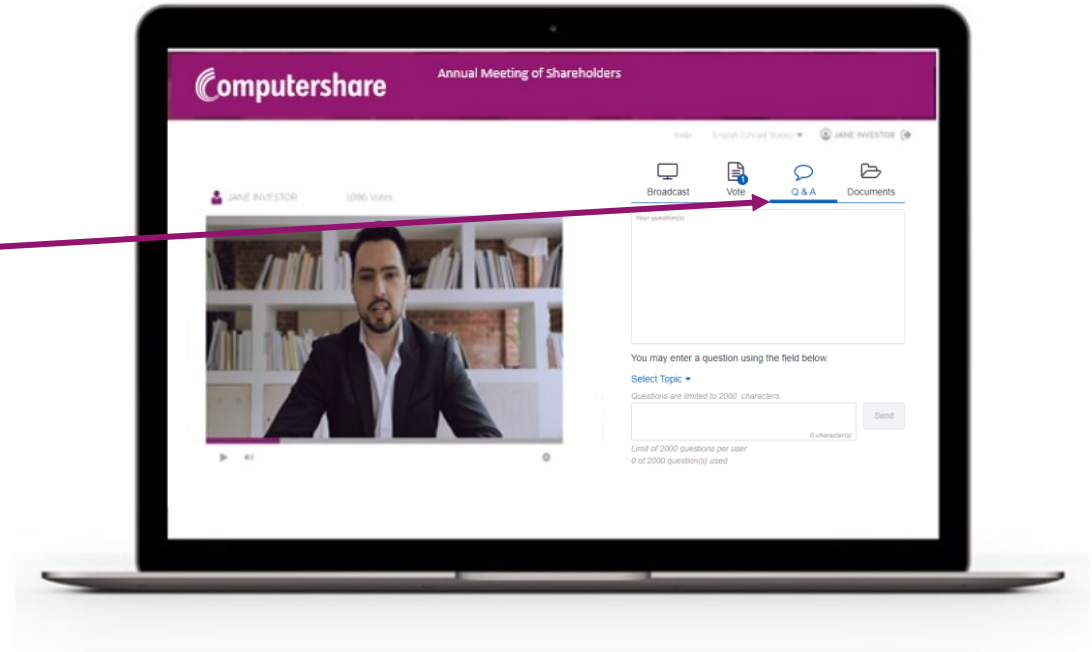


Questions

Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



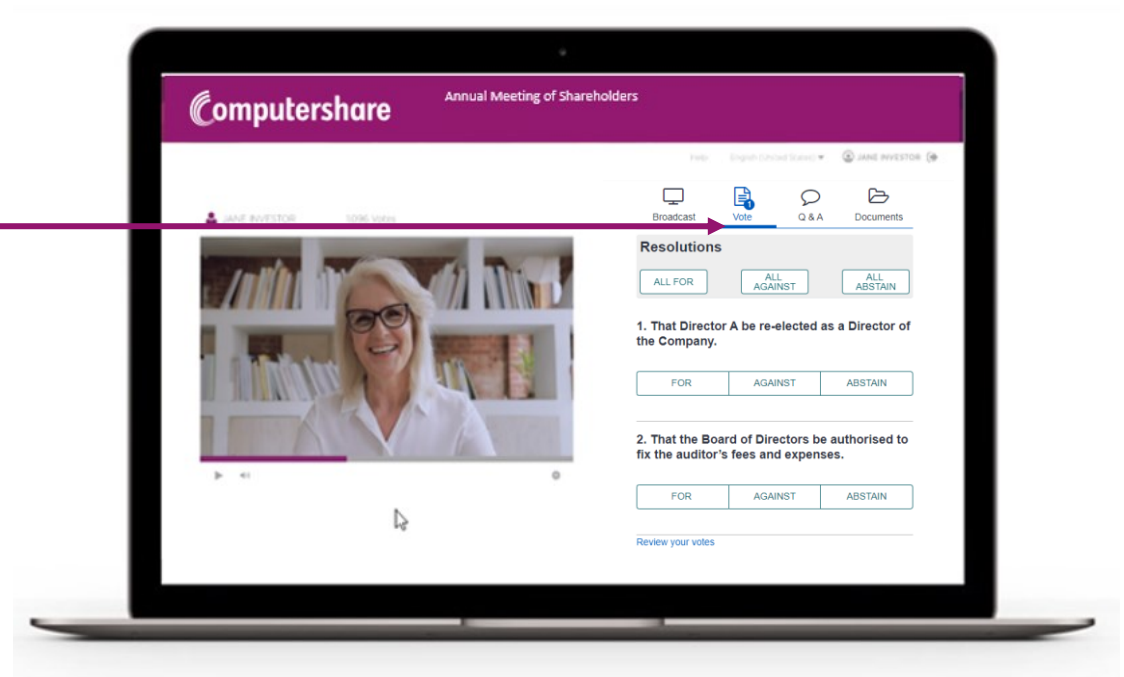
Voting process

Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



Agenda

1



Chairman's address

Michael Stiasny, Chairman

2



CEO's address

Blair Turnbull, Chief Executive Officer

3



Shareholder resolutions

Questions & general business

Michael Stiasny, Chairman

Chairman's update – Dividends & premium growth in a challenging market

SUPPORTING PACIFIC RESILIENCE

- Tower is in a strong position to support our customers throughout Tonga's recovery
- Insurance cover is essential for recovery and economic resilience
- Digitising our resilient Pacific business to improve access to insurance

TACKLING THE CHALLENGES

- Addressing Covid-induced inflation and supply chain challenges
- Responding with rating and underwriting actions with improvements expected through FY22
- Continued efficiency improvements
- Supporting our people through Covid, robust business continuity practices in place

STRONG AND WELL CAPITALISED

- 2.5¢ dividend bringing full year to 5¢ per share
- Proposed return of \$30.4m excess capital

POSITIONED FOR LONG-TERM GROWTH

- \$400m premium milestone reached through unique technology and distribution footprint
- Flagship Tower Direct digital business
- Unique partnership distribution capability

CEO's address and Performance overview

Blair Turnbull, Chief Executive Officer

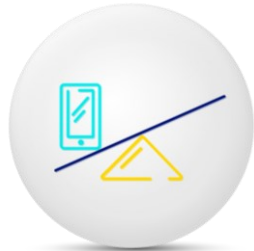


Clear strategy leverages our technology, customer and partnership advantages

GROW AND INNOVATE



**Relentless focus
on customer
relationships**



**Leverage digital &
data everywhere**



**Partner wherever
possible**

BUILD FINANCIAL STRENGTH & CAPABILITY



**Embracing agile
culture & talent**



**Maintain a strong
capital & solvency
structure**

Our strategy for general insurance, personal lines and small-medium sized commercial segments. Focused on our core markets in New Zealand and the Pacific.

Results achieved in a challenging environment

REPORTED PROFIT
incl. large events

\$19.3m

vs \$11.2m prior year

UNDERLYING NPAT
incl. large events

\$20.8m

vs \$28.4m prior year

COMBINED OPERATING
RATIO (COR)

91.4%

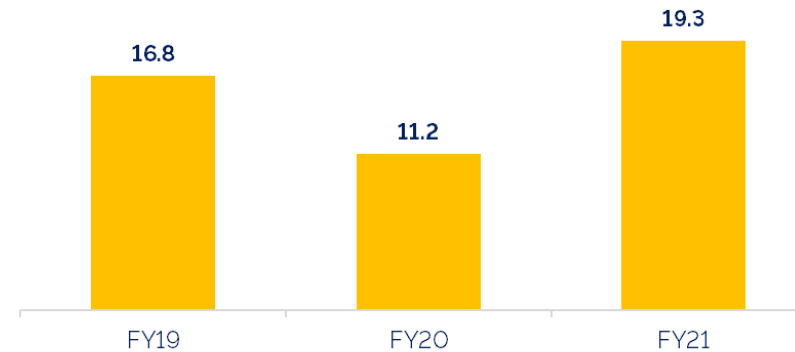
vs 88.6% prior year

TOWER GROSS WRITTEN
PREMIUM (GWP)

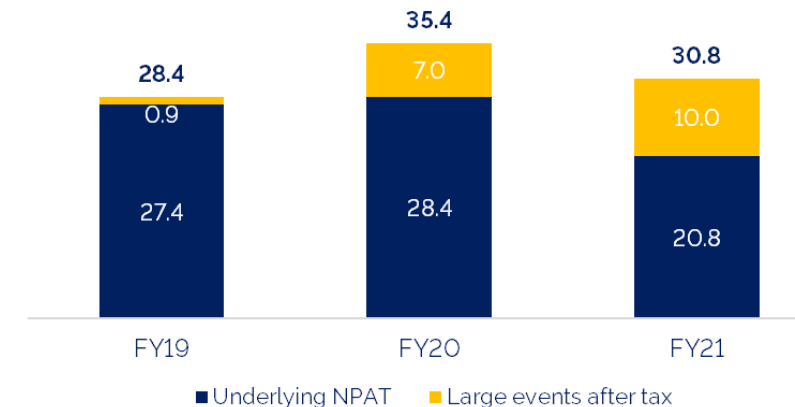
\$404m

Up 5% from \$385m
prior year

REPORTED PROFIT (\$m)



UNDERLYING NPAT EXCL. LARGE EVENTS (\$m)



Impact of external factors

CLAIMS INFLATION
(pre-tax)

\$7.1m

Increase in claims
expense

LARGE EVENTS
(pre-tax)

\$13.9m

vs \$9.7m prior year

LARGE HOUSE CLAIMS

92

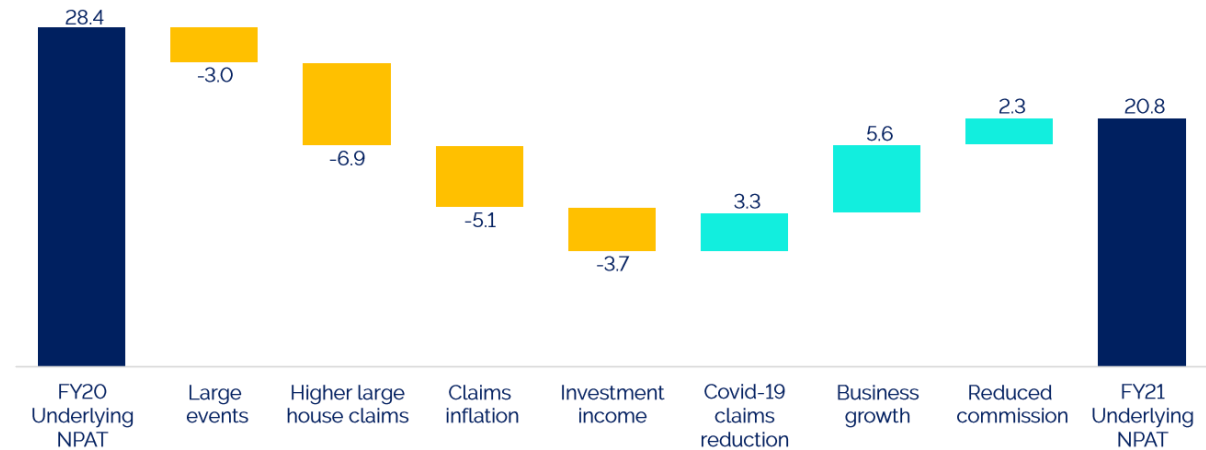
vs 57 prior year

NET INVESTMENT
INCOME (pre-tax)

\$0.2m

vs \$5.3m prior year

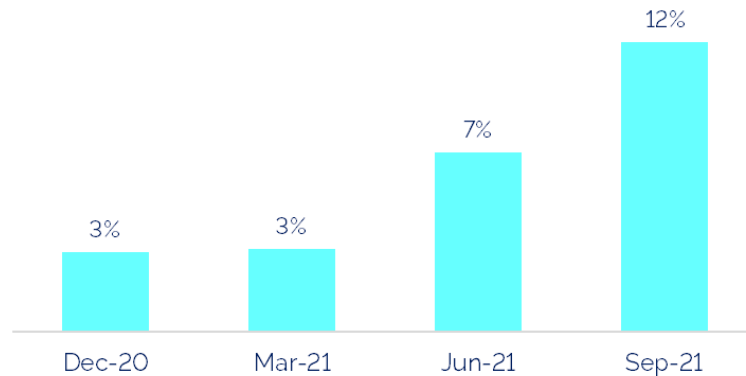
MOVEMENT IN UNDERLYING NPAT (\$m)



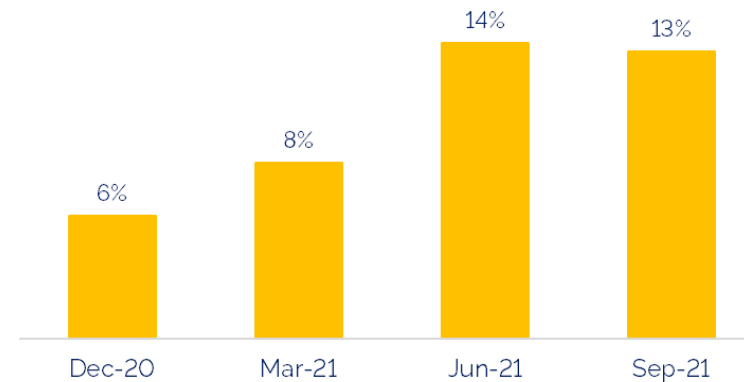
Pandemic induced claims inflation

- In FY21 house construction inflation reached 12%
- Covid-19 lockdowns and supply chain delays have resulted in higher levels of open claims and average claims costs for motor and home

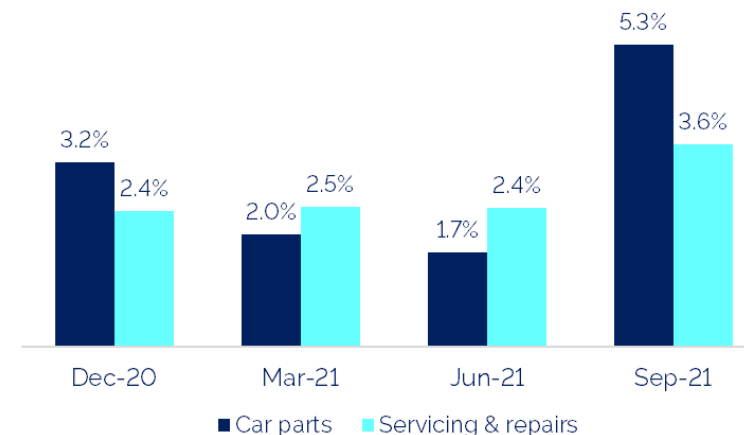
HOUSE CONSTRUCTION CPI YOY%



SECONDHAND VEHICLE CPI YOY%



CAR PARTS & REPAIRS CPI YOY%



Decisive action to address claims inflation

Actions underway	Rating	Quickly adjusted rates to help mitigate inflation. Leading digital platform enables us to respond quickly.
	Supply chain optimisation	Focused on preferred referrer network Reviewing supply chain contracts and networks to enhance pricing and efficiencies
	Automation to enhance efficiencies	Optimising digital claims management to improve claims assessment, repair and settlement
	Underwriting actions	Reviewing pricing and underwriting policies Flood risk-based pricing Full replacement fire cap
	Proactive fraud management	Developing new AI tools and partnerships to support fraud detection & accelerate claims process

Ability to leverage digital & data capability to implement actions quickly

Good growth in customers and premium

FY21 NZ GWP GROWTH

7.9%

To \$350m GWP

FY21 CUSTOMERS

304,000

Up 5% on prior year

NZ NET PROMOTER SCORE

43%

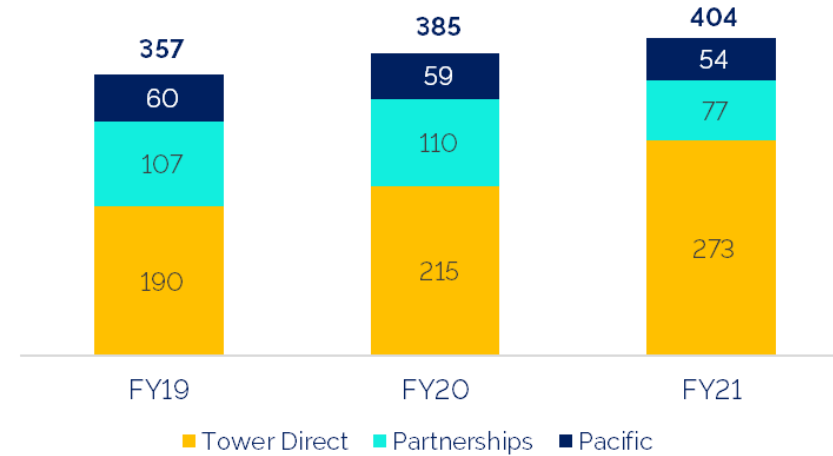
vs 27% prior year

MYTOWER REGISTRATIONS

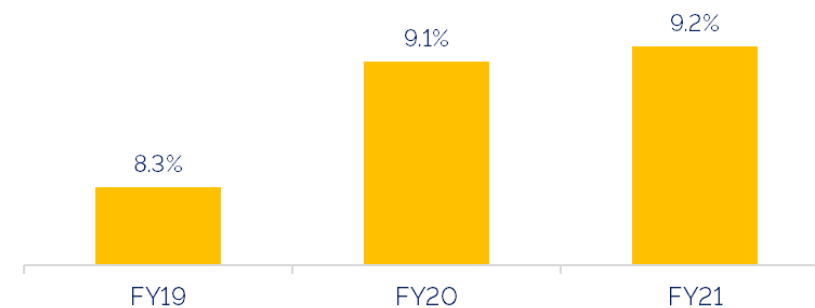
132,000

vs 45k prior year

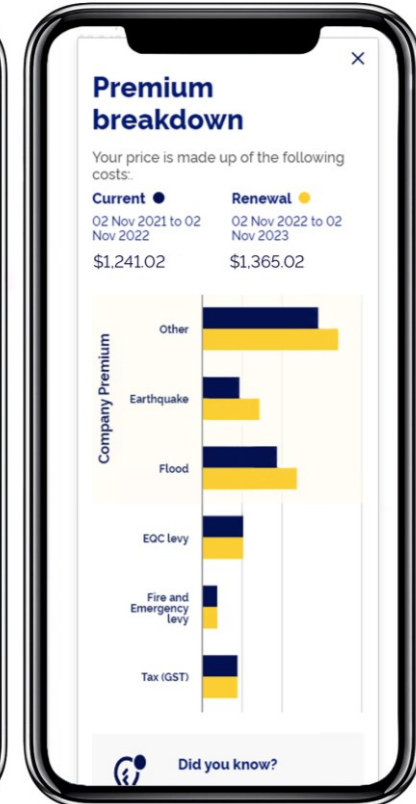
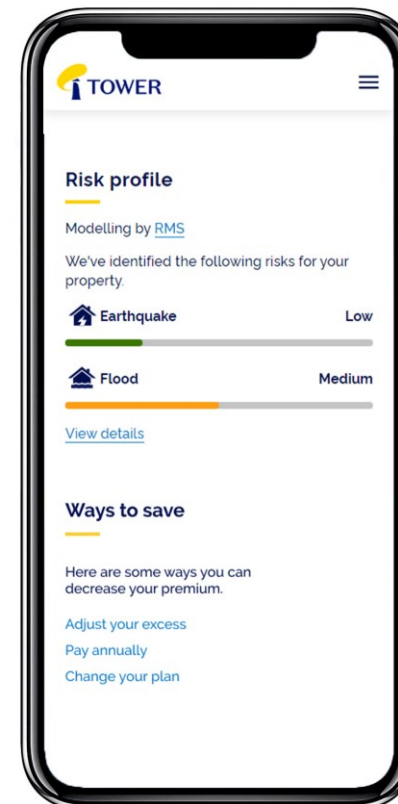
GWP BY BUSINESS UNIT (\$m)



NZ PERSONAL LINES MARKET SHARE



Building deeper, more engaged customer relationships



Fair and transparent pricing

Premium breakdowns with annual comparisons
Individual hazard risk profiles

Enhanced digital experience

Quick and easy quote to buy
Leading multi-product discount
Simple tasks and queries via chatbot

Products customers value

Launched boat online, electric vehicle cover and sustainability benefit
New travel, pet, Pacific motor, home & contents

More accessible insurance

First Pacific online insurance offering
Trade Me, Coastguard, NZDF, Auckland Council

Innovative experiences

Go Carma - rewarding safer driving

Positive culture, supporting customers and the environment

STRONG LEADERSHIP

**Welcomed new
Chief Financial
Officer, Chief
Claims Officer**

EMPLOYEE ENGAGEMENT

77%

Up 6% on FY20

CULTURAL DIVERSITY

58%

Of our workforce
identify as non-European

SCIENCE BASED EMISSIONS
TARGET OF

21%

Over 5 years from FY20



- ESG & carbon plan developed
- Supporting our people through multiple lockdowns
- All staff able to work remotely with common desktop platform
- Enhancing flexible staff benefits and support to help attract and retain staff

Strong capital & solvency, delivering shareholder returns

TOWER PARENT SOLVENCY
AT 30 SEPTEMBER 2021

271%

Before return of
capital

FULL YEAR DIVIDEND
PAYMENT

\$21m

\$10.5m paid
Feb 2022

2.5¢ dividend
bringing full year to
5¢ per share

ORDINARY
DIVIDEND POLICY

60-80%

Of adjusted
earnings* where
prudent to do so

PROPOSED CAPITAL RETURN
OF

\$30.4m

Under a Court
approved Scheme of
Arrangement

Trading update for the three months to 31 December 2021

GROSS WRITTEN PREMIUM GROWTH

12%

First 3 months of FY22 vs same period prior year

CLAIMS RATIO EXCLUDING LARGE EVENTS

47%

In line with same period prior year

MANAGEMENT EXPENSE RATIO

38%

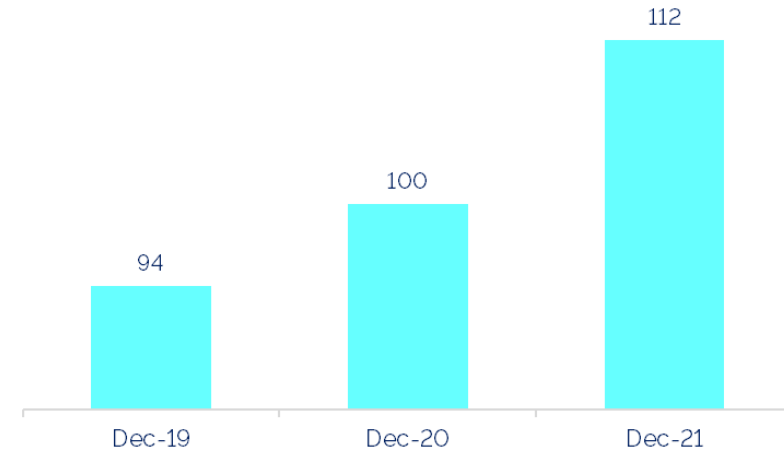
In line with same period prior year

1ST QUARTER CUSTOMER GROWTH

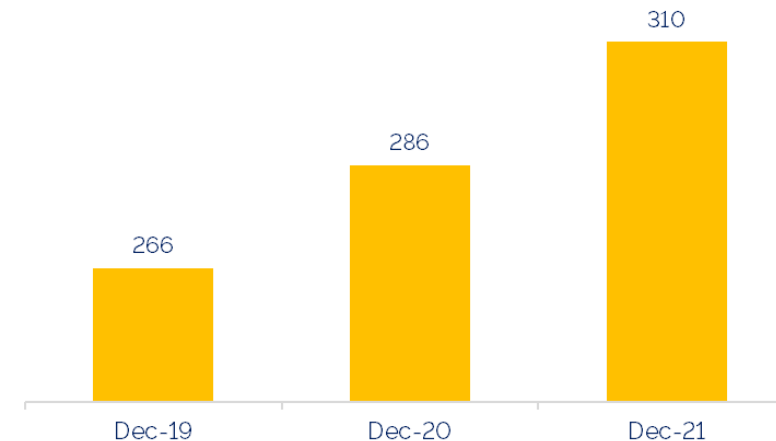
6,000

To 310,000 customers.
Increase of 24K customers yoy

GWP (\$m) - Year to date



Customer numbers ('000s)



Strong position to support Tonga's recovery

- Our Nuku'alofa branch is open to support customers
- 66 claims received, mix of personal and commercial
- Tsunami is the main cause of damage
- Currently assessing financial impact
- Up to \$873m of reinsurance cover for catastrophe events
- \$11.25m reinsurance excess within FY22 \$20m large events allowance



Image source: Malau Media

Targeting an increased return in FY22

	FY21 Actual	FY22 Guidance
Underlying NPAT excluding large events	\$30.8m	\$35.4m to \$39.4m
Large events after tax (before tax)	\$10m (\$13.9m)	\$14.4m (\$20m)
Underlying NPAT	\$20.8m	\$21m to \$25m
Dividend	5 cents per share	5 cents per share*

*At current number of shares outstanding and subject to Board approval under Tower's dividend policy

While the \$20m excess of the aggregate is higher than Tower's long run large event average, the guidance has assumed Tower utilises the full excess. A lower large event outcome will result in higher expected underlying NPAT.

Tower has assumed inflation pressures continue throughout FY22.

Well positioned to deliver dividends and growth

- Actions to address challenges to deliver improvements in FY22
- Well capitalised with strong balance sheet and solvency margins
- Continued focus on high quality customer and premium growth while improving management expenses
- Focus remains on driving shareholder value by accelerating growth and innovation
- Continue to invest in digital and data platform to drive efficiency and support growth
- Positive Q1 performance for new business.

Shareholder Resolutions

Michael Stiasny, Chairman

The image shows a person from a side profile, looking at a laptop. The laptop screen displays the TOWER insurance website interface. The interface is clean and modern, with a white background and blue accents. At the top, there's a navigation bar with the TOWER logo, 'Overview', 'Billing', 'Contact us', 'Account details', 'Log out', 'Make a claim', and 'Get a quote'. The main content area is titled '37 Komai Street, Hamilton' and 'House Plus'. It features a 'Policy details' section with a table of policy periods and premiums, a 'Billing' section showing the next installment of \$151.70, and a 'Risk profile' section with a bar chart showing 'Earthquake' at Low and 'Flood' at Medium. There are also sections for 'Sum insured', 'Excess', 'Finance providers', 'Special features', and 'People'.

TOWER

Overview Billing Contact us Account details Log out

Make a claim Get a quote

37 Komai Street, Hamilton

Policy number: P0019742851

House Plus

Policy details

Period of insurance	Current	Renewal
02 Nov 2021 to 02 Nov 2022	Effective from 02 Nov 2021	Effective from 02 Nov 2022
\$1,241.02 per year	\$1,365.02 per year	\$1,365.02 per year
Show premium breakdown	\$669,300.00	Show premium breakdown
Total premium	\$634,300.00	\$400.00
Sum insured	\$400.00	View other policy excess
Excess	None	You do not have any special features specified on this policy
Finance providers	You do not have any special features specified on this policy	You do not have any special features specified on this policy
Special features	None	+ Add New

Billing

Next instalment: **\$151.70**
On 17 Nov 2021
Go to billing

Risk profile

Modelling by [RMS](#)

We've identified the following risks for your property

- Earthquake: Low
- Flood: Medium

View details

To make a change on your policy click the icon. If you have upcoming changes on your policy go to the latest version to edit your policy. For any questions or if you need help with your policy please select the option below.

People

Policy holder(s)
Who lives there

farheen fathima Relative
farheen fathima Relative

Shareholder resolutions

Resolution 1

- Authorisation to fix remuneration of auditor

Resolution 2

- Re-election of Warren Lee as Director of Tower Limited

Resolution 3

- Re-election of Graham Stuart as Director of Tower Limited

Resolution 4

- Re-election of Marcus Nagel as Director of Tower Limited

Resolution 5

- Approval of scheme of arrangement to return capital to shareholders



Questions & General Business

Michael Stiasny, Chairman

Blair Turnbull, Chief Executive Officer

Disclaimer

This presentation has been prepared by Tower Limited to provide shareholders with information on Tower's business. This document is part of, and should be read in conjunction with an oral briefing to be given by Tower. A copy of this webcast of the briefing is available at <http://www.tower.co.nz/investor-centre/> It contains summary information about Tower as at 30 September 2021 and 31 December 2021 which is general in nature, and does not purport to contain all information a prospective investor should consider when evaluating an investment. It is not an offer or invitation to buy Tower shares. Investors must rely on their own enquiries and seek appropriate professional advice in relation to the information and statements in relation to the proposed prospects, business and operations of Tower. The data contained in this document is for illustrative purposes only. Past performance is not a guarantee of future performance and must not be relied on as such. The information in this presentation does not constitute financial advice.

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