Tower

2025 Half Year Results

1 October 2024 to 31 March 2025

20 May 2025

Agenda

Chairman's update
Michael Stiassny, Chairman

Business update
Paul Johnston, Interim Chief Executive Officer

HY25 financial performance
Angus Shelton, Interim Chief Financial Officer

Looking forward
Paul Johnston, Interim Chief Executive Officer

Chairman's update

Tower is delivering strong performance driven by focus on profitable growth and operational delivery

Delivering shareholder value

- Sustainable profit growth leading to consistent shareholder returns
- Capital return of $45m delivered
- Fully imputed HY dividend of 8 cents per share

Tower is well positioned

- Tower is a more focused, efficient and profitable business
- Growing the right risks through risk-based pricing and enhanced underwriting capability
- Strategic investments delivering enhanced efficiency, strengthening the business
- Strong capital and solvency, reinforced by RBNZ stress test report

Business update

Paul Johnston,
Interim Chief Executive Officer

HY25 results summary

- Strong underlying profit
- Reported profit impacted by customer remediation & Canterbury Earthquake provisions
- Pleasing house premium growth with improved risk selection
- Lower motor premium growth due to rate reductions to address affordability and competition
- Claims ratio reduced and below historical levels
- MER reduced while increasing strategic investment
- $3m large events incurred of $50m full year allowance
- Fully imputed HY25 interim dividend declared: 8 cents per share[1]

Note 1: Based on Tower's ordinary dividend policy to pay a sustainable annual dividend in the range of between 60-80% of adjusted earnings where prudent to do so

TOWER

Our performance

Positive operational and business performance

GWP growth
(Gross written premium)

4%[1] | $297m
vs $291m in HY24

Customers[1]

312,000
vs 309,000 at HY24

BAU claims ratio
(Business as usual)

38%
vs 50% in HY24

MER
(Management expense ratio)

30.4%
vs 31.3% in HY24

Large event costs[2]

$3m
vs -$1.9m in HY24

Underlying profit[3]

$61.7m
vs $36.6m in HY24

Reported profit

$49.7m
vs $36.0m in HY24

Dividend
Interim dividend declared

8 cents per share
vs 3 cents in HY24

Note 1: Excluding divested portfolios. Prior year customer numbers have been adjusted to exclude sold and held for sale portfolios which include the Solomon Islands business and Vanuatu subsidiary, and the New Zealand commercial rural portfolio
Note 2: Large event costs were negative in HY24 due to due to the absence of large events in the financial year and a favourable revision to prior year large events costs
Note 3: Definition of underlying profit and a reconciliation to reported profit is included in the appendices

TOWER

Improved risk selection delivers profitable growth

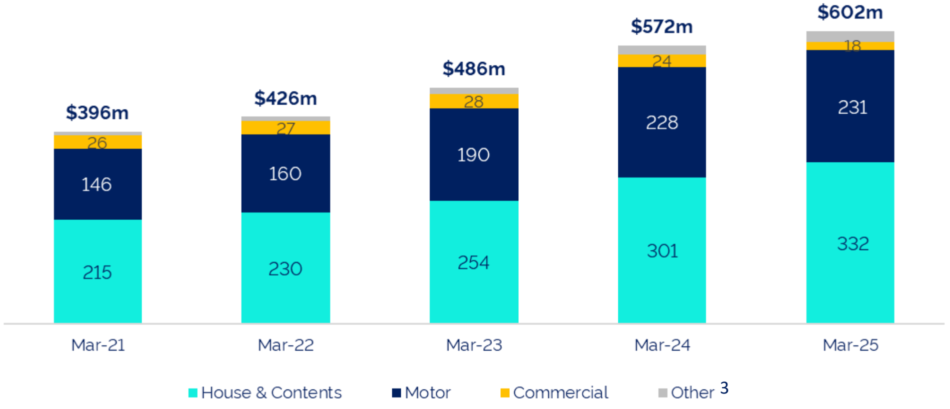
4%[1] premium growth reflects lower risks & competitive pricing

- House GWP growth 11%; 10% rate, 90% volume
- Motor GWP growth -4%; policy growth offset by rate reductions to balance margin and growth
- NZ retention at 78% (HY24: 77%)[2]
- Partnerships business over $100m GWP (12-month rolling)

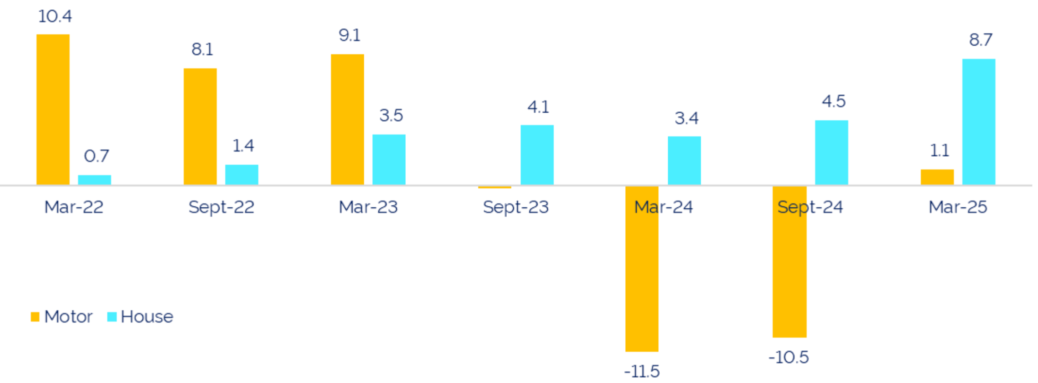
New policy growth significantly improves risk exposure

- 91% of new policies sold in HY25 rated 'Low' or 'Very Low' flood risk (HY24: 86%)
- Tower's expected average annual loss from flood reduced 24% on a per policy basis and 18% overall

GROSS WRITTEN PREMIUM ROLLING 12 MONTHS



MOVEMENT IN TOTAL NZ RISK COUNT (000's)

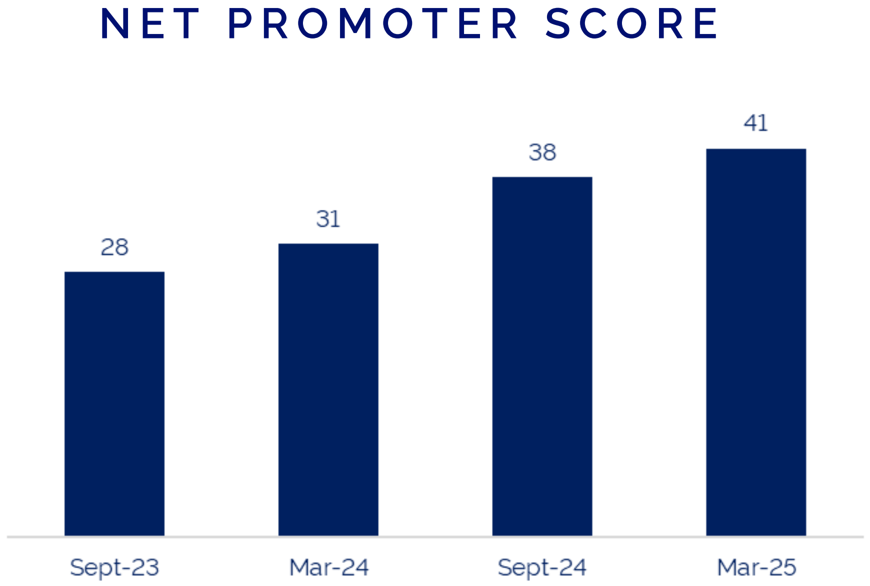


Note 1: Excluding divested portfolios. Prior year customer numbers have been adjusted to exclude sold and held for sale portfolios which include the Solomon Islands business and Vanuatu subsidiary, and the New Zealand commercial rural portfolio
Note 2: Commercial rural policies have not been included because this business has been sold and policies are actively being transferred out of the portfolio
Note 3: Other products include Marine, Travel, Pet, Liability, and Workers Compensation

Digital strategy drives better customer experience

Net promoter score improved to +41

- Continued My Tower improvements; 94% of car policy changes are now available digitally
- New self-service functionality built and delivered in HY25 alone has reduced assisted task volumes by around 9k
- Active My Tower users increased 10% to 171k
- Sales & service contact centre abandonment rate at 7% (HY24: 7%), claims 11%
- Fair conduct programme implemented

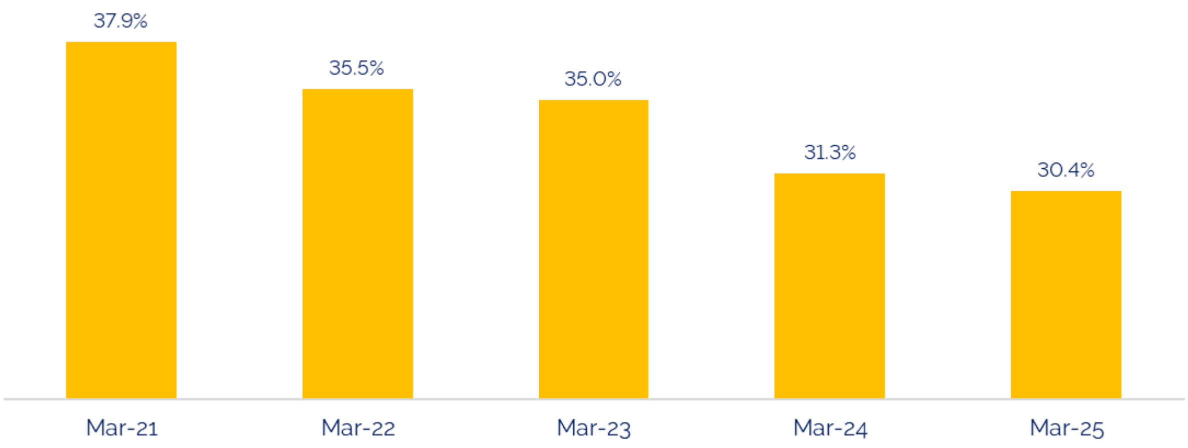


Reducing MER through scale and efficiency

Management expense ratio (MER) improved to 30.4%; increased strategic investment

- Scale and targeted premium growth reducing MER
- Digital efficiency: New Zealand digital tasks[2] – 60% sales, 47% service; 66% claims lodgement
- Operational efficiency: Suva hub handling 73% of NZ sales and service calls (HY24: 50%)
- Increase in strategic investment to further reduce MER via streamlined processes

MANAGEMENT EXPENSE RATIO[1]

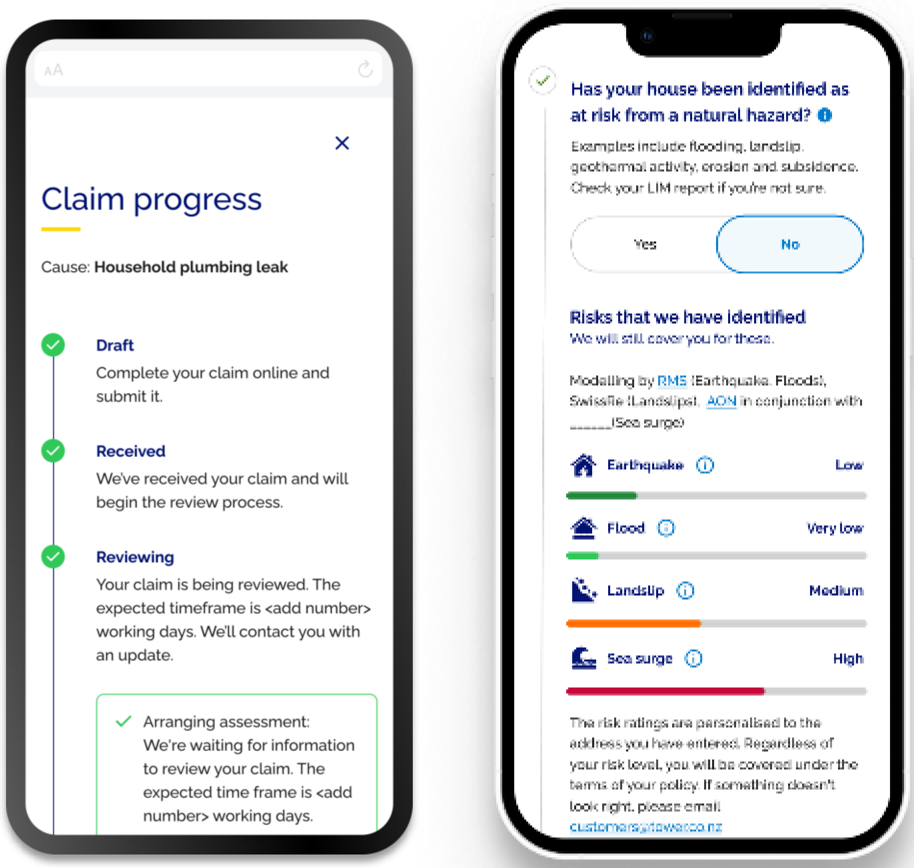


Note 1: Calculated as management expenses and net commission expense divided by net insurance revenue
Note 2: Sales tasks are all New Zealand new business policies sold online (previously reported as Tower Direct only). Service tasks are either digital (actioned by the customer through the My Tower portal online) or assisted (through Tower's call centre). In prior years, multiple tasks completed on the same call were reported as one assisted transaction - these are now reported individually. Digital claims tasks refer to claim lodgement only.

Strategic investments to enhance business performance

- Targeting 80% of all NZ sales, service, and claim lodgement tasks to be digital by end FY27
- New motor and house assessing systems reducing assessment time and repair costs
- New contact centre platform planned to deliver frontline efficiencies
- Enhancing risk-based pricing – landslide and sea surge to be applied to renewal book and included in purchase journey
- New customer data platform to provide end-to-end customer data management
- Investment in capability & leadership

Future state



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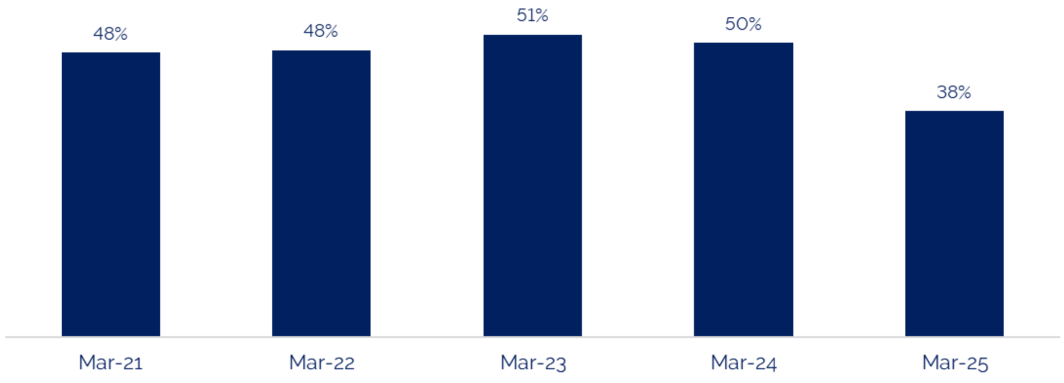
BAU claims ratio below historical levels

Business-as-usual claims ratio reduced to 38.1%

- Prior period targeted rating has earned through to the loss ratio
- Prolonged period of favourable weather
- Improved risk selection including prior period off-risking of high theft motor vehicles
- Claims transformation programme delivering benefits:
  - >85% of house and motor claims are either straight to repairer or assessed internally (+4%) reducing claim costs
  - Tower repair network utilisation improved to 70% (HY24: 47%) reducing claim costs and repair times

BAU CLAIMS RATIO[1]



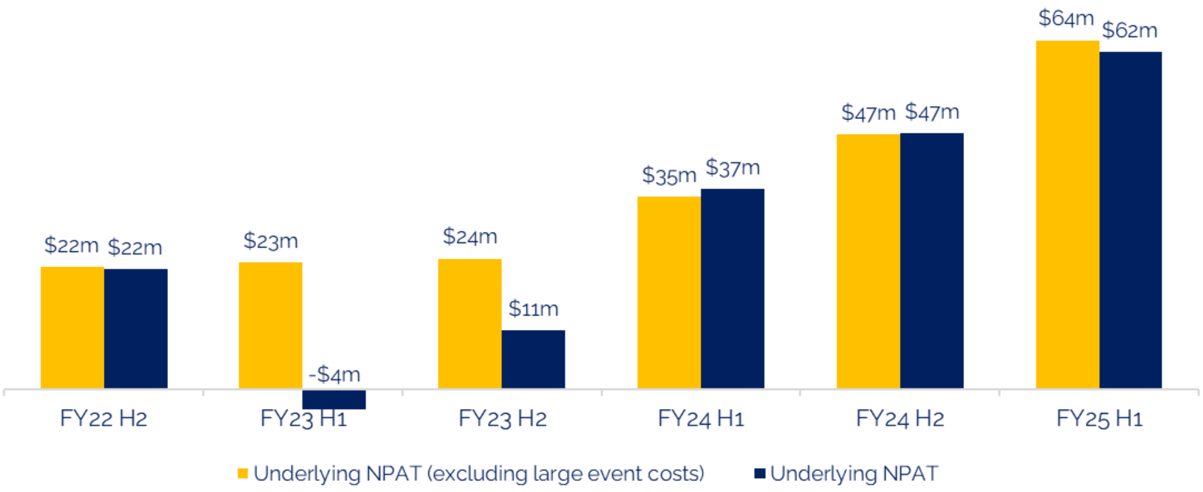
Note 1: BAU claims are defined as those not part of a large event (large events are defined as having a cost to Tower of $2m or more, with lodged claims from two or more policyholders). BAU claims ratio is calculated as BAU claims expense divided by net insurance revenue

Consistent improvement in underlying performance

Underlying NPAT excluding large events was $64m in HY25

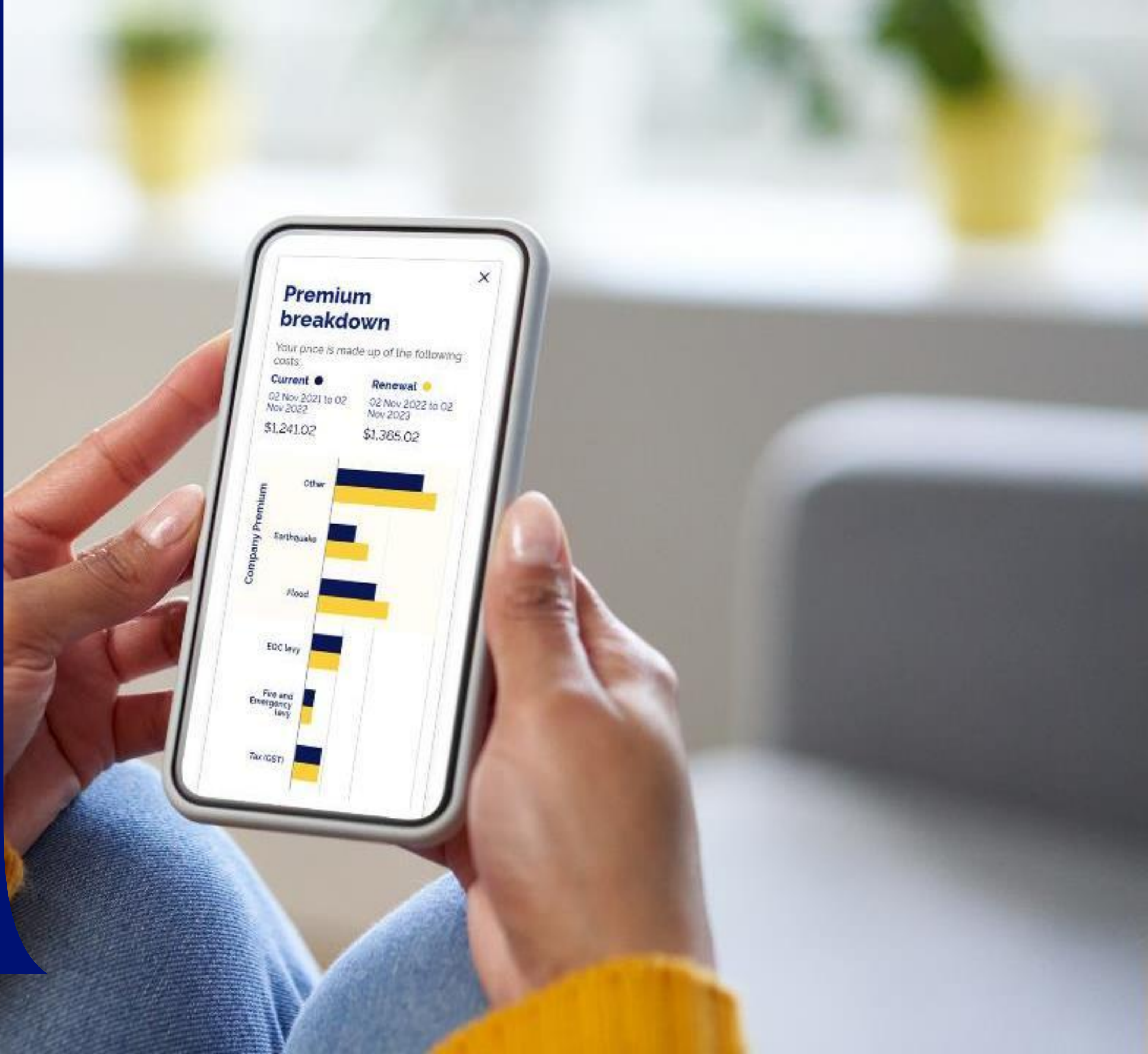
- Underlying business improving half-on-half
- Increase in premium from targeted policy growth and targeted rate increases earning through
- Reduction in BAU claims ratio from calmer weather and improved risk selection

UNDERLYING NPAT[1]



Financial performance

Angus Shelton,
Interim Chief Financial Officer



Group underlying financial performance

- Gross written premium growth of 4%[1]
- BAU claims ratio reduced to 38.1% due to targeted rate increases, risk selection and benign weather
- One large event in HY25 with cost of $3m
- Management expense ratio improved to 30.4% as a result of business growth and efficiencies
- Underlying NPAT[2] including large events of $61.7m
- Reported profit of $49.7m impacted by Canterbury Earthquakes strengthening and costs of customer remediations

Key ratios (% of NEP)	HY25	HY24	Change
Claims ratio excluding large events	38.1%	49.7%	(11.6)%
Large event costs ratio	1.2%	-0.8%	2.0%
Management expense ratio	30.4%	31.3%	(0.9)%
Combined ratio	**69.7%**	80.2%	(10.5)%

$ million	HY25	HY24	Change
Gross written premium	297.0	290.6	6.4
Insurance revenue	**296.6**	**274.6**	**22.0**
Reinsurance	(39.1)	(41.8)	2.7
Net insurance revenue	**257.5**	**232.8**	**24.7**
BAU claims expense	(98.2)	(115.8)	17.6
Large event claims expense	(3.0)	1.9	(5.0)
Management expenses	(73.5)	(68.3)	(5.2)
Net commission expense	(4.7)	(4.5)	(0.2)
Insurance service expense	**(179.5)**	**(186.7)**	**7.2**
Insurance service result	**78.0**	**46.1**	**31.9**
Net investment income	10.0	10.0	0.0
Net insurance finance expense	(1.0)	(1.7)	0.7
Other income and expenses	(0.2)	(0.9)	0.7
Underlying profit/(loss) before tax	**86.8**	**53.5**	**33.3**
Income tax expense	(25.1)	(16.8)	(8.2)
Underlying profit/(loss) after tax	**61.7**	**36.6**	**25.1**
Non-underlying items	(12.0)	(0.6)	(11.4)
Reported profit/(loss) after tax	**49.7**	**36.0**	**13.7**

Note 1: Adjusted to exclude sold/held for sale portfolios: Solomon Islands, Vanuatu, and NZ commercial rural
Note 2: Definition of underlying profit and a reconciliation to reported profit is included in the appendices

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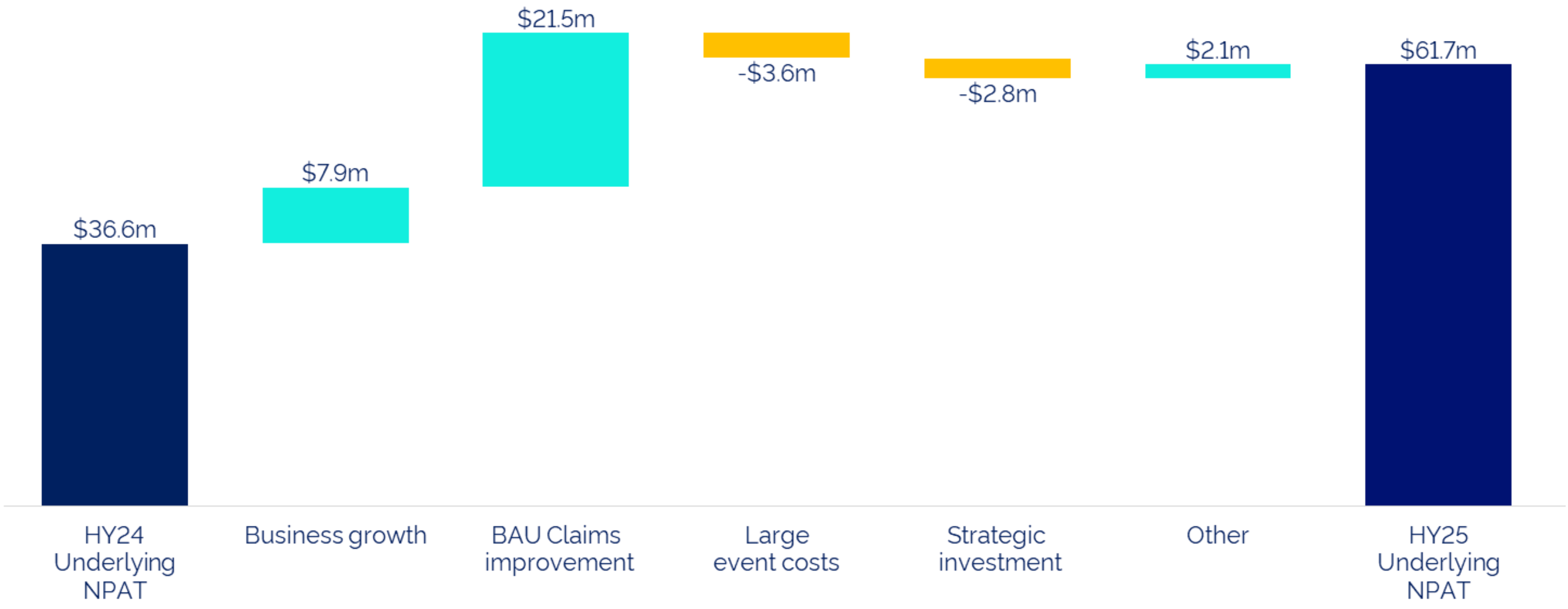
Movement in underlying NPAT



- Underlying NPAT[1] of $61.7m vs $36.6m in HY24
- Business growth includes higher net earned premium less the associated growth in claims and management expenses
- BAU claims ratio improved from rating and underwriting actions, calmer weather, and lower motor frequency
- One large event in HY25 of $3m before tax versus a release of $1.9m before tax in HY24
- Strategic investments are being made to improve growth and efficiency

Note 1: A definition of underlying profit and a reconciliation to reported profit is included in the appendix

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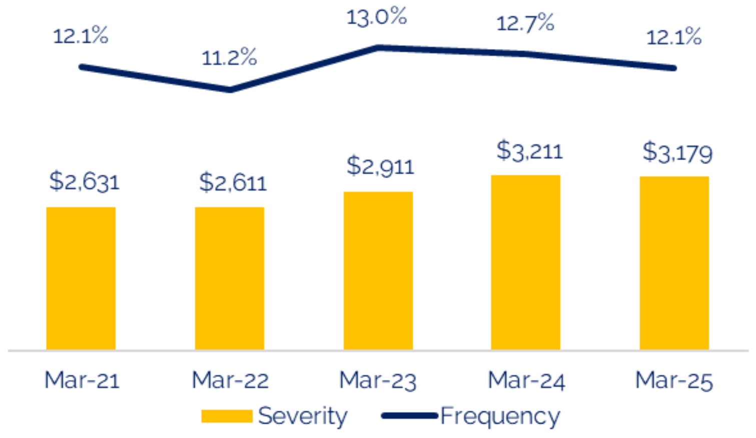
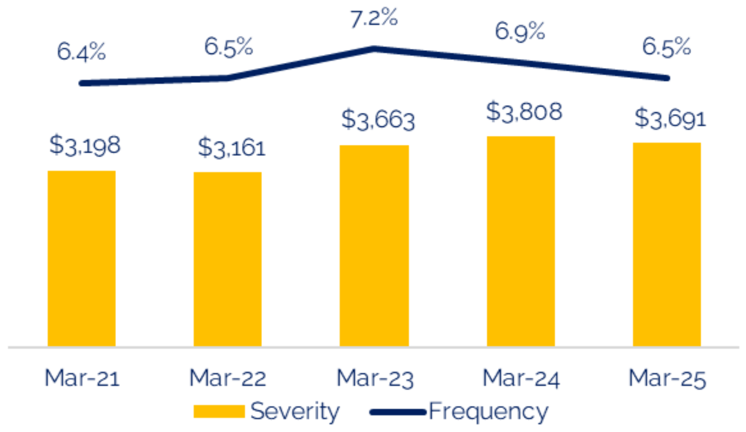
Lower frequency and severity of claims

- Prior period high theft motor off-risking has lowered frequency and severity of motor claims
- Reduction of external assessing usage has lowered motor severity
- Improved house selection and risk-based pricing is reducing frequency of house claims
- Lower number of BAU weather-related claims
- One large event in HY25 – the Dunedin flooding event in October 2024 with an estimated cost of $3m
- One large event has occurred since 31 March and is not included in HY25 results - Cyclone Tam flooding event in April 2025 with an estimated cost of $4m

NZ MOTOR SEVERITY[1] & FREQUENCY[2]



NZ HOUSE SEVERITY & FREQUENCY

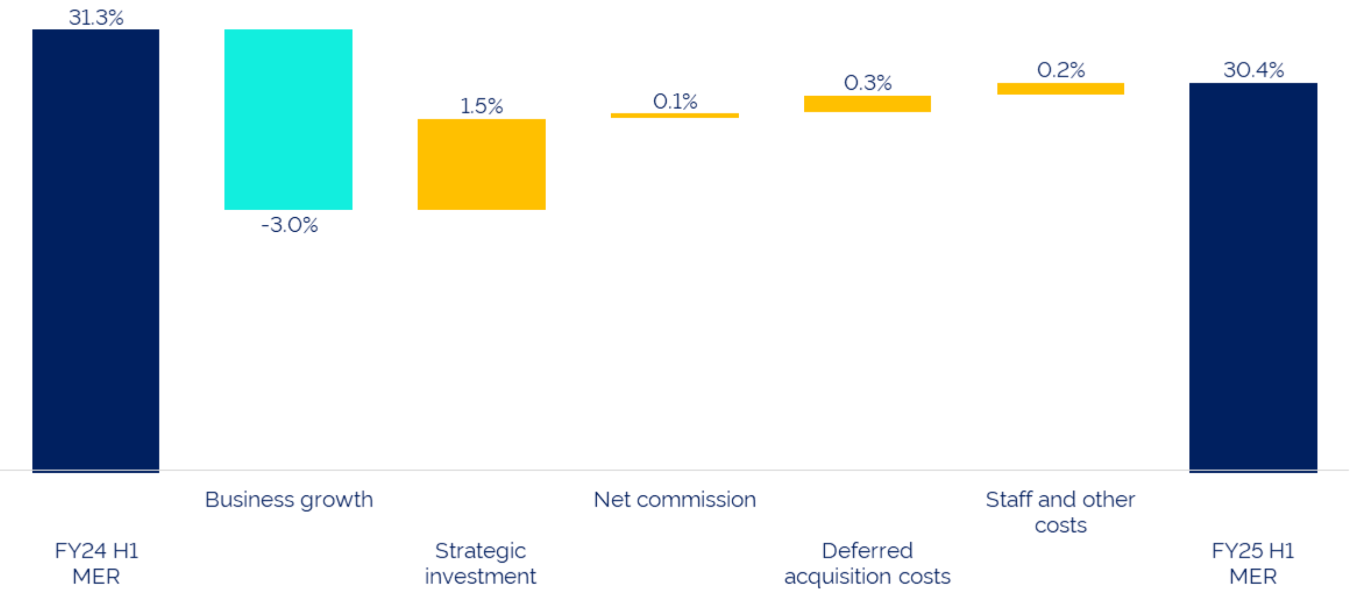


Note 1: Severity is defined as the cost of claims (excluding large events, large house, windscreen) divided by the count of claims
Note 2: Frequency is defined as the number of claims (same exclusions as above) divided by risks in force
The historical severity and frequency numbers are current estimates as at 31 March 2025 reflecting development of prior year claims in their respective incurred periods

Continued improvement in management expense ratio

- MER reduced 0.9% to 30.4%
- Scale efficiencies from business growth contributes 3% reduction in MER
- Strategic investments are being made to improve growth and efficiency
- Timing differences related to recognition of deferred acquisition costs
- Staff and other costs increasing, but at a lower rate than inflation due to continued benefits from digitisation and Suva hub

MOVEMENT IN MANAGEMENT EXPENSE RATIO (MER)

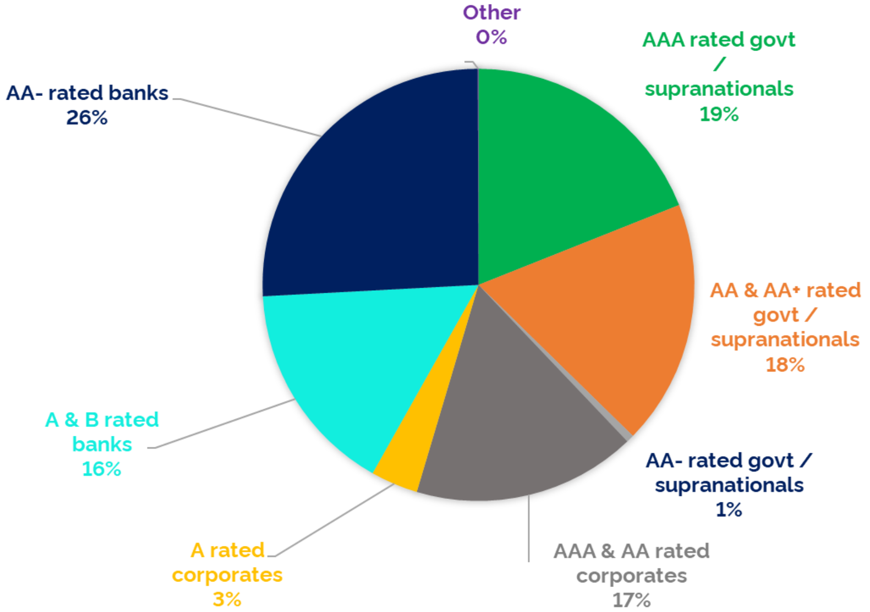


Conservative investment strategy

- Net investment income $10m in HY25; in line with HY24
- Running yield on the core investment portfolio is 3.9% as at 31 March 2025
- Conservative investment strategy with low duration (target of 0.5 years)
- Interest rates are now past their peak with yields expected to continue decreasing through FY25

CORE INVESTMENT PORTFOLIO[1] YIELD

INVESTMENT ASSET PROFILE



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

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Canterbury earthquakes & customer remediation

Canterbury earthquakes (CEQ)

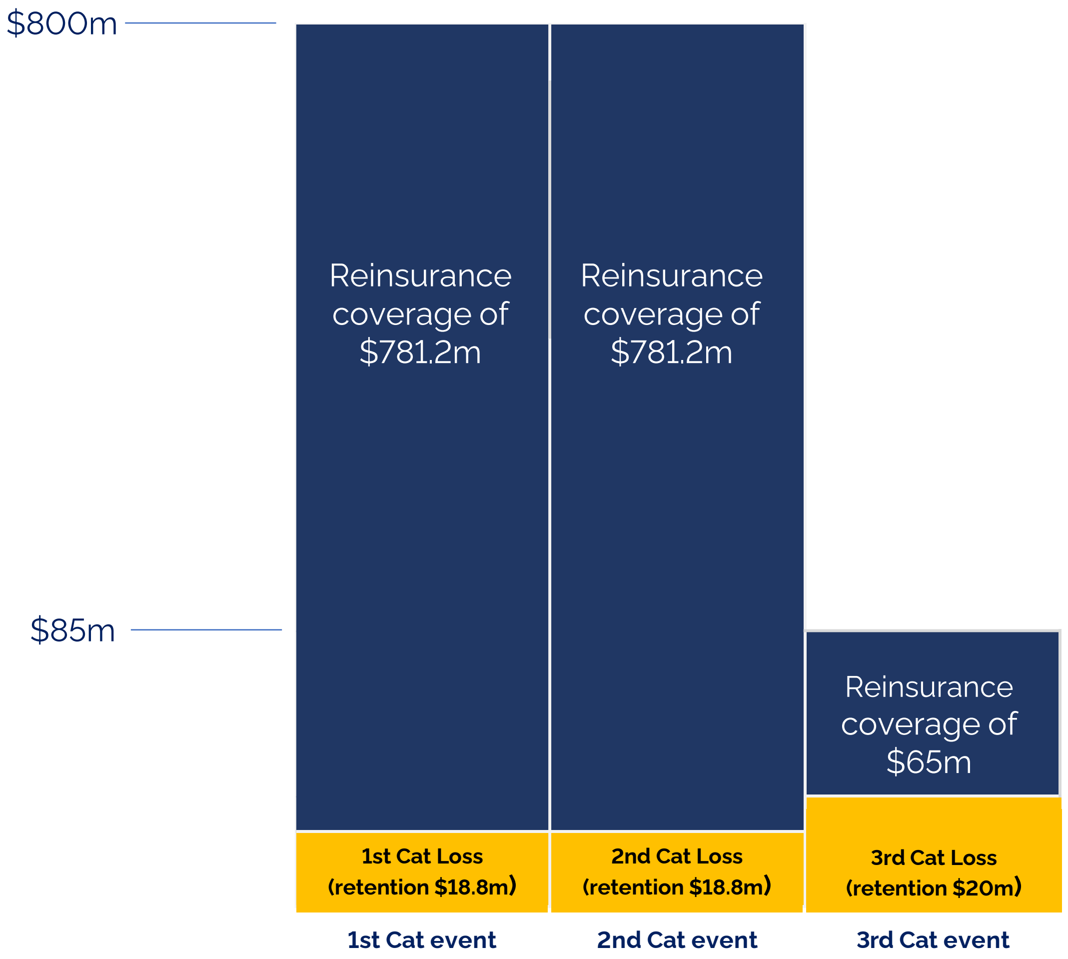
- HY25 charge of $6.2m after tax, treated as a non-underlying item
- 18 properties open as at 31 March 2025
- 15 new over cap or reopened claims from NHC in the half (+10 vs HY24), with an average cost higher than historical levels, drove an increase in valuation assumption for future claims

Customer remediation

- HY25 charge of $4.9m after tax, treated as a non-underlying item
- Includes further provision for repayments due to customers, plus costs of the remediation programme
- Tower has provided for costs associated with regulatory action, however the action taken by the FMA is still in progress

Reinsurance programme

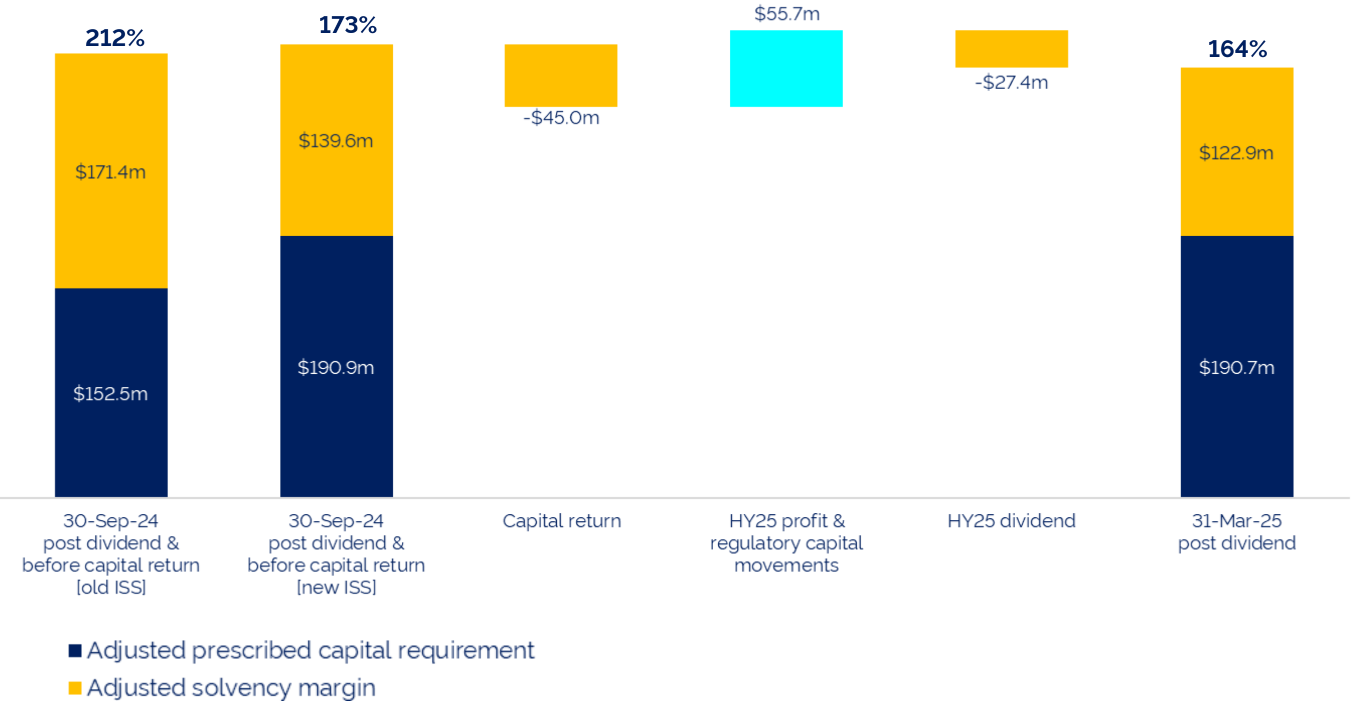
- Catastrophe reinsurance of up to $800m for two events, up from $750m in FY24
- Additional prepaid third event catastrophe cover up to $85m with $20m retention
- Increase in retention for catastrophe events mitigated by 3-year rolling contracts, and expected to also benefit future years
- Reinsurance programme also includes:
  - Proportional reinsurance cover for large single property risks
  - General accident and marine cover



Capital and solvency position

- Solvency ratio[1] of 164% (212% as at 30 Sep 24)
- Tower's regulatory solvency position is calculated under the second amendment to the Interim Solvency Standard (ISS), effective 1 March 2025, which reduced Tower's solvency margin
- Adjusted solvency margin is $122.9m, a decrease of $48.5m from $171.4m as at 30 September 2024
- Adjusted solvency margin at 31 March 2025 is stated net of interim dividend of 8 cents per share[2]
- A- financial strength rating reaffirmed in April 2025 by AM Best

TOWER SOLVENCY NZ PARENT ($m)



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

Looking forward

Paul Johnston,
Interim Chief Executive Officer

Second half priorities

- Targeted growth focused on lower risk properties and growing newly established partnerships
- Customer experience improvements
- Risk-based pricing - landslips and sea surge
- End-to-end customer data management
- Efficiency, digitisation, and process improvements through delivering strategic investments
- Customer remediations; fixing root causes and strengthening processes

FY25 guidance and future targets

	HY25 Actual	FY25 Guidance	FY27 Target
GWP growth (excluding operations sold)	4%	Mid-single digit	10% - 15%
Large events cost/allowance	$3m	$50m	
Management expense ratio	30.4%	< 31%	< 28%
Combined operating ratio	69.7%	82% - 84%	< 86%
Underlying NPAT (assuming full utilisation of large events allowance)	$61.7m	$70m - $80m	
Return on equity[1]	14%	13% - 17%	> 18%

This FY25 guidance assumes full utilisation of the large events allowance which is conservatively set at $50m. Any unused portion of the large events allowance (after tax) at year end will increase underlying NPAT to improve the full year result.

Note 1: Return on equity is defined as reported net profit after tax divided by average book equity


HYBRID
Questions?
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Appendices

TOWER
37 Komai Street, Hamilton
House Plus
Policy details
People
Billing
Risk profile

Business unit distribution

TOWER DIRECT

- Underlying growth of 2%[1]
- House new risks sold +43% vs HY24

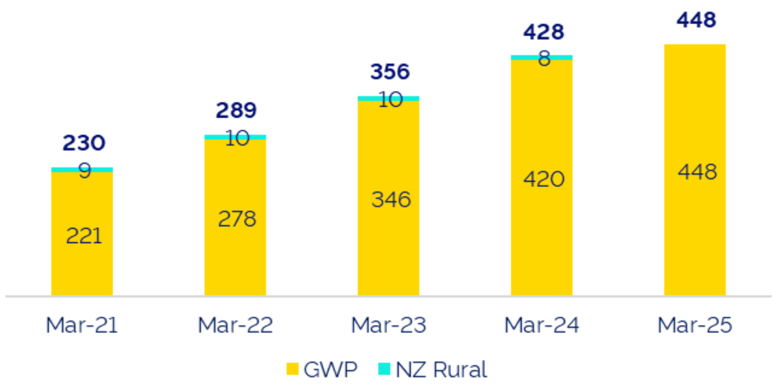
PARTNERSHIPS

- Underlying growth of 13%
- Total in force risks increased 9% to 119,000

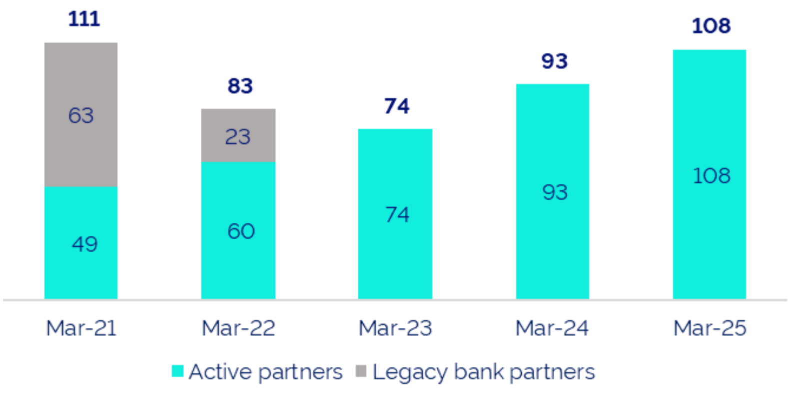
PACIFIC

- Underlying growth of 6%[1]
- Solomon Islands & Vanuatu businesses sold in FY24; PNG in FY23

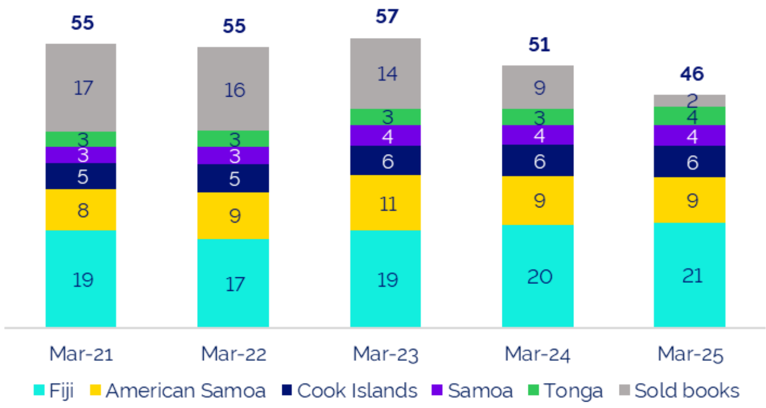
TOWER DIRECT GWP ($m) ROLLING 12 MONTHS



PARTNERSHIPS GWP ($m) ROLLING 12 MONTHS



PACIFIC GWP ($m) ROLLING 12 MONTHS



Note 1: Excluding divested portfolios which include the Solomon Islands business and Vanuatu subsidiary, and the New Zealand commercial rural portfolio

Reconciliation between underlying profit after tax and reported profit after tax

$ million	HY25 underlying profit	Non-underlying items (1)	Management expense reclasses (2)	Reclass of reinsurance expenses (3)	Reclass of reinsurance & other recovery revenues (4)	HY25 reported profit
Gross written premium	297.0					
Insurance revenue	**296.6**	(0.8)				**295.8**
Reinsurance expense	(39.1)			39.1		
Net insurance revenue	**257.5**	**(0.8)**	**0.0**	**39.1**	**0.0**	
BAU claims expense	(98.2)	(8.6)	(14.2)		3.8	
Large event claims expense	(3.0)					
Large event reinsurance reinstatement	0.0					
Management expenses	(73.5)	(7.2)	13.5			
Net commission expense	(4.7)				(2.0)	
Insurance service expense	**(179.5)**	**(15.8)**	**(0.7)**	**0.0**	**1.8**	**(194.1)**
Net expense from reinsurance contracts held				(39.1)	(1.8)	(40.9)
Insurance service result	**78.0**	**(16.6)**	**(0.7)**	**0.0**	**0.0**	**60.8**
Net investment income	10.0					10.0
Net insurance finance expense	(1.0)					(1.0)
Other income and expenses	(0.2)	(0.0)	0.7			0.4
Underlying profit before tax	**86.8**					
Income tax expense	(25.1)	4.6				(20.4)
Profit after tax from discontinued operations	0.0	0.0				0.0
Underlying profit after tax	**61.7**					
Canterbury impact	(6.2)	6.2				
Other non-underlying costs	(5.8)	5.8				
Reported profit after tax	**49.7**	**0.0**	**0.0**	**0.0**	**0.0**	**49.7**

(1) Non-underlying items include net impact of customer remediation provision increase and related costs, Canterbury earthquake valuation update, regulatory and compliance projects such as Financial Markets (Conduct of Institutions) Amendment 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/(loss):

- "Net insurance revenue", "net insurance service expense" 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/(loss), 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/(loss) after tax" is calculated and presented in accordance with GAAP

TOWER

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