Market Information
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Level 1, NZX Centre
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Wellington

Company Announcements Office
ASX Limited
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Australia

26 November 2026

Tower Limited
FY26 Full Year Results for Announcement to Market

In accordance with NZX Listing Rule 3.5.1 we enclose the following for release to the market in relation to Tower Limited's (NZX/ASX: TWR) FY26 Full Year Results:

1	Media Release
2	Results Announcement
3	Annual Report (including Financial Statements)
4	Results Announcement Presentation
5	Results Announcement Call Script
6	NZX Distribution Notice – Final Dividend
7	NZX Distribution Notice – Special Dividend
8	Climate Statement

Tower's Chair, Naomi Ballantyne, Chief Executive Officer, Paul Johnston, and Chief Financial Officer, Len Elikhis, will discuss the full year results at 10:00am New Zealand time today.

Tower's Board confirms for the purposes of ASX Listing Rule 1.15.3 that Tower continues to comply with the NZX Main Board Listing Rules.

ENDS

This announcement has been authorised by the Tower Limited Board.

Paul Johnston
Chief Executive Officer
Tower Limited

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Level 5, 136 Fanshawe Street
Auckland 1142, New Zealand
ARBN 645 941 028
Incorporated in New Zealand

26 November, 2026

Tower reports strong full year earnings, 10c final dividend

Kiwi and Pacific insurer Tower Limited (NZX/ASX: TWR) today announced its full year result for the year ended 30 September 2026, delivering underlying net profit after tax (NPAT) of $74.2 million and a reported profit of $52 million. The Board has declared a fully imputed final dividend of 10 cents per share, comprising a 6 cent ordinary dividend and a 4 cent special dividend from the under-utilised large event allowance. With the 5 cent interim dividend, full year dividends total 15 cents per share.

This result reflects Tower's resilience and positive long-term earnings trajectory, even as it navigated a more challenging operating environment than FY25. Tower grew its customer base 8% to 345,000 and gross written premiums reached $620m, up 3%.

As previously communicated, FY26 earnings were expected to normalise below the prior year, which benefited from benign weather and unusually favourable claims experience.

Reported profit reflects the costs of Tower's customer remediation programme, streamlining Tower's operational footprint, and regulatory change costs.

FY26 key results:

- Underlying NPAT: $74.2m (FY25: $107.2m)
- Reported profit: $52m (FY25: $83.7m)
- Gross written premium (GWP): $620m, up 3% (FY25: $600m)
- Customer numbers: 345,000, up 8% (FY25: 318,000)
- BAU claims ratio: 46% (FY25: 41%)
- Management expense ratio (MER): 32% (FY25: 31%)
- Large event costs: $23.9m (FY25: $7.2m)
- Final dividend: 10c per share; full year dividends: 15c per share (FY25: 24.5c)

Tower CEO Paul Johnston says, "This is a strong result, with more customers choosing Tower and house policy growth up 9%. Our second half shows the momentum we are building, with premium growth accelerating and our new Westpac partnership live in the fourth quarter.

"The investment we've made in digital, AI and risk-based pricing is delivering for customers and the business, and we're entering the next growth phase of our strategy with confidence," he said.

More customers choosing Tower

Tower's customer base increased 8% to 345,000 (up 27,000), with New Zealand policies up 6%. House policies grew 9%, reflecting Tower's strategic focus on the home insurance market, and motor policies grew 6%.

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GWP increased 3% to $620 million, driven by growth in policy volumes. Average premiums were lower, reflecting a soft rating market, risk-based pricing enhancements and Tower's growth in lower-risk properties. Growth improved through the year, with second half GWP up 5%.

Tower's new partnership with Westpac went live on 1 July 2026 and has exceeded early expectations, and migration of the Kiwibank back book completes in the first half of FY27, with a strong pipeline of partnership growth to follow.

Tower's focus on enhancing customer experiences has seen its net promoter score improve to +45 (FY25: +44). Tower was also recognised by Canstar in 2026, winning Home & Contents Insurer of the Year for the third consecutive year, Outstanding Value awards for home, contents and car insurance, and an Innovation Award.

Claims and operational performance

The BAU claims ratio increased to 46% from 41% in FY25, reflecting targeted rate decreases earning through and inflation.

The MER increased 0.5 percentage points to 31.9%, within Tower's guided range of 31%–32%, reflecting increased marketing to support growth, partly offset by scale efficiencies from business growth and digital technology investments.

Large event costs

Tower recorded five large events in FY26 with a combined cost of $23.9 million (FY25: $7.2 million), well below the $45 million large event allowance for the year. Tower has set a $50 million large event allowance for FY27, allowing for policy growth and prudently set at 90% probability of sufficiency.

FY27 guidance and outlook

Tower enters FY27 confident in its organic growth strategy. In addition, as the company moves into the next phase of its strategic plan, the Board will continue to assess opportunities to diversify its sources of growth, broaden its product and services offering to customers, and support long-term shareholder value. Tower will remain disciplined in its approach, and any opportunity must be strategically aligned and exceed the company's return thresholds.

Tower expects GWP growth of 8%–12% in FY27, supported by an improving rating environment, expectations of continued organic growth and continuing to convert the strong partnership pipeline. Tower expects FY27 underlying NPAT excluding large events of $96 million–$106 million (FY26: $91.4 million), and underlying NPAT of $60 million–$70 million assuming full utilisation of the $50 million large event allowance. The MER is expected to be approximately 32% and the combined operating ratio between 86% and 88%. Reported NPAT will be impacted by non-underlying items for remediation activity and costs associated with regulatory change.

Ends

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This announcement has been authorised by Tower Limited Chief Executive, Paul Johnston.

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NZX
NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

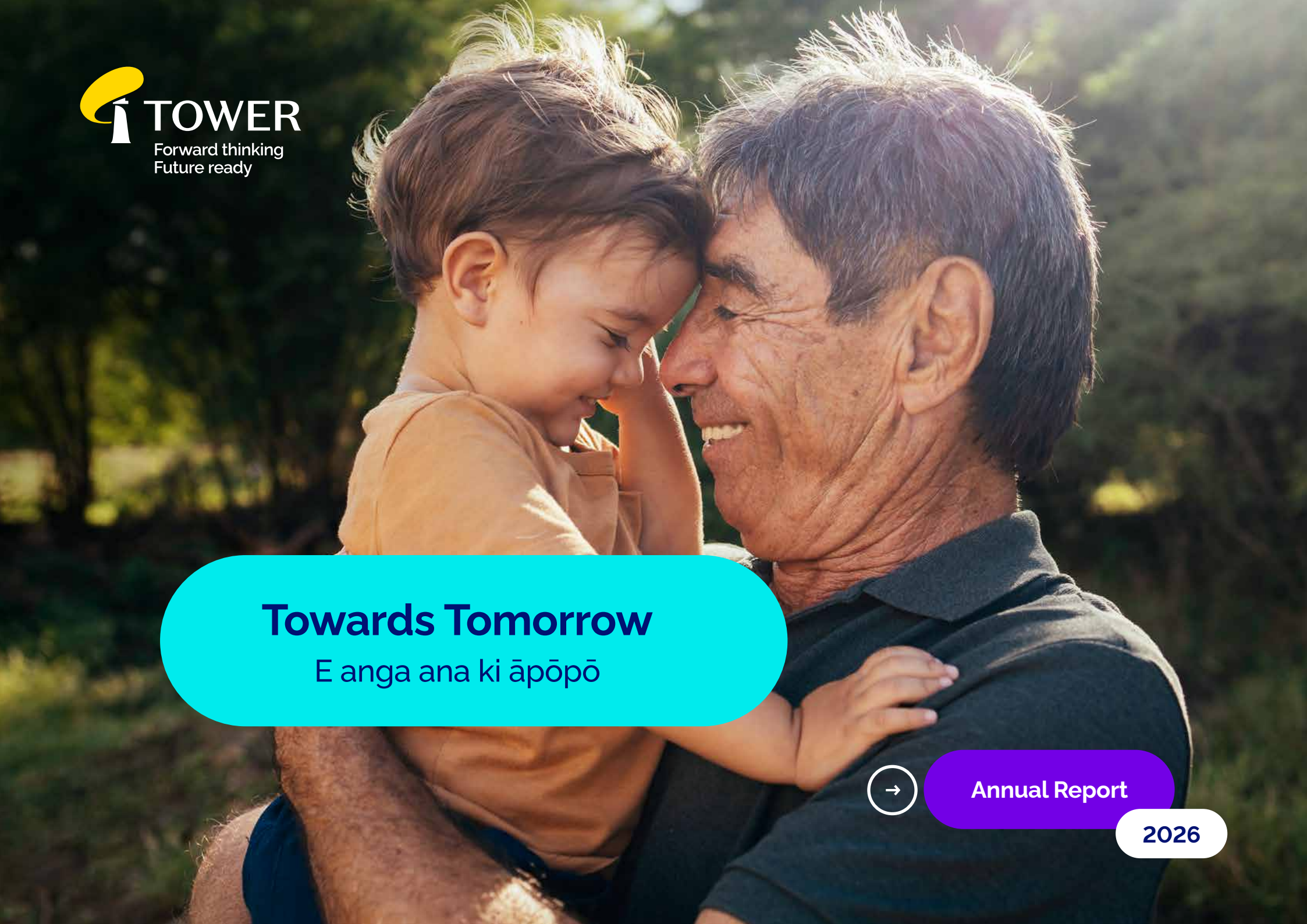
Template
Results announcement
(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at June 2023

Please do not amend or delete individual rows. As this template relates to prescribed content, changes to content should only be made where it is clearly indicated that this is permitted, otherwise, if an Issuer considers a particular element does not apply, mark the row as N/A, Any other changes to this prescribed form must first be approved by NZX as required under NZX Listing Rule 3.26.1.

Results for announcement to the market		
Name of issuer	Tower Limited	
Reporting Period	12 months to September 2026	
Previous Reporting Period	12 months to September 2025	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$593,877	0%
Total Revenue	$593,877	0%
Net profit/(loss) from continuing operations	$52,034	-37%
Total net profit/(loss)	$52,034	-37%
Interim/Final Dividend		
Amount per Quoted Equity Security	10.0 cents	
Imputed amount per Quoted Equity Security	3.888889 cents	
Record Date	11 December 2026	
Dividend Payment Date	22 December 2026	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.70	$0.78
A brief explanation of any of the figures above necessary to enable the figures to be understood	Profit decreased when compared with 2025, reflecting a higher business as usual claims ratio, higher large event costs and lower investment income. Please refer to the 2026 full year results announcement presentation for further information.	
Authority for this announcement		
Name of person authorised to make this announcement	Trevor Wairepo, General Counsel & Company Secretary	
Contact person for this announcement	Emily Davies, Head of Corporate Affairs and Sustainability	
Contact phone number	+64 21 815 149	

Contact email address	emily.davies@tower.co.nz
Date of release through MAP	26 November 2026


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.

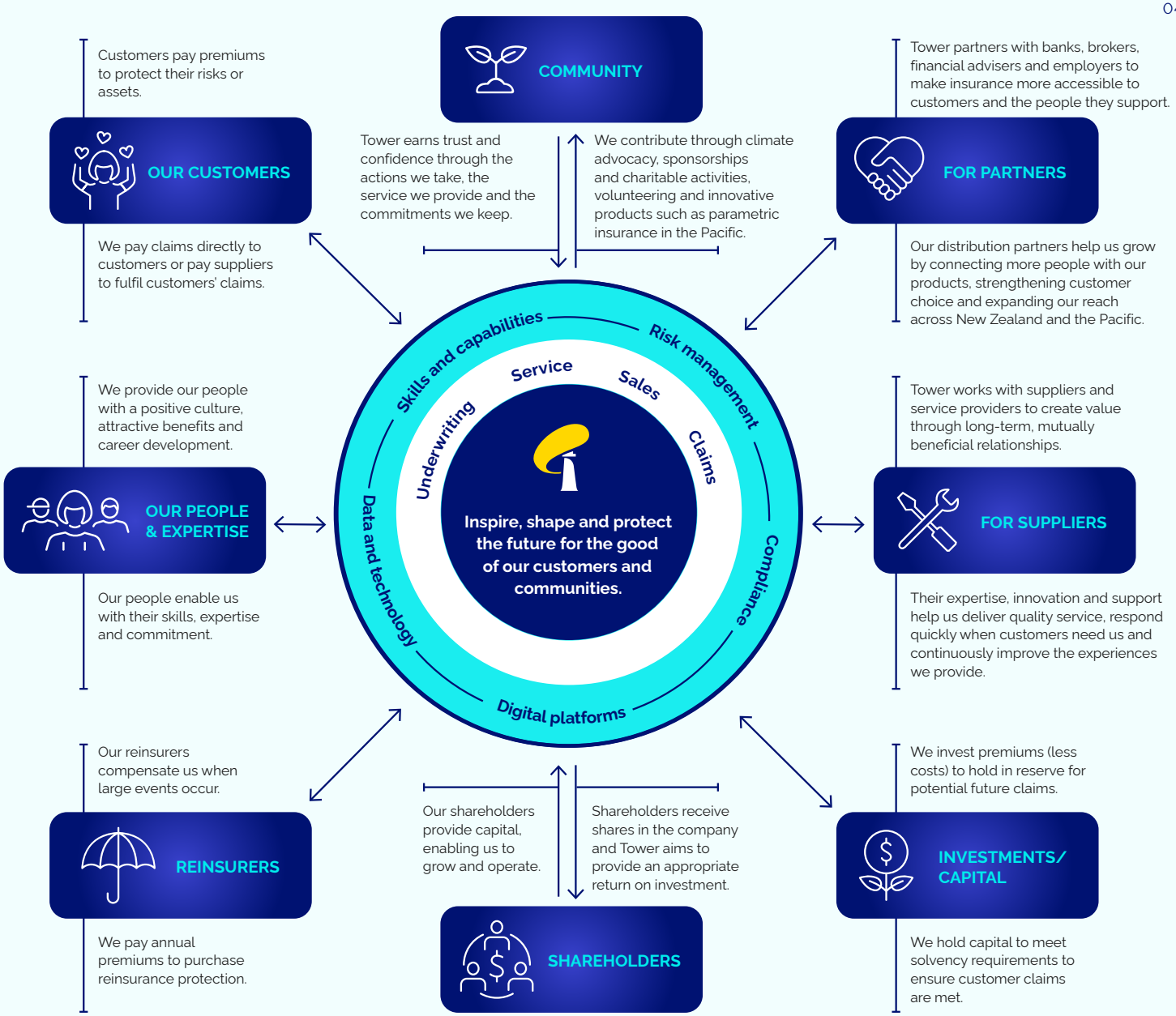
→ Exec Team



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.

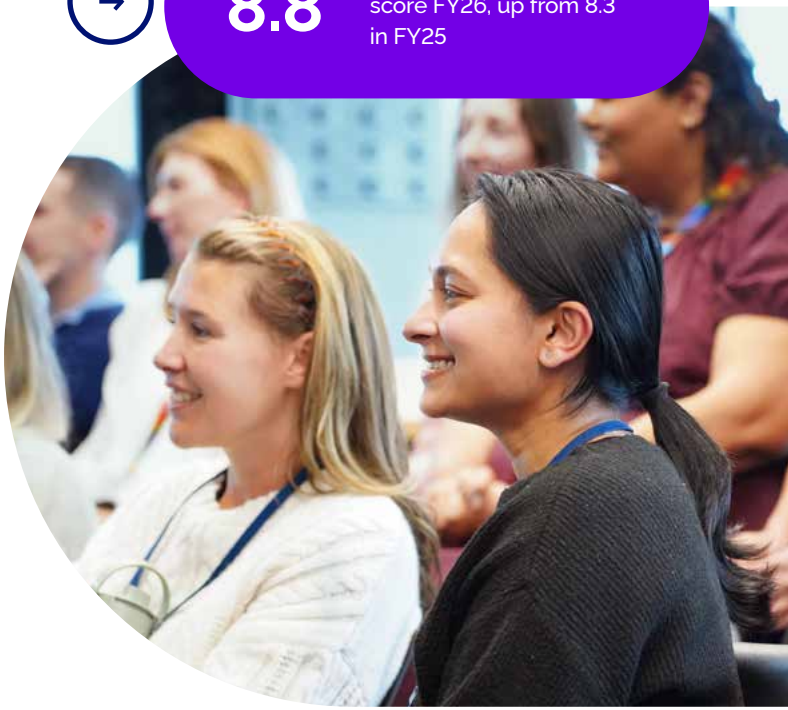
We work hard to put things right when we get them wrong – proactively engaging with regulators and remediating customers affected by prior overcharge or policy errors.

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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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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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/

Global Reporting Initiative (GRI) content index

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.

Global Reporting Initiative (GRI) content index

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/

Global Reporting Initiative (GRI) content index

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.

Global Reporting Initiative (GRI) content index

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:
Telephone: +64 9 369 2000
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

Registered office

New Zealand

Level 5, 136 Fanshawe Street, Auckland

PO Box 90347
Auckland
Telephone: +64 9 369 2000
Facsimile: +64 9 369 2245

Australia

c/- Peter Davison
18 Korinya Road
Castle Cove
Sydney NSW 2069
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

2026 Full Year Results

1 October 2025 to 30 September 2026

26 November 2026

TOWER Forward thinking Future ready



AGENDA



Chair's update
Naomi Ballantyne,
Chair



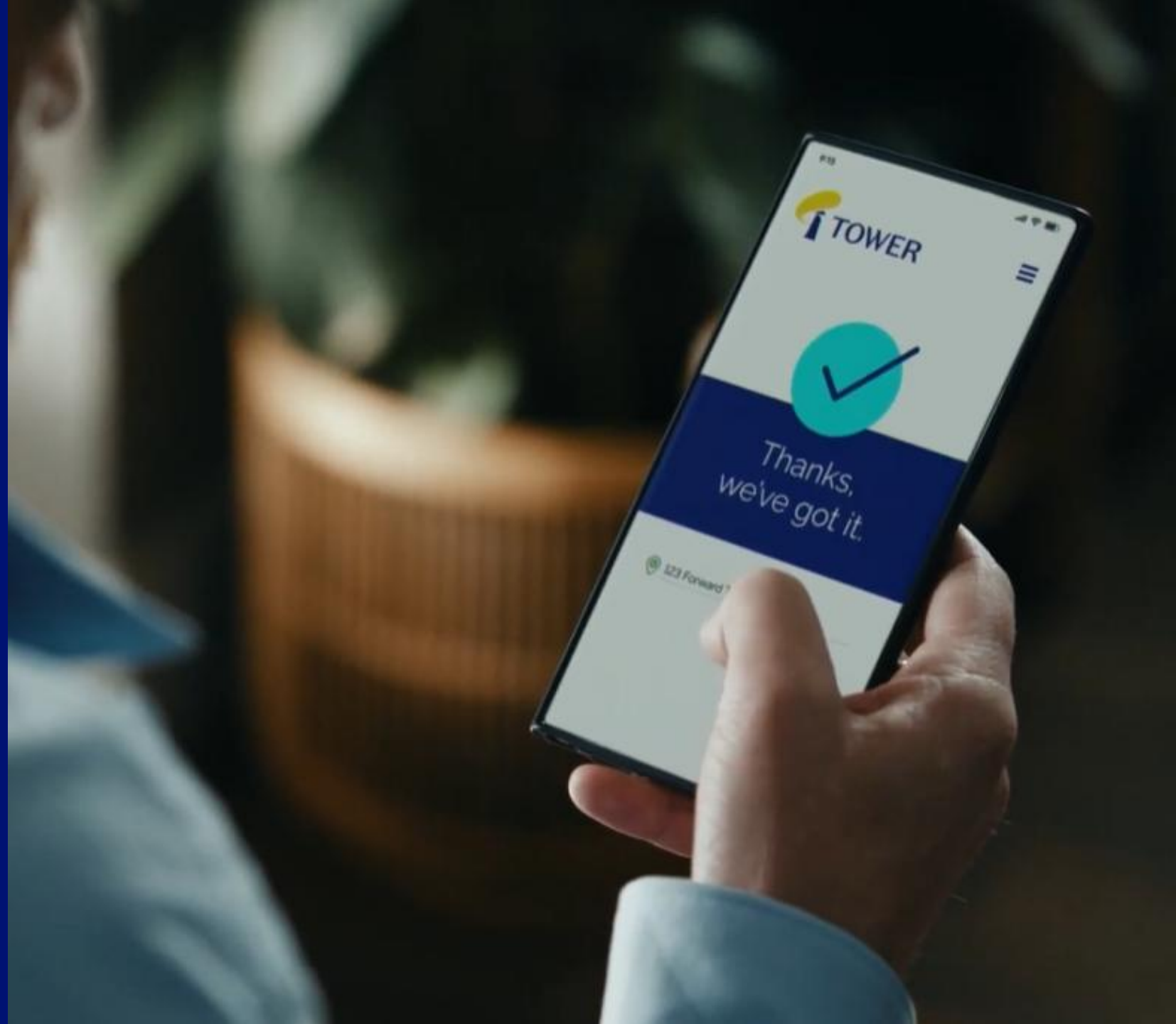
Business update
Paul Johnston,
Chief Executive Officer



Financial performance
Len Elikhis,
Chief Financial Officer



Looking forward
Paul Johnston,
Chief Executive Officer



Chair's update

Tower delivers strong performance through the cycle

Resilient business delivering shareholder value

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

Demonstrating strategic progress

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

Delivering on our customer promise

- Customer remediation ongoing – committed to making things right

Business update

Paul Johnston,

Chief Executive Officer



Overview

Delivered strong FY26 earnings amidst economic headwinds

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

Growth momentum towards $750m FY28 target

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



What makes Tower different

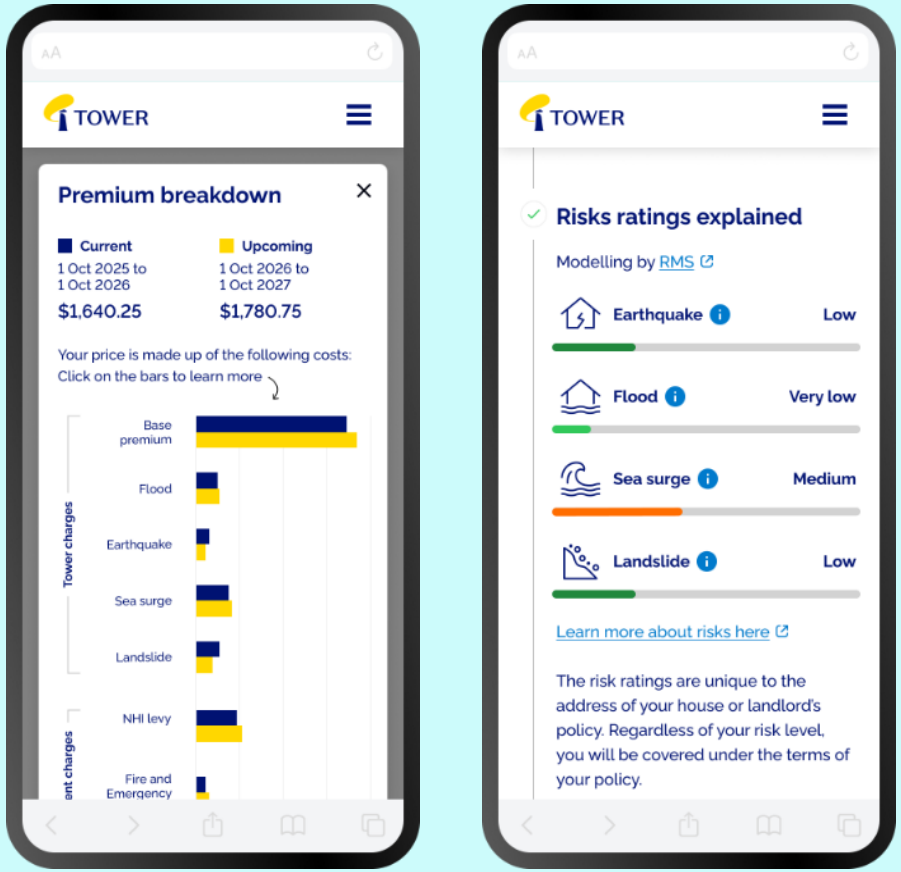
Kiwi-owned, uniquely advantaged

Customer experience & technology

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

Underwriting and pricing

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



Our performance

Solid operational and business performance

GWP growth
(Gross written premium)

3% | $620m

vs $600m in FY25

Customer growth

8% | 345k

vs 318k at FY25

BAU claims ratio
(Business as usual)

46%

vs 41% in FY25

MER
(Management expense ratio)

32%

vs 31% in FY25

Large event costs

$23.9m

vs $7.2m in FY25

Underlying profit[1]

$74.2m

vs $107.2m in FY25

Reported profit

$52m

vs $83.7m in FY25

Dividend per share
Total FY26 declared dividends

15 cents

vs 24.5 cents in FY25

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

FY26 result highlights

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

Customer and policy growth momentum

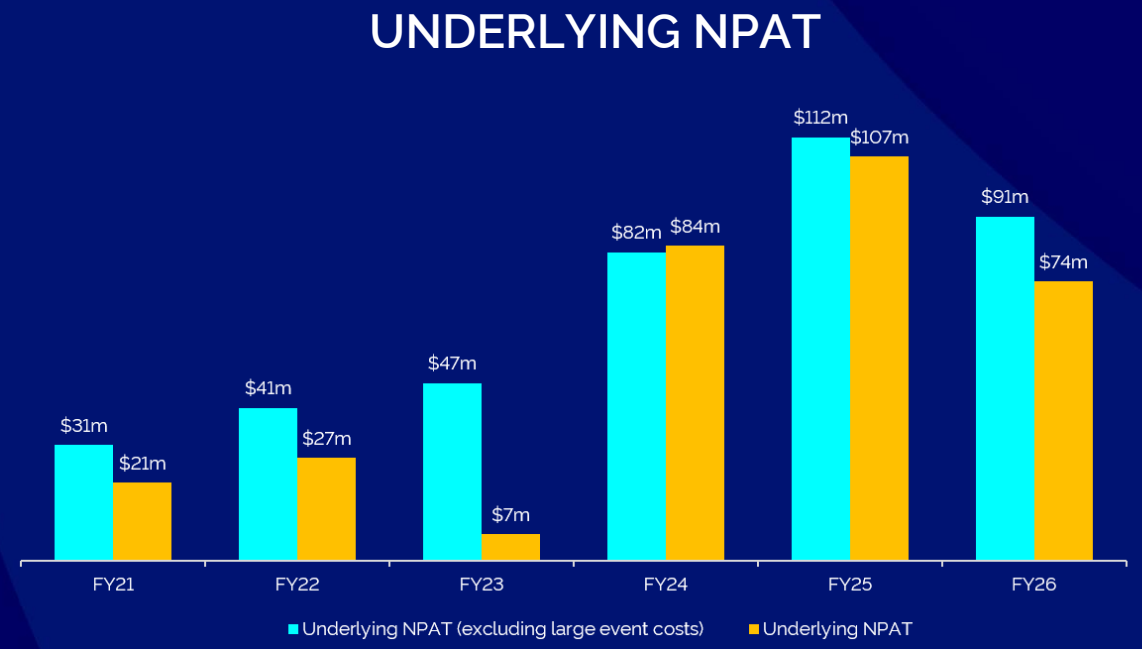
- 8% customer growth year on year
- Partnerships achieving double digit GWP growth

Improved risk selection and portfolio quality

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

Resilience in claims costs

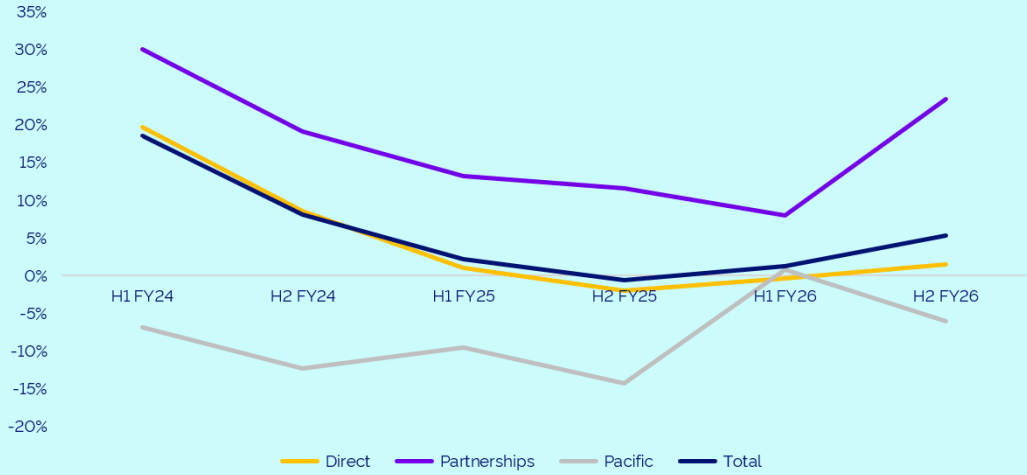
- Increased weather events impacted claims costs
- BAU loss ratio remains below target range and Large event claims costs below $45m allowance



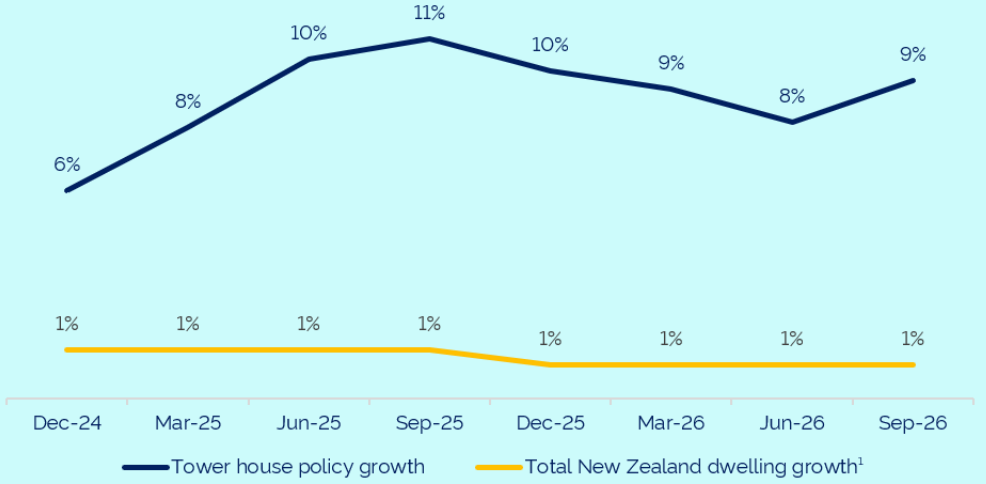
Delivering increased growth

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

ANNUAL GWP GROWTH BY CHANNEL



ANNUAL HOUSE POLICY GROWTH BY QUARTER



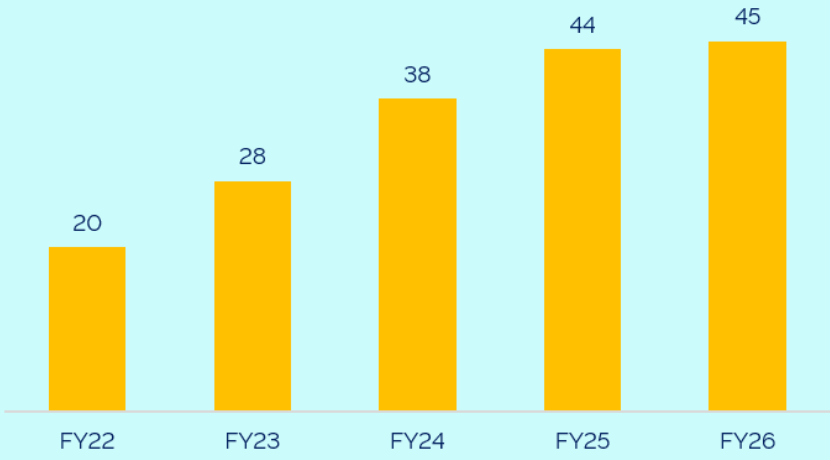
Note 1: System growth is calculated using the quarterly growth in national dwelling estimates from Statistics NZ

Improvements in customer experience and efficiency

Customer experience

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

NET PROMOTER SCORE



Embedding AI

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



Highest ever employee engagement

Our people

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



Developing our performance edge

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

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

Financial performance

Len Elikhis,

Chief Financial Officer



Group underlying performance

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

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

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

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

Movement in underlying NPAT



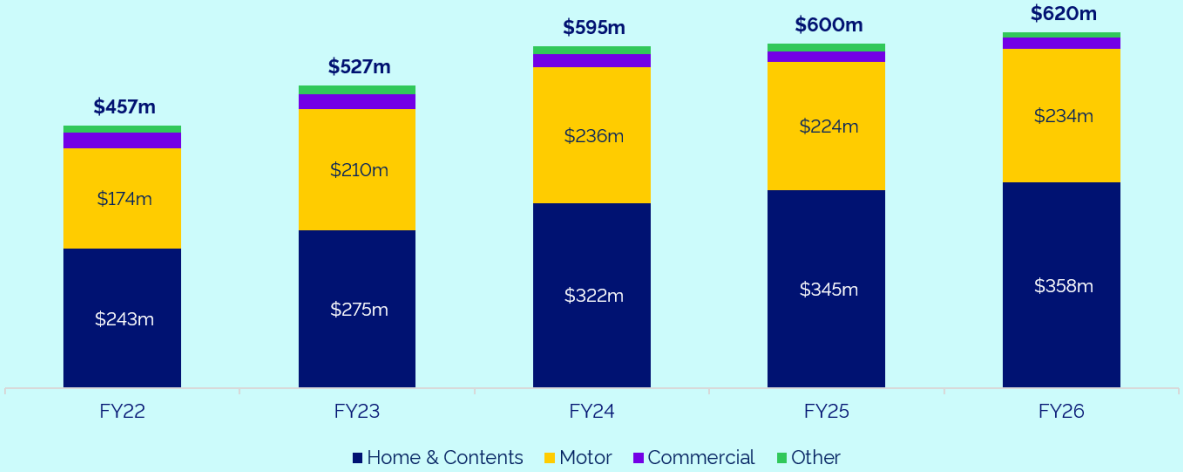
- Underlying NPAT[1] of $74.2m vs $107.2m in FY25
- Business growth reflects higher net insurance revenue less growth in claims and expenses
- BAU claims ratio increased from prior year from rating actions earning through
- Large event costs in FY26 of $23.9m before tax versus $7.2m before tax in FY25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

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

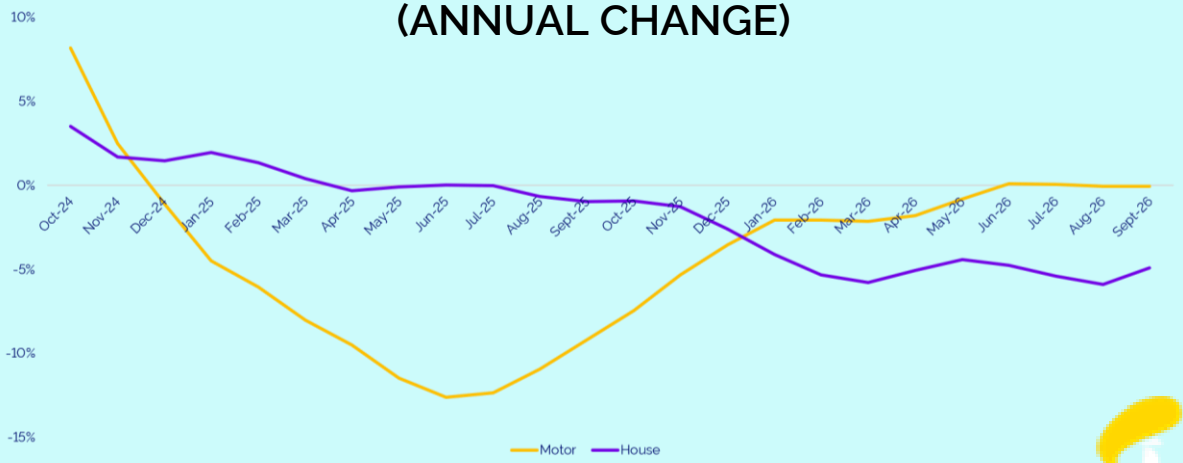
Rating pressure impacts GWP growth

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

GROSS WRITTEN PREMIUM



TOWER EFFECTIVE[1] AVERAGE PREMIUM (ANNUAL CHANGE)



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

Business unit distribution

TOWER DIRECT

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

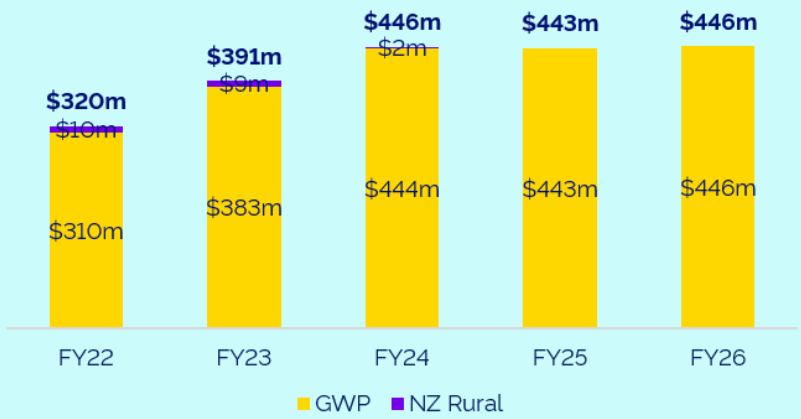
PARTNERSHIPS

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

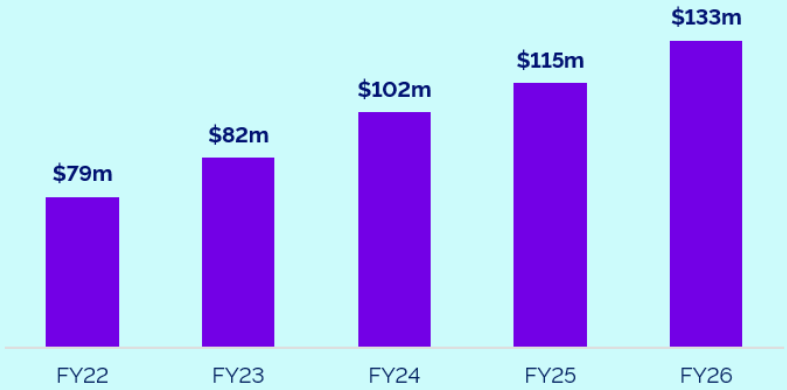
PACIFIC

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

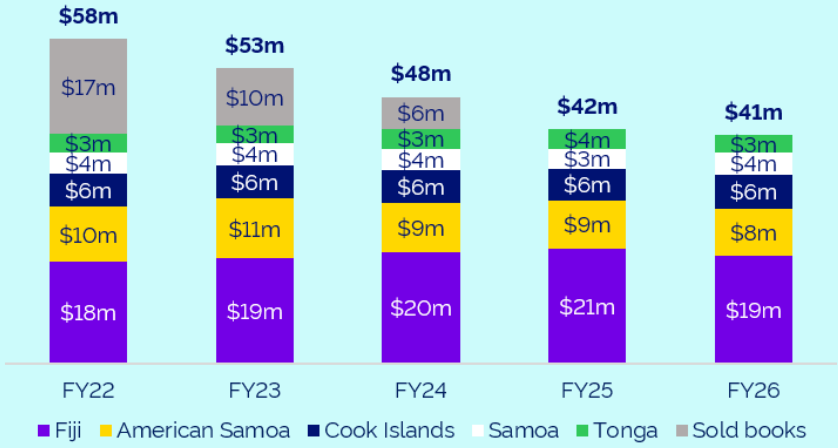
TOWER DIRECT GWP



PARTNERSHIPS GWP



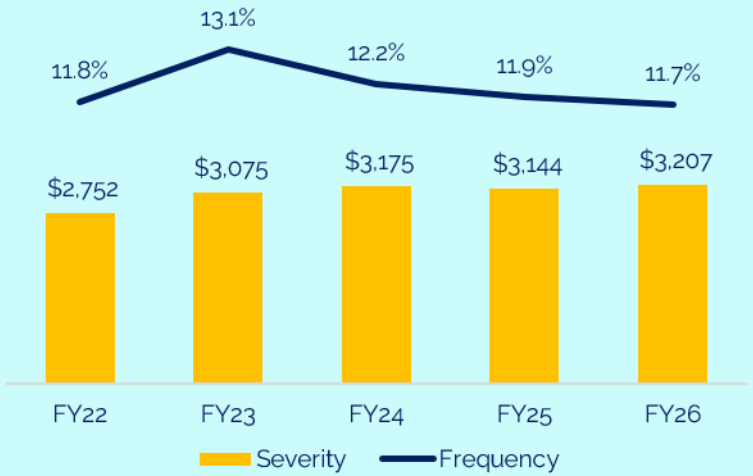
PACIFIC GWP



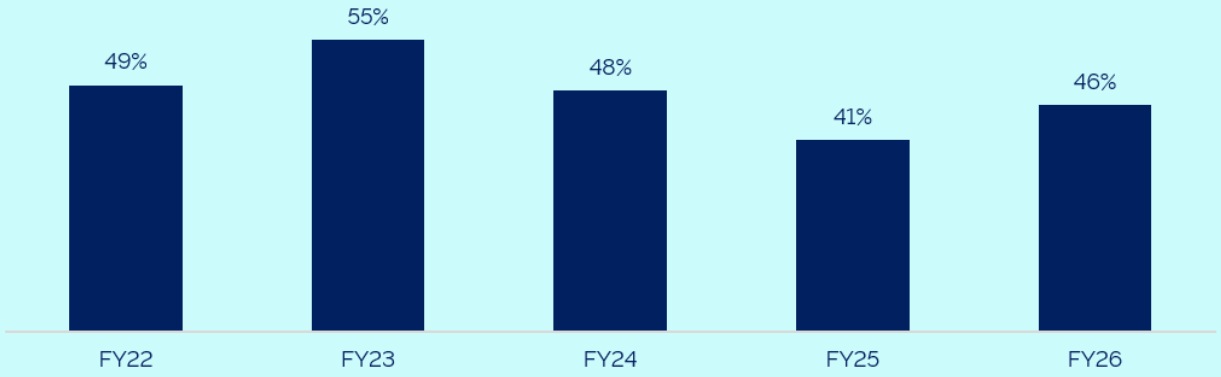
Fewer claims, higher average cost

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

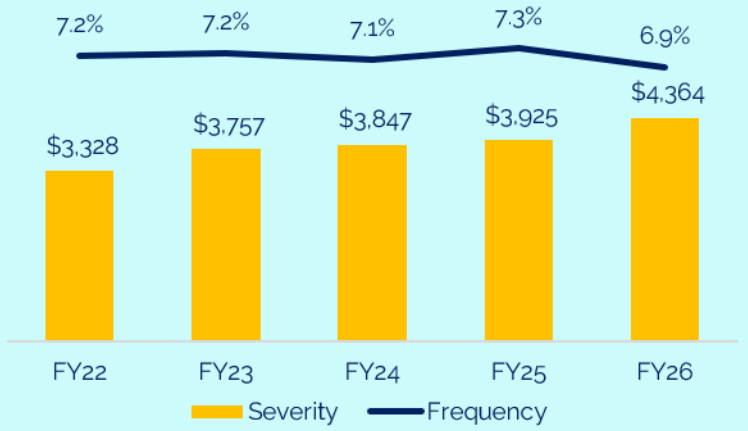
NZ MOTOR SEVERITY[1] & FREQUENCY[2]



BAU CLAIMS RATIO



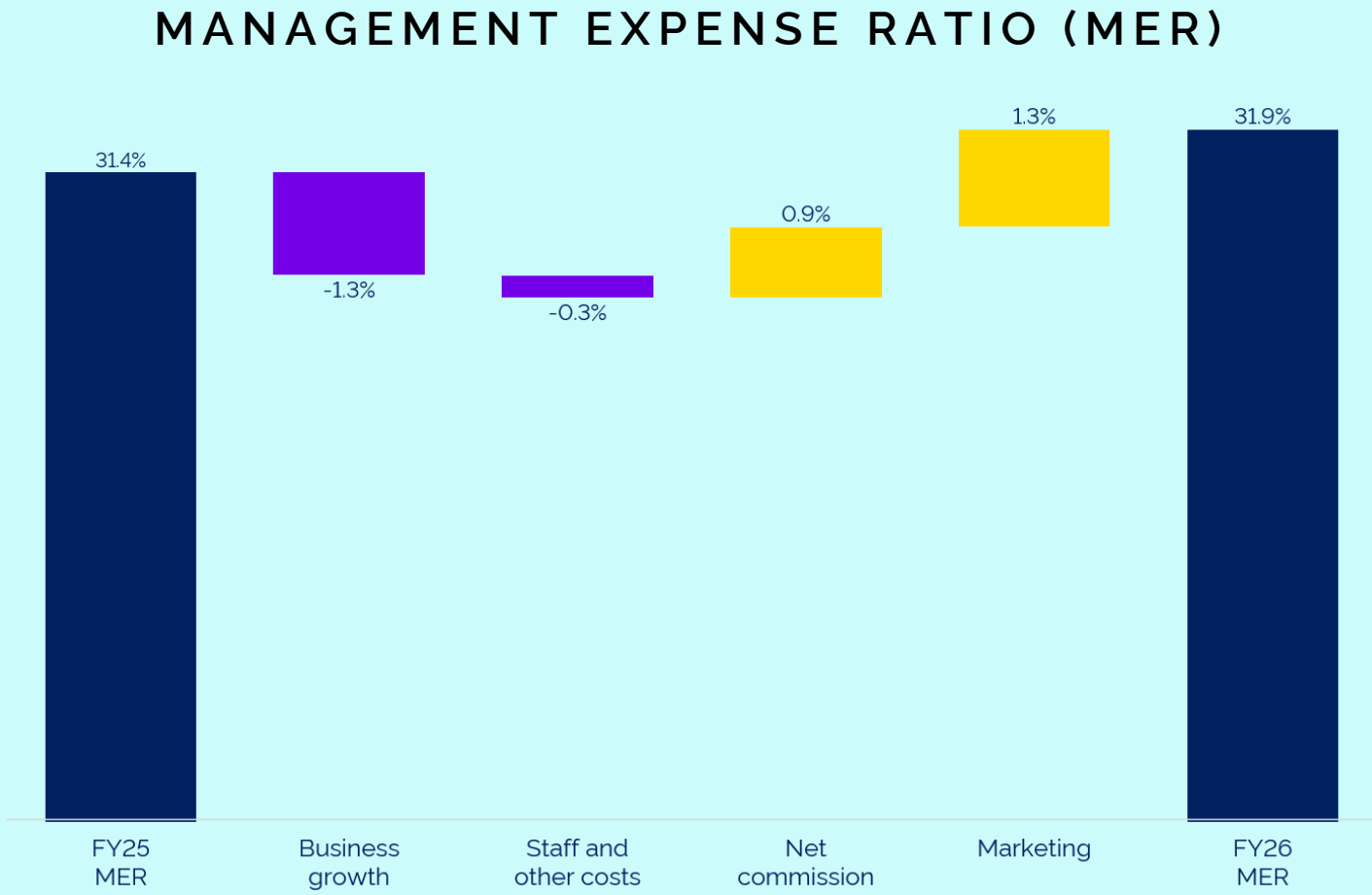
NZ HOUSE SEVERITY & FREQUENCY



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

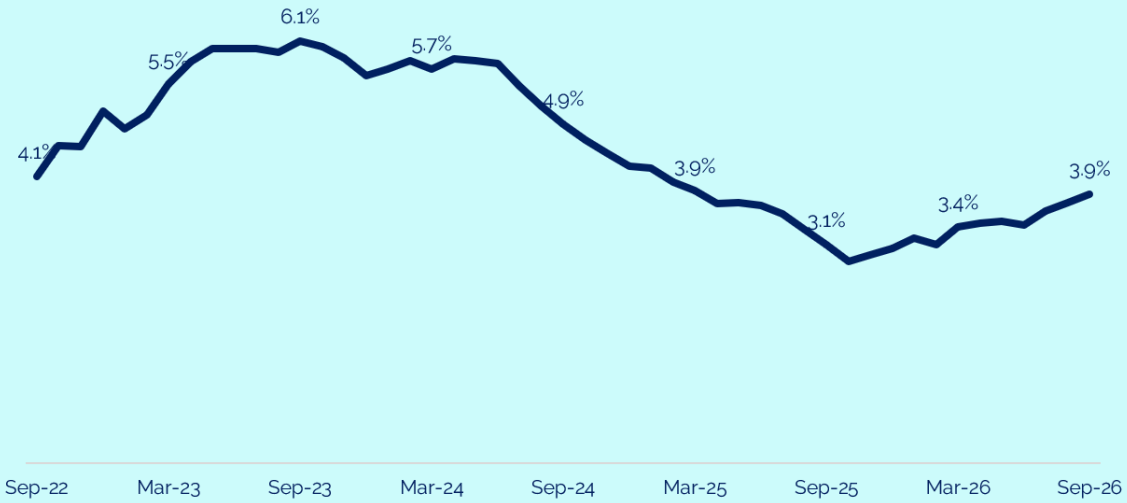
Stable management expense ratio

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

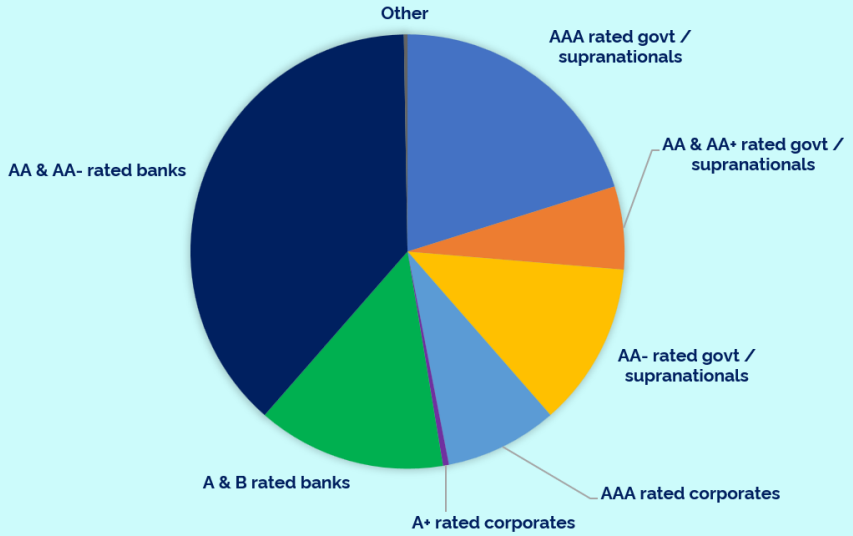


Conservative investment strategy

CORE INVESTMENT PORTFOLIO[1] YIELD



INVESTMENT ASSET PROFILE



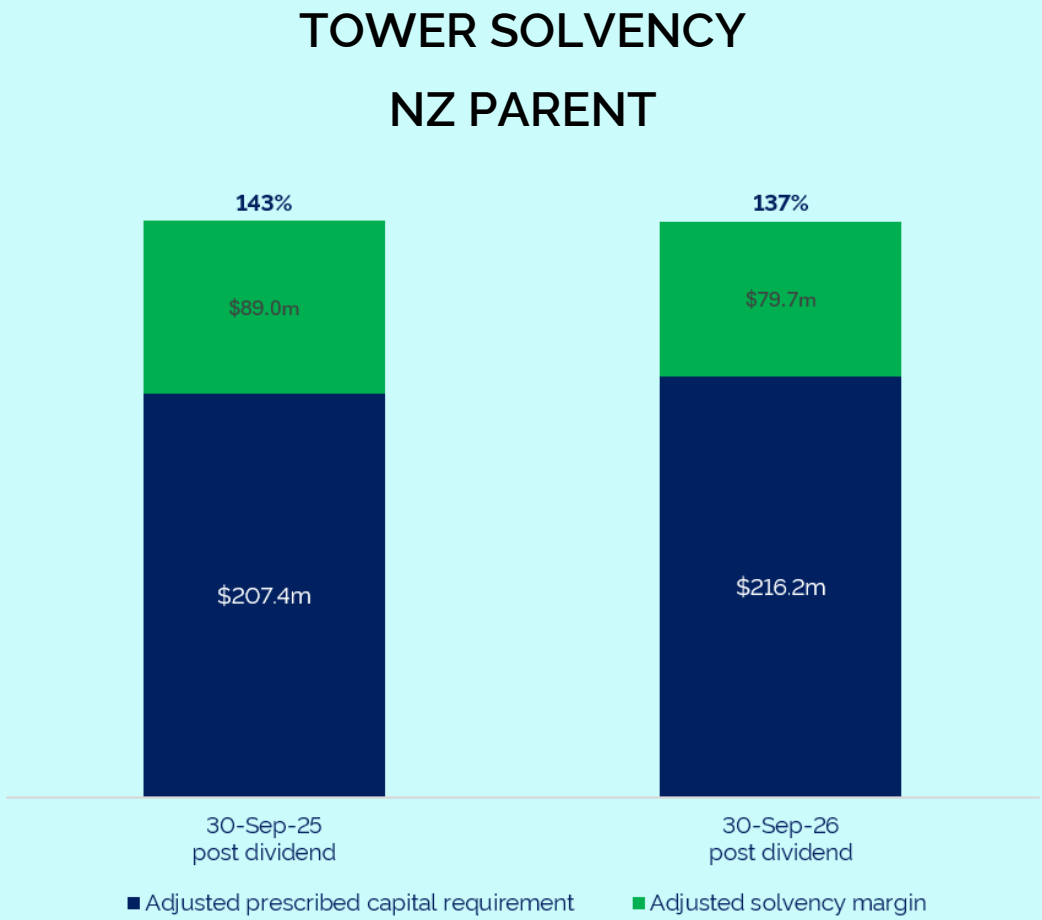
- Net investment income $11m; $8.3m lower than FY25 due to lower investment balances, yield, and mark to market losses from rising yield curve
- Running yield on the core investment portfolio is 3.9% as at 30 September 2026

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

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

Capital and solvency position

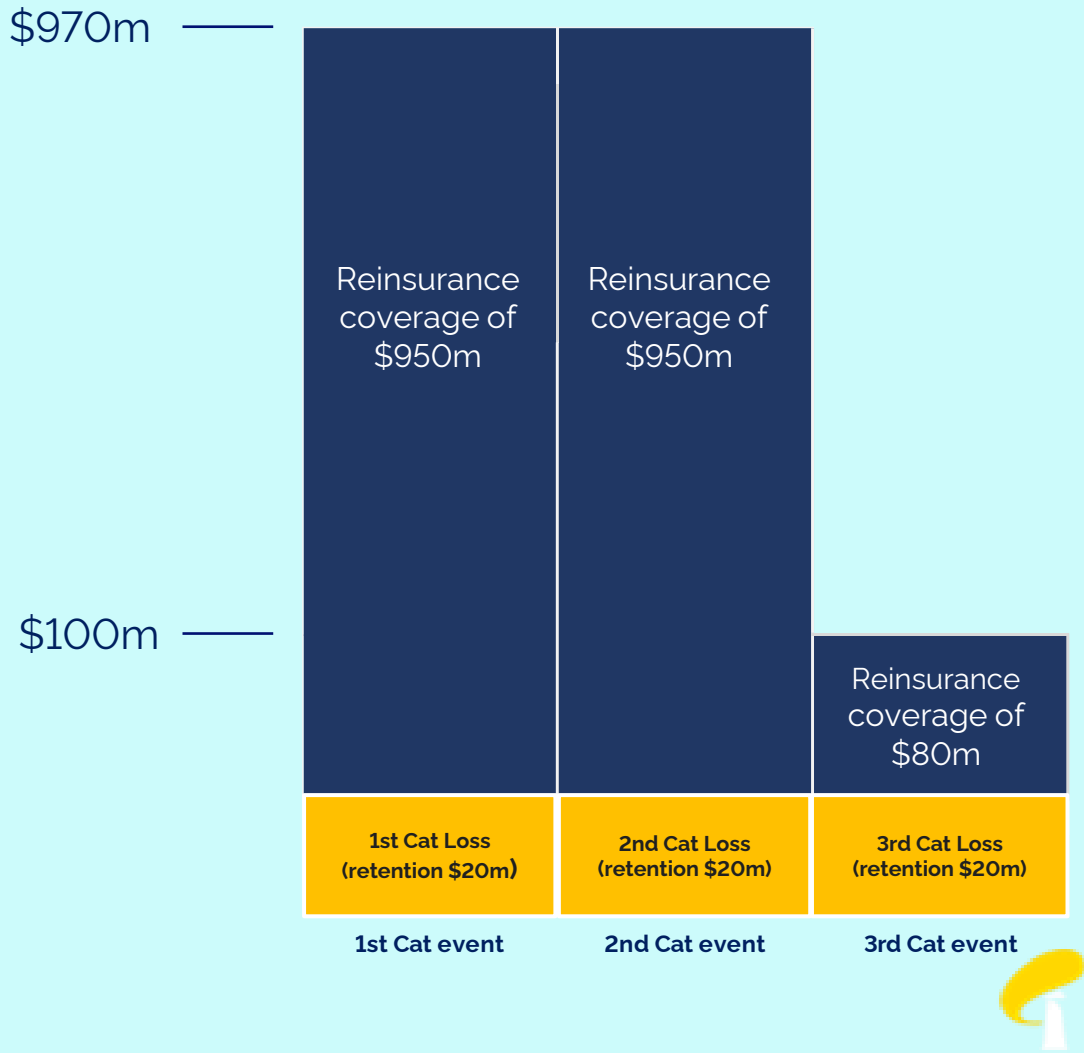
- Solvency ratio[1] of 137%
- Adjusted solvency margin as at 30 September 2026 is $79.7m - stated net of final dividend of 10 cents per share[2]
- Tower has an internal target solvency margin of $89.5m
- We will continue to balance capital flexibility for growth with sustainable shareholder returns
-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



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

Reinsurance programme

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

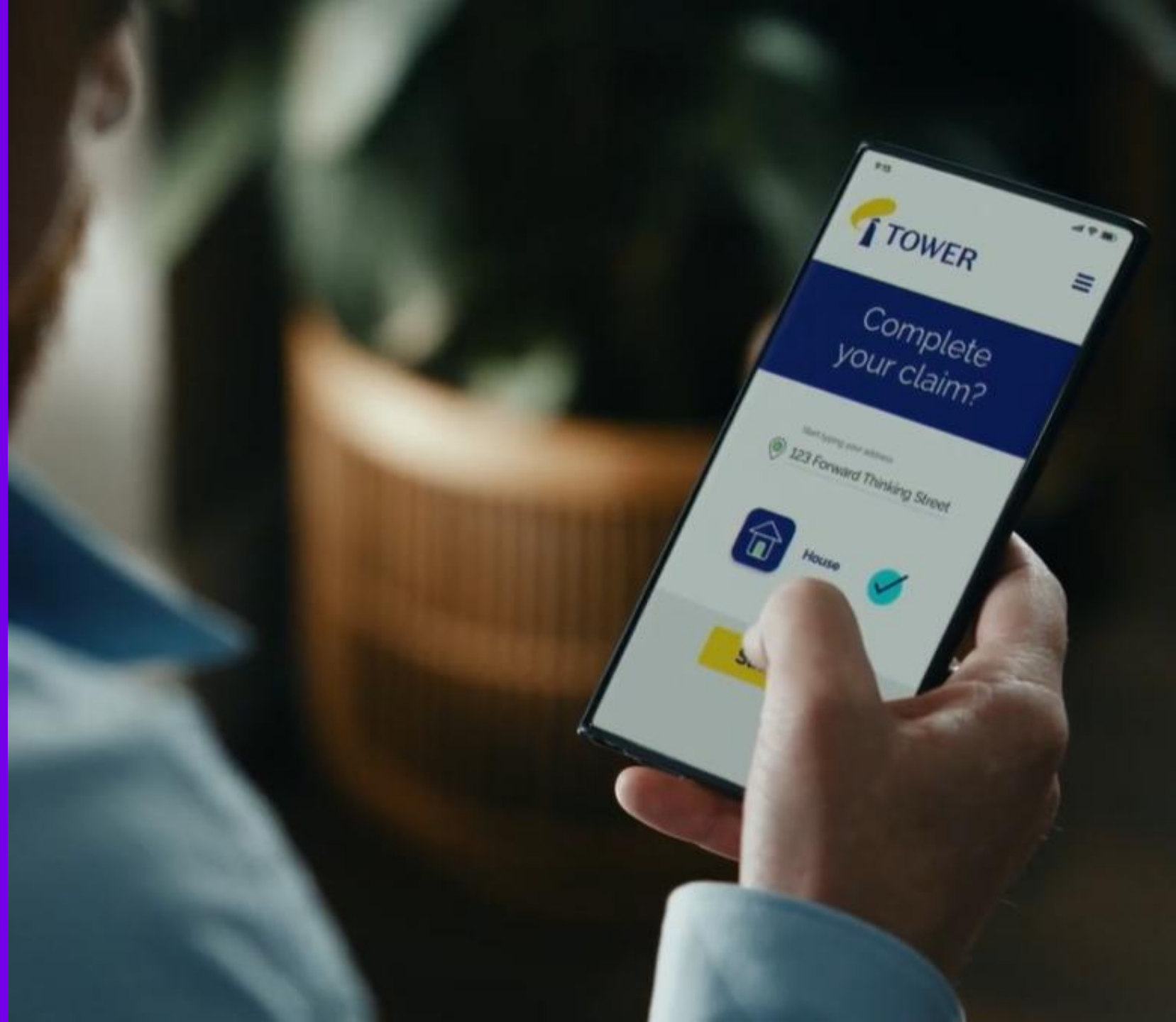


Note 1: Excess of loss reinsurance means Tower retains responsibility for claims up to a certain threshold, with the reinsurer covering losses above that amount.

Looking forward

Paul Johnston,

Chief Executive Officer



Delivering the next phase of growth

Investing to expand Tower's future growth opportunities

✓ Horizon 1 completed

Resilience and Efficiencies

HORIZON 1
2024-2025

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

We are here

Transform and Innovate

HORIZON 2
2026 - 2027

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

Investing now to enable Horizon 3

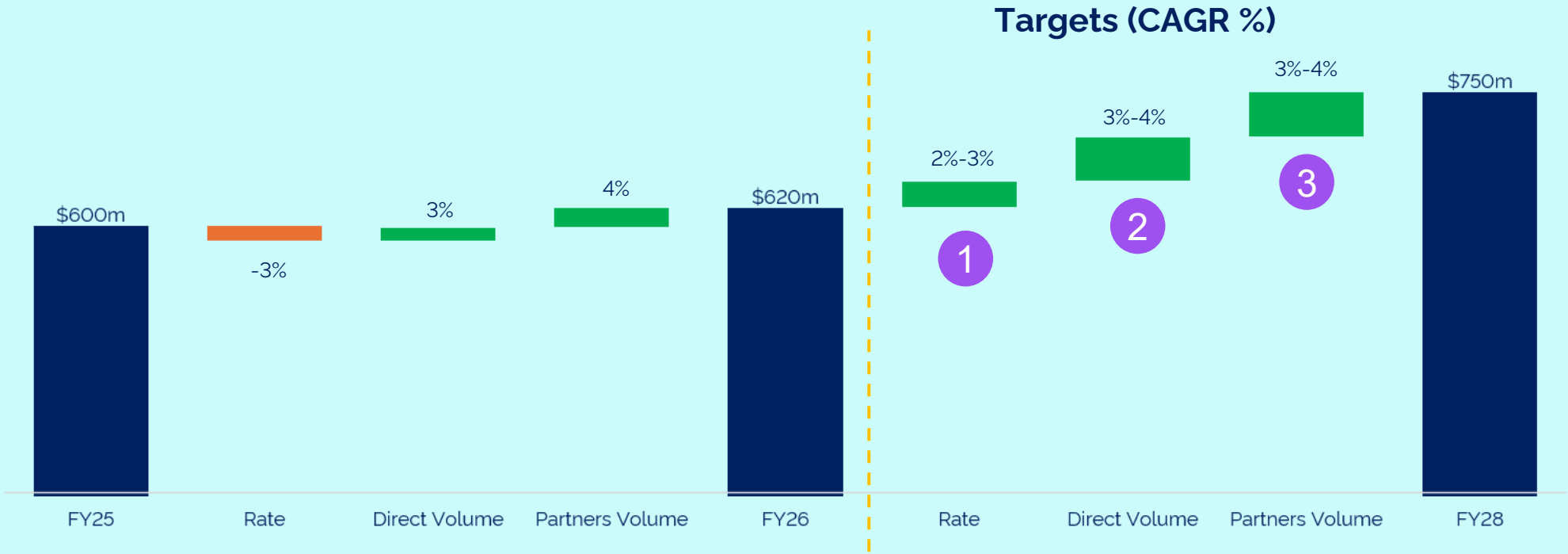
Expanded Growth and Leadership

HORIZON 3
2028 - 2030

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

GWP growth momentum

Targeting $750m GWP in FY28 through organic growth



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

Partnerships powering our growth

New and expanded partners are widening our reach

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

Continuing to invest in technology

Optimising our foundational investment to unlock further value

AI and data

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

Platforms and digitisation

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

FY27 guidance and future targets

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

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

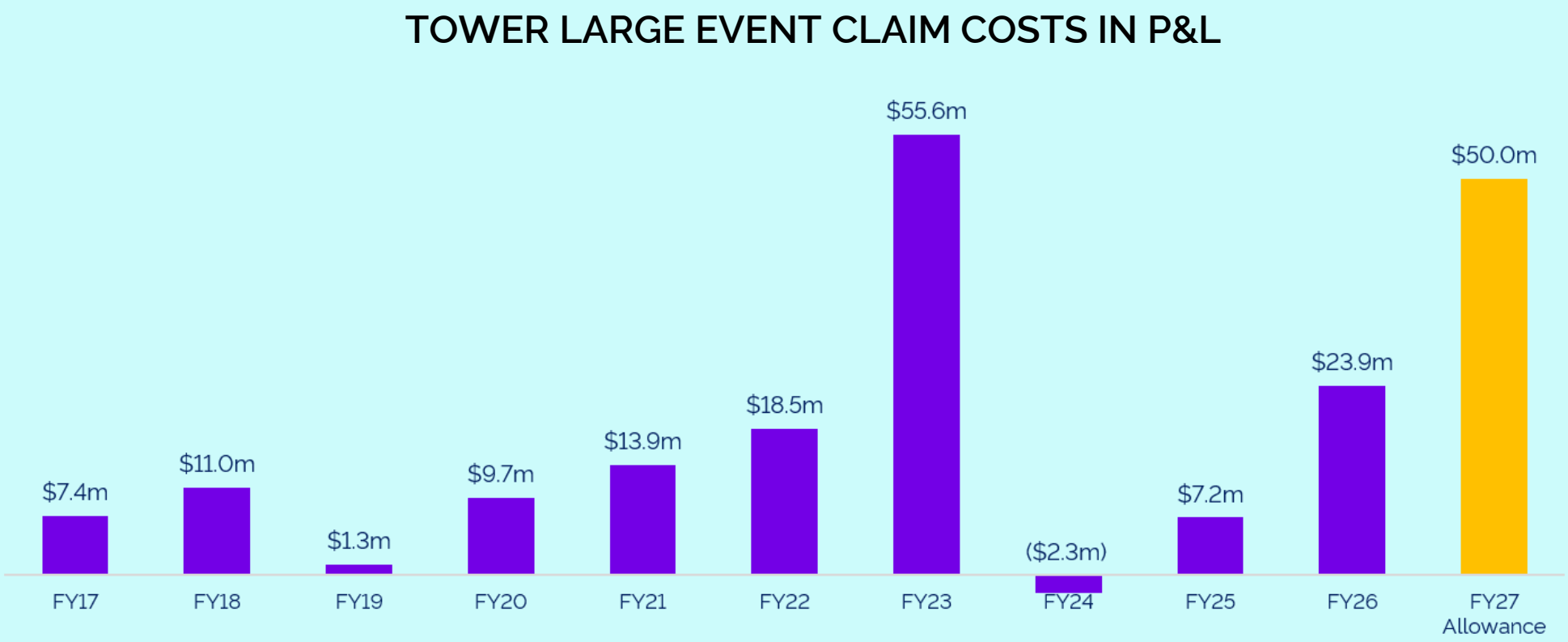
Questions?



Appendices



Large event claims



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

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

Reconciliation between underlying profit after tax and reported profit after tax

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

Underlying and reported profit:

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

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

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This document contains certain forward-looking statements. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including, among others: the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; and war and terrorism. These forward-looking statements speak only as at the date of this document.

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Tower FY26 Results Announcement Investor Presentation Script

Slide 1 – 2026 Full Year Results

Naomi Ballantyne

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

Slide 2 - Agenda

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

Slide 3 – Chair's update

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I will now hand over to Paul and Len, who will take you through the results and outlook before we open for questions.

Paul Johnston

Slide 4 – Business update

Kia ora, and good morning, everyone.

Thank you for joining us for our 2026 full year results.

Slide 5 – Overview

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

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

Slide 6 - What makes Tower different

Before turning to our performance, let’s take a moment to highlight what sets Tower apart.

We are a Kiwi-owned insurer, and our competitive advantages uniquely position us to meet the ever-evolving needs of our customers.

First, in customer experience and technology, we lead with transparency and simplicity.

Our streamlined platform and product set deliver clearer, more consistent outcomes for customers. For example, through My Tower, we provide

customers with premium breakdowns, year-on-year premium comparisons at renewal, and our assessment of natural hazard risks for their homes.

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

At the same time, our AI-enabled contact centre is improving service quality and efficiency, ensuring faster, more personalised service for our customers who call us.

Our targeted approach to risk selection and address-level, risk-based pricing allow us to price more accurately, remain competitive, and improve the overall quality of our portfolio.

These capabilities underpin our strategy, giving us a strong platform to deliver sustainable growth and even better customer outcomes over time.

Slide 7 – Our performance - solid operational and business performance

Tower has delivered solid operational and business performance in FY26.

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

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

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

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

Slide 8 – FY26 result highlights

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

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

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

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

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

Slide 9 - Delivering increased growth

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

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

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

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

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

Slide 10 - Improvements in customer experience and efficiency

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

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

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

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

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

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

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

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

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

Slide 11 – Highest ever employee engagement

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

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

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

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

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

Slide 12 - Financial performance

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

Len Elikhis

Slide 13 – Group underlying performance

Thank you, Paul.

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

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

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

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

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

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

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

Slide 14 – Movement in underlying NPAT

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

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

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

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

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

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

Slide 15 – Rating pressure impacts GWP growth

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

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

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

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

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

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

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

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

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

While rating pressure is moderating premium growth, we are continuing to grow volumes in a disciplined way, supporting long-term portfolio quality and customer outcomes.

Slide 16 – Business unit distribution

Turning to our business units.

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

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

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

Slide 17 – Fewer claims, higher average cost

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

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

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

Slide 18 – Stable management expense ratio

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

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

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

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

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

Slide 19 – Conservative investment strategy

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

Tower continues to maintain a conservative investment strategy, focused on high credit quality and liquidity. Our portfolio is predominantly invested in

highly rated bank and government securities, and we maintain a relatively short duration, with a target of around six months.

This positioning helps manage risk and reduces exposure to market volatility, while providing flexibility as interest rate conditions evolve.

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

Slide 20 - Capital and solvency position

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

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

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

We were also pleased to have our A- financial strength rating reaffirmed by AM Best in April 2026, highlighting the resilience of the balance sheet.

Tower continues to maintain a strong capital position, supporting both regulatory requirements and our ability to execute on our growth strategy.

Slide 21 – Reinsurance programme

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

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

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

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

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

Paul Johnston

Slide 22 - Looking forward

Thank you, Len.

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

Slide 23 – Delivering the next phase of growth

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

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

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

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

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

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

Slide 24 – GWP growth momentum

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

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

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

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

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

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

Slide 25 – Partnerships powering our growth

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

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

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

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

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

Slide 26 – Continuing to invest in technology

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

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

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

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

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

Slide 27 - FY27 guidance and future targets

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

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

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

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

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

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

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

Looking further ahead, we have set clear medium-term targets for FY28.

We are targeting GWP of $750 million in FY28.

Over the same period, we are targeting a management expense ratio of between 30% and 31%, and a combined operating ratio of between 85% and 87%.

Overall, these targets reflect our confidence in the strategy and the strong foundations we have built, positioning Tower to deliver sustainable growth and long-term value.

Thank you for your time this morning. I will now hand back to the operator for questions.

Distribution Notice

Section 1: Issuer information				
Name of issuer	Tower Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	TWR			
ISIN (If unknown, check on NZX website)	NZTWRE0011S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies			
Record date	11/12/2026			
Ex-Date (one business day before the Record Date)	10/12/2026			
Payment date (and allotment date for DRP)	22/12/2026			
Total monies associated with the distribution[1]	$20,604,681			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.08333333			
Gross taxable amount [3]	$0.08333333			
Total cash distribution[4]	$0.06000000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	$0.01058824			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	Yes			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

[3] "Gross taxable amount" is the gross distribution minus any excluded income.

[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied[6]	28%
Imputation tax credits per financial product	$0.02333333
Resident Withholding Tax per financial product	$0.00416667
Section 4: Distribution re-investment plan (if applicable)	
DRP % discount (if any)	
Start date and end date for determining market price for DRP	
Date strike price to be announced (if not available at this time)	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	
DRP strike price per financial product	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	
Section 5: Authority for this announcement	
Name of person authorised to make this announcement	Paul Johnston
Contact person for this announcement	Emily Davies
Contact phone number	+64 21 815 149
Contact email address	emily.davies@tower.co.nz
Date of release through MAP	26/11/2026

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Distribution Notice

Section 1: Issuer information				
Name of issuer	Tower Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	TWR			
ISIN (If unknown, check on NZX website)	NZTWRE0011S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year		Special	X
	DRP applies			
Record date	11/12/2026			
Ex-Date (one business day before the Record Date)	10/12/2026			
Payment date (and allotment date for DRP)	22/12/2026			
Total monies associated with the distribution[1]	$13,736,454			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.05555556			
Gross taxable amount [3]	$0.05555556			
Total cash distribution[4]	$0.04000000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	$0.00705882			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	Yes			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

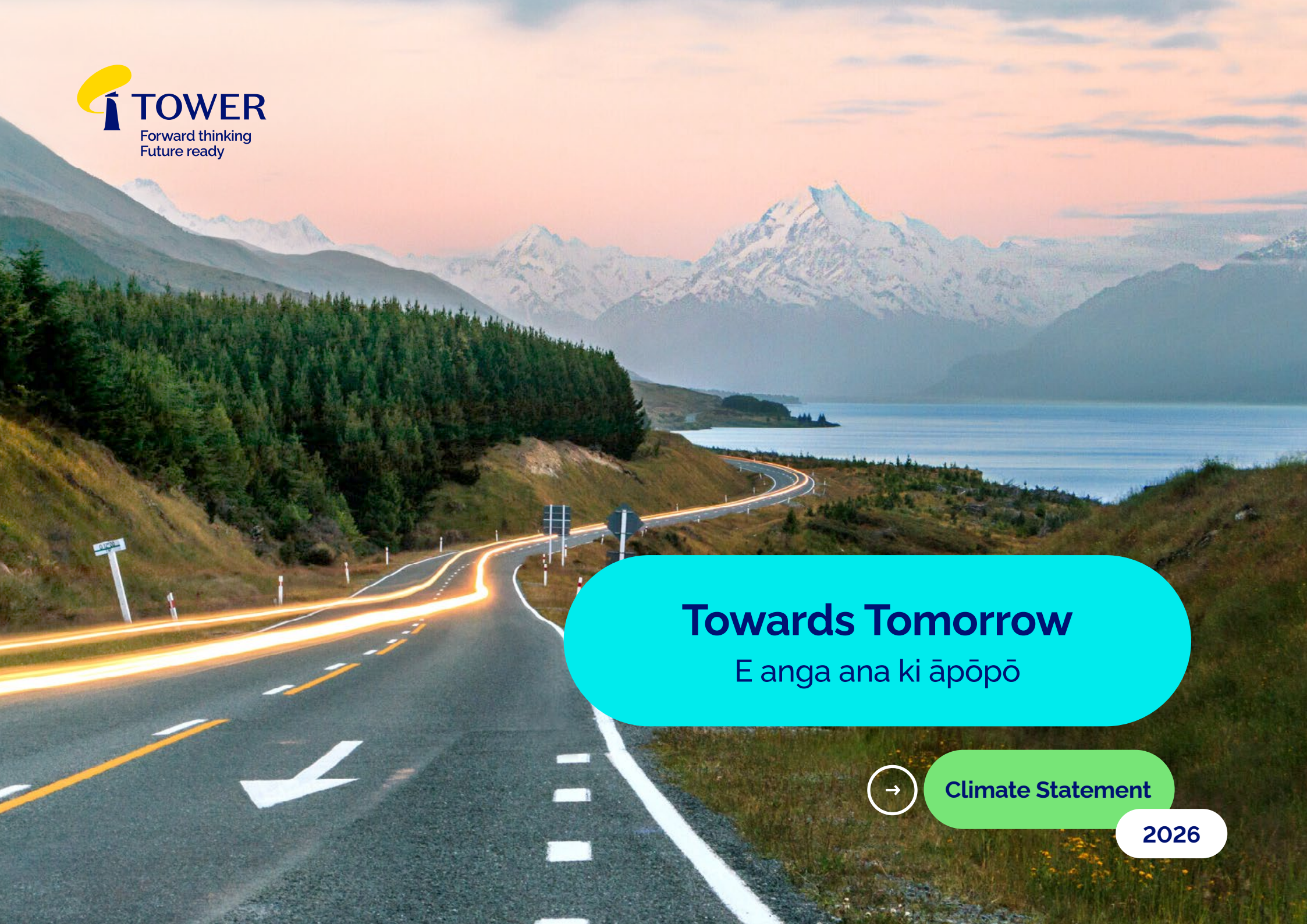
[3] "Gross taxable amount" is the gross distribution minus any excluded income.

[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied[6]	28%
Imputation tax credits per financial product	$0.01555556
Resident Withholding Tax per financial product	$0.00277778
Section 4: Distribution re-investment plan (if applicable)	
DRP % discount (if any)	
Start date and end date for determining market price for DRP	
Date strike price to be announced (if not available at this time)	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	
DRP strike price per financial product	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	
Section 5: Authority for this announcement	
Name of person authorised to make this announcement	Paul Johnston
Contact person for this announcement	Emily Davies
Contact phone number	+64 21 815 149
Contact email address	emily.davies@tower.co.nz
Date of release through MAP	26/11/2026

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.


TOWER
Forward thinking
Future ready
Towards Tomorrow
E anga ana ki āpōpō
Climate Statement
2026

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Executive summary

Tower's Board and Management remain committed to navigating the changing climate in support of our customers and communities in New Zealand and the Pacific, and in the long-term interests of our shareholders.

This executive summary highlights the key activities Tower has undertaken in FY26 to support a low-emissions, climate-resilient future for our business, customers, and the wider insurance sector.

Further detail is available in the full report, which covers the period from 1 October 2025 to 30 September 2026.

Expanded risk-based pricing to new perils

During FY26, Tower continued embedding its expanded risk-based pricing model for flood, earthquake, sea surge and landslide hazards, supported by individual property risk ratings that help customers understand how natural hazard risk is reflected in pricing. Over the first year of implementation, the expansion resulted in an approximate 43% reduction in average annual loss for sea surge, and approximately 90% of Tower customers received a reduction in the natural hazards portion of their premium, with average savings of $70 per property. Fewer than 10% of properties, those with higher exposure to sea surge or landslide risks, experienced a proportionate increase, which Tower is smoothing over a period of up to four years dependent on policy renewal cycles. Tower also continued engaging with government, industry and other stakeholders on climate adaptation, affordability and the continued availability of insurance.

Climate-conditioned flood and sea surge data informed the FY26 scenario refresh, risk and opportunity review and transition planning. Revised estimates indicate fewer properties at high future flood and sea surge risk than initially projected, supporting Tower's assessment that risk-based pricing is reducing portfolio exposure to physical climate risks.

Large event response

During FY26, weather events caused property and asset damage for customers across New Zealand and the Pacific, reinforcing the need for disciplined financial planning and operational readiness. Tower continued to strengthen, monitor and test the tools and processes underpinning its Large Event Response Plan, including claims, technology, supplier and business-continuity capabilities. Tower did not identify or experience any material transition impacts during the year.

Parametric in the Pacific

Tower continued to expand its parametric insurance offering in the Pacific during FY26, providing customers with cover that makes automatic payments when defined weather thresholds are met, without requiring customers to lodge a claim or demonstrate damage. Tower's Cyclone Response Cover is available in Fiji, Tonga and Samoa, while its Rainfall Response Cover was launched in Fiji to broaden protection against extreme weather. In FY26, the Rainfall Response Cover made Tower's first-ever parametric payout, providing FJ$27,050 to 278 customers in Kadavu within three weeks of heavy rainfall in late June 2026. This milestone demonstrates how parametric insurance can provide more rapid financial support following severe weather and forms part of Tower's approach to improving insurance accessibility and supporting climate resilience in Pacific communities.



Strengthened GHG emissions management

Tower delivered strong performance against Scope 1 and 2 gross emissions reduction target, achieving a 40% total reduction from FY20 base year to end of FY26 against a 63% goal to 2035. Tower established foundations to achieve further reductions through the increased metering at the Suva Hub and the introduction of Extraordinary Pay to support employees to access public transport savings for their commute to work.

During FY26, Tower continued to develop its greenhouse gas inventory, restated prior-period data where required, and implemented the GHG Management Framework to strengthen emissions-data quality.

Tower obtained limited assurance over the Scope 1 and 2 emissions disclosed in this Climate Statement.

Climate scenario refresh

Tower refreshed its climate scenarios in FY26 through a structured, internal review process, supported by Tonkin + Taylor, environmental and engineering consultants. This included a desktop review of the scenarios originally developed in 2021, consideration of current climate-related disclosure expectations, and assessment of the existing scenario drivers, narratives, time horizons, and assumptions. The refresh focused on producing shorter, more strategically useful scenarios that are aligned with Tower's internal modelling, transition planning and key commercial drivers, including underwriting considerations, claims volatility, reinsurance cost and capacity, capital requirements, insurance affordability and opportunities for product innovation. The scenarios were also designed to test the resilience of Tower's strategy under plausible climate futures and to support ongoing monitoring of emerging signals.

Reviewed and refined climate-related risks and opportunities

Tower completed a comprehensive review of its climate-related risks following the FY26 scenario refresh, consolidating the 22 risks disclosed in FY25 into 12 more focused risks. The revised profile comprises four inherently high, five inherently medium and three inherently low risks: four physical risks, six transition risks and two risks with both physical and transition characteristics. The four inherently high risks relate to operational stress from climate impacts, large climate-related events in Fiji affecting the Suva Hub, financial stress from climate impacts, and diminishing affordability of reinsurance as the cost of risk accelerates. These risks continue to be managed under Tower's Risk Management Framework.

Tower's material climate-related opportunities are transition-focused and relevant across the short, medium and long term. They comprise building a more resilient insurance industry by improving risk transparency and accessible, risk-based pricing; developing products and propositions that support resilience and affordability; and partnering across industry to deliver better outcomes for customers, communities and other stakeholders. Together, these opportunities support resilience, affordability, customer trust and continued access to insurance as climate risks evolve.

Developed the transition planning aspects of our strategy

Following the FY26 refresh of Tower's climate scenarios and review of its climate-related risks and opportunities, Tower reviewed the transition-planning aspects of its strategy. This work tested the resilience of Tower's strategy and operating model under our three plausible climate futures and confirmed that the transition plan remains relevant. Minor updates were made to reflect progress since FY25, the revised short-, medium- and long-term horizons, and priorities arising from the refreshed scenarios and risk and opportunity assessment.

The plan continues to inform Tower's actions across risk-based pricing and customer transparency, product and proposition development, operational and supply-chain resilience, climate data and capability, stakeholder engagement and emissions reduction. Detailed actions beyond FY30 will continue to evolve as climate, policy and socio-economic conditions become clearer, with the transition plan scheduled for further review in FY27 and through Tower's ongoing strategic planning process.

Maintained strong governance and risk management

In FY26, Tower updated its Climate and Sustainability Governance Framework and consolidated its previous steering committee, Climate Risk Forum and workstream leads into a Sustainability and Climate Forum. Board oversight remained unchanged, covering climate strategy, transition planning, risks and opportunities, metrics, targets and disclosures, supported by Board committees and regular management reporting. The Executive Leadership Team remained responsible for implementation and embedding climate considerations across the business, with the Forum coordinating delivery. A Board climate-related skills assessment was deferred following changes in Board composition and is expected in FY27.

Scope of the climate statement and statement of compliance

This report is Tower's third group climate statement and is prepared in accordance with section 461A of the Financial Markets Conduct Act 2013 and the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3). It covers our New Zealand and Pacific operations[1] and outlines the steps we are taking in support of a low emissions and climate-resilient business for the future. This climate statement has been prepared for our primary users, who we have identified as primarily being potential and existing shareholders (including asset managers). All financial information is provided in NZD. Our corporate structure is further explained under the Governance Section on page 40.

1 The subsidiaries of Tower Limited are: Tower Services Limited, National Pacific Insurance Limited (Samoa), National Pacific Insurance (Tonga) Limited, National Pacific Insurance (American Samoa) Limited, Tower Group Services (Fiji) Pte Limited, Tower Insurance (Fiji) Limited, Southern Pacific Insurance Company (Fiji) Limited, Tower Insurance (Cook Islands) Limited, The National Insurance Company of NZ Limited.

Tower has chosen to use the following adoption provisions in our third Climate Statement

Adoption provision	Rationale
Adoption provision 2: Anticipated financial impacts	Adoption provision 2 has been extended to include the second, third and fourth reporting periods. Tower has adopted this provision for the FY26 Climate Statement as it develops its methodologies to assess potential climate-related anticipated financial impacts.
Adoption provision 4. Scope 3 greenhouse gas (GHG) emissions	Selected operational Scope 3 emissions have been included to maintain consistency with previous Annual Report and Climate Statement inclusions.
Adoption provision 5. Comparatives for Scope 3 GHG emissions	Our material Scope 3 inclusions are in development.
Adoption provision 7. Analysis for trends	Trend analysis will be conducted as part of the ongoing development of metrics.
Adoption provision 8: Scope 3 GHG emissions assurance	In FY26 Tower has sought assurance of Scope 1 & 2 GHG emissions only. Scope 3 emissions disclosed in this Climate Statement have not been included in FY26 assurance, as permitted under this adoption provision.



Statement of Compliance

These climate-related disclosures comply with the Aotearoa New Zealand Climate Standards issued by the XRB.

This Climate Statement is dated 26 November 2026 and is signed on behalf of Tower by:



Naomi Ballantyne
Chair



Marcus Nagel
Audit Committee Chair

Tower's business model and strategy

Tower's business model is customer-focused. We deliver general insurance products and services directly to customers via digital platforms and phone, using data to enhance customer service and streamline processes. Our aim is to provide fair and transparent services, with customer care at the heart of everything we do.

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.

Tower's products cover:



House



Contents



Motor



Motorbike



Pet



Motorhome



Travel



Business



Caravan



Landlord



Boat



Parametric cover
(for cyclone and rainfall - only in the Pacific)

We have bold ambitions for tomorrow

Our corporate 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.

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.

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

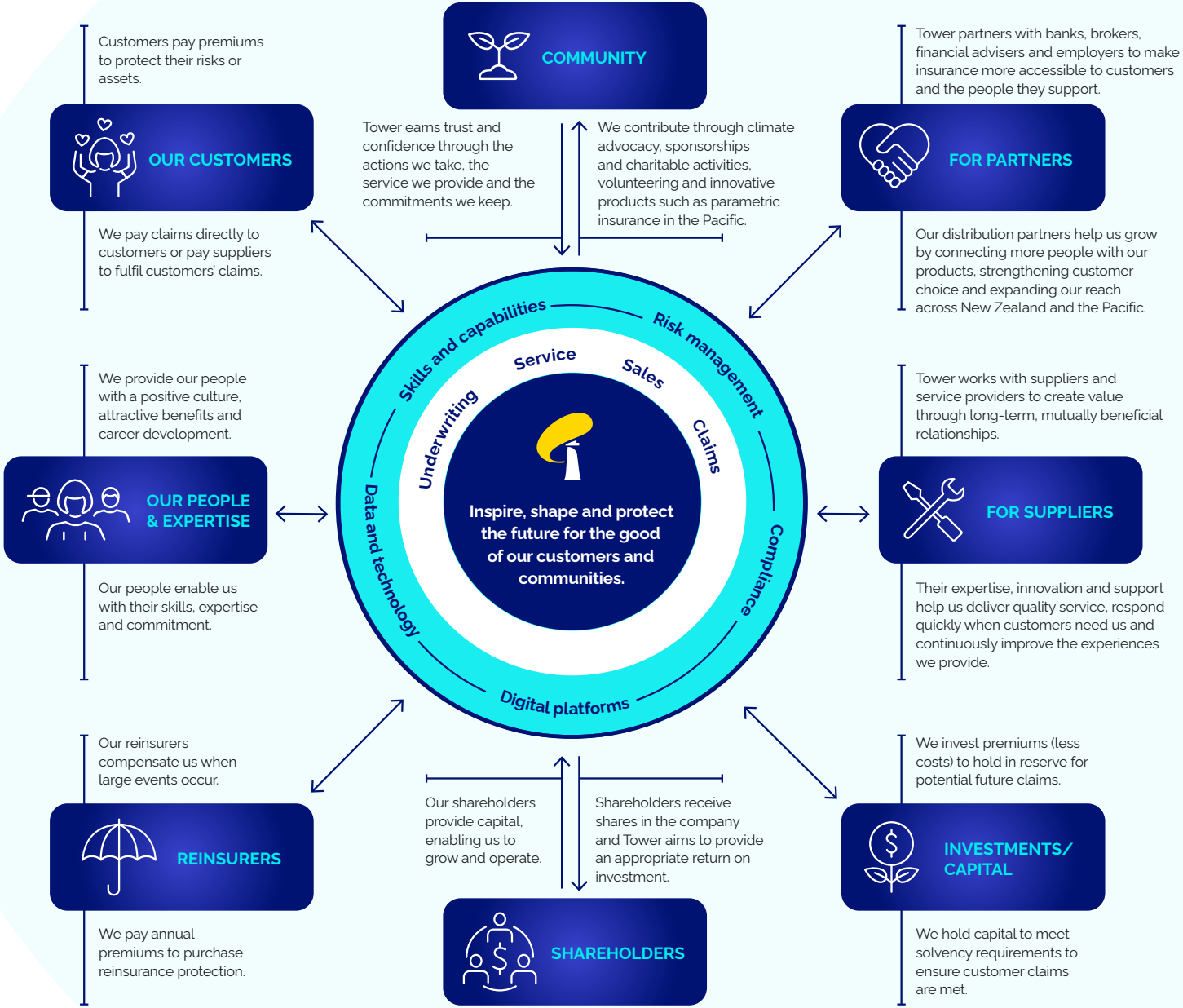
OUR STRATEGIC HORIZONS

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

Tower's value chain

Tower's full value chain is depicted in the diagram opposite. Content within our Climate Statement related to our scenario analysis, assessment of climate-related risks and opportunities, and governance encompasses all aspects of our value chain, across our New Zealand and Pacific operations. Content relating to GHG emissions excludes partners, reinsurers, investments or capital and shareholders.



Tower's FY26 operational footprint[1]

Pacific

$41m GWP[2]	19,000 customers
357 employees[4]	113 tCO_2e[3]

New Zealand

$579m GWP[2]	326,000 customers
586 employees[4]	82 tCO_2e[3]



Map not to scale

[1] All figures are as at 30 September 2026.
[2] Gross Written Premium (GWP) includes all operations during the year.
[3] Scope 1 and 2 greenhouse gas emissions tonnes of carbon dioxide equivalent (tCO_2e).
[4] Excludes the Board of Directors, and includes permanent and fixed term employees of Tower and Tower's Pacific Island subsidiaries.

Tower's approach to climate

As climate change increasingly influences the insurance sector, Tower is focused on building a more resilient business that continues to support customers and communities across New Zealand and the Pacific for the long term. This means using our data, products, partnerships and voice to help customers better understand, reduce and adapt to climate-related risk.

Tower's approach to climate change is aligned with our broader FY26 strategy and transition planning. It is designed to test and strengthen the resilience of our business model under plausible climate futures, while supporting sustainable growth, disciplined pricing, operational resilience and customer trust.

Our approach centres on four connected elements:

1. **Risk-based pricing** – continuing to manage risk at an increasingly granular level, while aiming to maintain transparency and trust with customers. Tower's expanded risk-based pricing model, adding sea surge and landslide risks to flood and earthquake, is supported by individual property risk ratings that help customers understand how natural hazard risk is reflected in pricing.

2. **Product innovation** – exploring products and propositions that support affordability, resilience and continued access to cover as climate risks evolve. This includes considering flexible or targeted solutions that help customers manage risk and retain insurance protection in higher-risk areas. Tower's Pacific Parametric insurance offerings are a clear example of how innovative products can improve the accessibility and affordability of insurance for climate impacted communities.

3. **Data and technology** – investing in hazard data, digital capability and operational tools to strengthen underwriting, pricing, claims response and customer support, particularly during large or clustered weather events.

4. **Building trusted relationships** – upholding strong relationships with our shareholders, reinsurers, government representatives, partners and industry stakeholders, and keeping pace with the changing expectations of customers and communities.

Tower's approach remains broadly consistent with FY25, with no material changes. FY26 updates reflect ongoing progress. The FY25 element "Maintaining our social licence to operate" has been renamed "Building trusted relationships" to better reflect the range of stakeholders Tower considers and responds to.

A core part of Tower's business model and value chain is the ability to respond effectively to large events. This includes maintaining appropriate levels of capital and reinsurance, reinforced by the development and implementation of our Large Event Response Plan (see Material transition impacts, page 12).

Reducing our emissions is an important aspect of our sustainability strategy, and our Scope 1 and 2 greenhouse gas (GHG) emissions have reduced by 40% from our FY20 base year. Our current target is to reduce absolute Scope 1 and 2 emissions by 63% by FY35 from our FY20 baseline. Further details on our emissions inventory and progress against our target are provided in the Our greenhouse gas (GHG) emissions section on page 30.



Current climate-related impacts

Material physical impacts

In FY26 New Zealand experienced a series of weather events that caused property and asset damage, directly impacting our customers. Five of these events met Tower's large event criteria[1] and resulted in overall claims costs to Tower of $24m, well within the allocated large event allowance of $45m for FY26. For this reason it is not considered a material financial impact.

Of these large weather events, only three generated sufficient claim volumes to cause a temporary increase in demand on Tower's claims operations. Tower contained the operational impact through its established Large Event Response Plan, dedicated Event Response Claims team, and this was supported by the timely utilisation of its outsourcing partner and external assessing partner. These arrangements provided additional capacity, supported continuity of customer service and enabled claims operations to return to normal service levels.

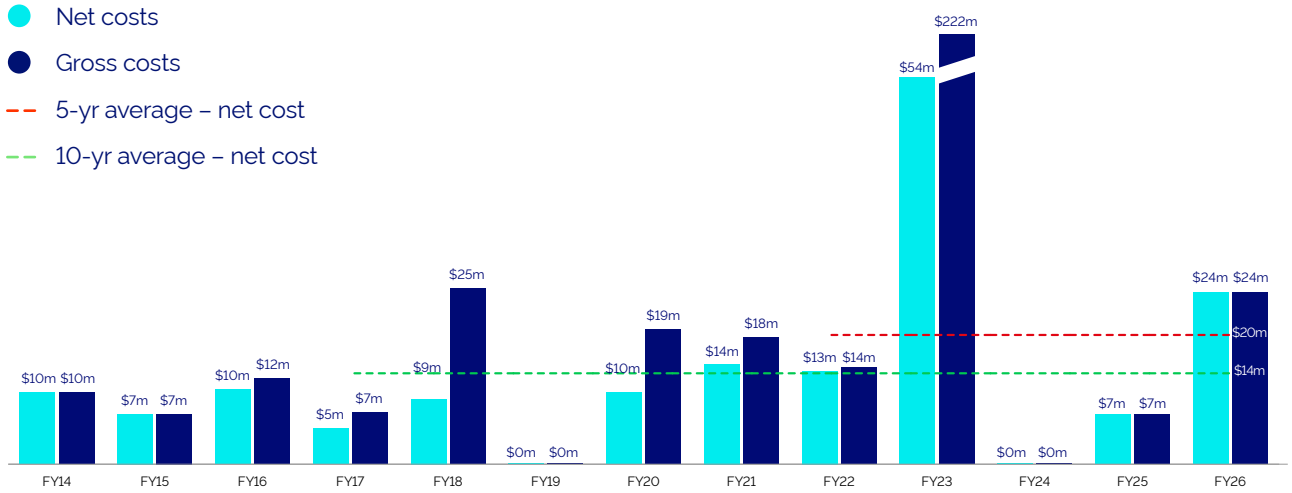
Over the past ten years Tower has experienced an increasing frequency and severity of large weather events that may be linked to a changing climate.

This volatility presents challenges for Tower in our modelling and financial planning. We continue to take a conservative approach to these to support our financial resilience.

As indicated in the graph the five-year average of large events costs for Tower in the financial year ending 30 September 2026 was $19.6m.

In the Pacific, Tower has made its first parametric payout under its Rainfall Response Cover in Fiji, sending a total of FJ$27,050 to 278 customers in Kadavu within three weeks of heavy rainfall in late June 2026. Whilst not a material impact this first payout helps to demonstrate Tower's strategic approach.

Catastrophic and large weather events



1 Tower measures large events as those which have a net cost to Tower of more than $2m. Division of net and gross values are approximate, based on internal records.

Tower's net large event claims costs are subject to reinsurance structures during the reporting periods and the overall growth of our business. The historical large event claim costs are current estimates as at 30 September 2026, any development in prior year event costs are reflected in their respective incurred periods.

Material transition impacts

During FY26, Tower did not identify or experience any material transition risks, and accordingly there have been no material financial impacts from transition risks. However, consistent with our strategic focus, we continued to embed, monitor and strengthen our response to large and/or frequent weather events, risk-based pricing and transparency.

In FY25 we disclosed the development and adoption of a Large Event Response Plan, overseen by the Head of Tower Natural Disaster Response. In FY26 we continued to strengthen, monitor and test the tools and processes underpinning the plan to enhance our operational readiness and align with our broader climate resilience strategy. There was no financial impact of this work which was completed using internal resources in FY26.

In FY25, Tower also advanced its risk-based pricing framework by incorporating new hazard data and modelling capabilities in New Zealand. This enabled the extension of our public risk ratings tool to include landslide and sea surge risks. The inclusion of these hazards aims to improve transparency around how climate and natural hazard risks are reflected in customer premiums.

This expansion builds on our introduction of risk-based pricing for earthquakes (2018) and floods (2022), alongside the launch of a tool that provides customers with individual risk ratings for their properties.

The portfolio impact of this expansion over the first year of implementation resulted in an approximate 43% reduction in average annual loss (AAL) for sea surge and an approximate 4% reduction for landslide risks. Additionally, approximately 90% of Tower customers received a reduction in the natural hazards portion of their premium, with average savings of $70 per property. Fewer than 10% of properties – those with higher exposure to sea surge or landslide risks – experienced a proportionate increase in this portion of their premium.

To support affected customers, Tower is smoothing premium increases over a period of up to four years dependent on policy renewal cycles.

Tower has previously identified a potential transition risk related to customer perceptions of insurance affordability and accessibility. In FY25, Tower conducted consumer research alongside the expansion of risk-based pricing to monitor this potential risk. The findings indicate that, at present, this risk remains low.

The research, *Weathering Change: Attitudes to Climate Risk and Resilience in New Zealand*, provided a snapshot of public awareness of climate-related risks and natural hazards. It found that nearly one-third of New Zealanders are concerned about the impact of climate-related weather events on their homes, despite 79% not having experienced a major event at their property in the past decade.

This research remains relevant in FY26 and supports Tower's understanding of customer and community concerns and informs our ongoing assessment of potential material transition impacts. While the cost was not material, the research is included here to demonstrate how Tower identifies and responds to issues that matter most to our customers.



Understanding our possible futures

The NZ CS 1 requires disclosure of the scenario analysis process Tower has undertaken to identify climate-related risks and opportunities. Scenario-based analysis explores how uncertain, forward-looking variables might logically interact to create plausible future states. The purpose of Tower's scenarios is not to predict the future, but to identify and interrogate the assumptions underlying critical decisions.

In 2022, Tower participated in a New Zealand insurance industry initiative to co-design the Insurance Council of New Zealand's (ICNZ) shared climate scenarios for the insurance sector. These then formed the basis for Tower's first climate scenario development in 2023 with the support of KPMG.

In FY26 Tower undertook a full review and refresh of the 2023 scenarios supported by sustainability and climate specialists at the multidisciplinary consultancy, Tonkin + Taylor. The review was undertaken as the initial short term time horizon, 2020 – 2025 had expired and Tower considered that the drivers and architecture of the scenarios were no longer up to date.

Scenario refresh

The refresh aimed to produce more succinct, strategically useful scenarios, better aligned with Tower's internal modelling, transition planning and key commercial decisions: underwriting profitability, claims volatility, reinsurance cost and capacity, capital requirements, insurance affordability and product innovation. The scenarios were also designed to test the resilience of Tower's strategy under plausible climate futures and to support ongoing monitoring of emerging signals and signposts. The refresh had three elements: a desktop review of the existing scenarios against current disclosure expectations; scenario design to refine the drivers, archetypes and narratives most relevant to Tower; and a scenario testing workshop to explore risks, opportunities and strategic resilience.

Analysis undertaken

As part of the desktop review, Tonkin + Taylor assessed the existing scenario archetypes, narratives, reference scenarios (IPCC, NGFS and SPANZ) and time horizons alongside Tower's business model and strategy. Drivers were reviewed for materiality and alignment with Tower's internal modelling approach, ranging from macro factors such as population, GDP and government adaptation policy to sector-level considerations including physical hazards and exposure of insured assets, reinsurance market conditions, insurance affordability and Tower's Pacific operations. The most material drivers and selected Shared Socioeconomic Pathways (SSPs)[1] informed three draft scenarios. Managed Transition, Fragmented Response and Fragmented with Intervention. An Executive and Senior Management workshop then tested scenario logic, strategic alignment, implications and priorities, and the resilience of Tower's strategy and operating model under combined transition, physical risk, affordability, reinsurance and regulatory pressures. Tower will continue to operate under its existing business model and strategy, with climate transition planning integrated into our strategic planning. The refreshed scenarios, the review and development process were discussed by Tower's Board during the FY26 July Board Strategy days and approved for inclusion in this Climate Statement in the November 2026 Board meeting.

Summary of scenario development process

2022

1. ICNZ collaboration to develop Insurance Sector scenarios for NZ

2023

2. Tower senior leader workshops to develop Tower-specific scenarios

3. Workshops with Senior leaders to test scenarios

4. Scenario analysis to identify climate-related risks and opportunities

2024

5. Management level and Board approvals of scenarios and climate-related risks and opportunities

2025

6. Procured climate conditioned hazard data to assess potential future climate-related business risk and effectiveness of strategy

2026

7. Climate scenario and time horizons review and refresh, supported by Tonkin + Taylor and analysed through an Executive and Senior Management workshop

1 Shared Socioeconomic pathways (SSPs) - Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2021: The Physical Science Basis*, Working Group I contribution to the Sixth Assessment Report, Chapter 4: Future Global Climate: Scenario-based Projections and Near-term Information (2021).

The climate scenarios will continue to be reviewed annually by the Sustainability and Climate Forum, to assess the ongoing relevance of their underlying assumptions, drivers and narratives, taking into account material developments in climate science and physical climate impacts, policy and regulation, economic and societal conditions, technology, insurance and reinsurance markets, and Tower's business and strategy.

The key differences between the FY25 disclosed climate scenarios and the refreshed FY26 climate scenarios are:

- **Managed Transition compared with FY25 Orderly:** Both scenarios represent a coordinated transition towards a low-emissions future. The FY26 scenario uses SSP1-1.9 rather than SSP1-2.6 and places greater emphasis on the near- and medium-term costs and challenges of transition, including economic and affordability pressures, claims volatility, reinsurance costs and increasing regulatory scrutiny, while stronger mitigation and adaptation progressively moderate longer-term physical risk.
- **Fragmented Response compared with FY25 Disorderly and Hothouse:** The FY26 scenario uses SSP3-7.0 and a higher-warming pathway, rather than the SSP2-4.5 pathway used for the FY25 Disorderly scenario. It combines weak and fragmented climate action with increasing physical risks and constrained adaptation, more explicitly considering the consequences for reinsurance, insurance affordability and availability, risk-based pricing and exposure to increasingly severe weather events. It therefore incorporates elements more closely associated with the FY25 Hothouse scenario while providing greater focus on the commercial implications for Tower.
- **Fragmented with Intervention compared with FY25 scenarios:** This is a more distinct scenario than those used in FY25. It uses the same SSP3-7.0 high-warming pathway as Fragmented Response, but tests a different response to the resulting insurance-market pressures: stronger government intervention through measures such as affordability support, risk-sharing mechanisms, public backstops, levies and customer outcome obligations. This enables Tower to explore the implications of significant physical climate risk occurring alongside greater government intervention in the insurance market.
- **Across all three scenarios:** The FY26 scenarios are more closely tailored to Tower's business and strategy, giving greater prominence to insurance-sector drivers (physical hazard exposure, reinsurance cost and capacity, adaptation and land-use planning, insurance affordability and demand, regulation and pricing, legal liability and implications for Tower's Pacific operations), and testing strategic resilience against them more explicitly.

Analysis of climate conditioned data

In FY25 Tower procured climate conditioned flood and sea surge data from our data partners to further understand potential climate risks related to each scenario. The data was based on the Representative Concentration Pathways (RCP) and Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP) used for each of our climate-related scenarios and across our long-term time horizon. The data assisted Tower to better understand the implications of our chosen scenarios.

This enabled us to improve our assessment of potential future risks to our customers' properties and our business and to test our strategy settings. The resulting revised estimates of properties at high risk of future flood and sea surge are lower than initial conservative estimates. This suggests that our strategic approach of flood risk based pricing has contributed to successfully lowering our exposure to climate-related physical risks associated with our portfolio.

The above process and data were considered during the scenario review and refresh climate-related risk and opportunity reviews and transition planning update.

Scenario architecture, socioeconomic pathways and rationale for selection

The below table sets out Tower's scenario architecture, how Tower's scenarios align with relevant local and international socioeconomic pathway parameters and the rationale for selection.

Tower's scenario architecture			
Parameters	**Managed Transition 1.5°C**	**Fragmented >3°C**	**Fragmented with Intervention >3°C**
Global emissions and socioeconomic pathway parameters	Representative Concentration Pathway (RCP) Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathway (SSP) 1-1.9	RCP6.0 IPCC SSP3-7.0	RCP6.0 IPCC SSP3-7.0
New Zealand physical risk	NIWA Climate Projections	NIWA Climate Projections	NIWA Climate Projections
New Zealand-specific emissions, transition and socioeconomic pathway parameters	Climate Change Commission (CCC) 'Tailwinds'	CCC 'Current Policy Reference'	CCC 'Current Policy Reference'
Rationale for selection	Aligned with scenarios already selected by ICNZ for the General Insurance Sector (and other sectors). Meets XRB's requirement for a 1.5°C aligned scenario.	Meets XRB's requirements for a >3°C scenario.	Meets XRB's requirements for a third climate scenario. This scenario is built on the same archetypes as Fragmented, however the below drivers related to government intervention in the insurance sector and related to climate more broadly, are amplified to fully assess the potential implications to Tower.
Key scenario drivers	Physical hazards and exposure of insured assets • Reinsurance markets • Landuse planning/adaptation • Government adaptation policy • Insurance affordability, demand and social licence • Insurance regulation and ability to price • Legal and regulatory liability • Behaviour of large Australian competitors in NZ market • Implications for Pacific arm of the business		

Tower's climate-related scenarios

Our climate-related scenarios are summarised in the high-level data points and narratives below.

Managed Transition

Key characteristics of the scenario:

International and domestic policy settings aim to limit total warming by end-of century to less than 1.5˚C.

POLICY AMBITION	2050 WARMING
Strong, <1.5°C	1.6°C

	NZ	Pacific
Mean annual temperature change 2050	1.6˚C	1.8˚C
Mean sea level rise	22cm	20.4cm

Severity of physical risk	Low
Severity of transition risk	High
Policy reaction	Immediate & smooth
Climate Technology change	Fast
Carbon dioxide removal	High
Regional policy variation	Low

This scenario follows the most optimistic SSP pathway, targeting approximately 1.5˚C of warming through rapid, coordinated global climate action.

New Zealand accelerates decarbonisation across energy, transport, and urban form, with carbon prices, regulation, and capital flows all aligned behind the transition. While this represents the most orderly future, it is not without cost. The transition creates sustained economic headwinds including slower GDP growth, persistent infrastructure and energy cost inflation, and rising household affordability pressure in the near to medium term.

Long term physical risk exposure is progressively moderated by stronger adaptation and reduced emissions. For Tower, near term claims volatility continues as warming is already locked in, reinsurance costs rise before stabilising, and repair capacity constraints delay complex claims. Customers grow more sensitive to pricing and service outcomes as cost-of-living pressures mount. Competitors intensify digital and pricing competition, and regulatory scrutiny of conduct, affordability, and climate risk management increases throughout.

The core strategic challenge is maintaining Tower's increasingly granular, risk-based pricing and portfolio management as climate risks evolve, while supporting customer trust, affordability, and sustainable portfolio growth.

Key insurance sector considerations across the short, medium and long term time horizons:

FY26–29:

- Margin pressure from claims costs, reinsurance pricing, repair inflation, and customer affordability pressure increases
- Operational surge events increase claims handling pressure
- Customer sensitivity to pricing and claims outcomes increases across the portfolio

FY30–39:

- Revenue growth slows as exposure growth moderates and affordability pressure intensifies across households and businesses
- Customer retention declines in exposed and affordability-sensitive segments
- Portfolio quality increasingly depends on pricing precision, exposure management, digital capability, and balancing affordability with pricing adequacy

FY40–50:

- Long-term profitability increasingly depends on capital strength, operational resilience, customer trust, and portfolio quality
- Pricing precision, claims capability, and resilience investment increasingly shape competitive position
- Sustained affordability pressure continues constraining premium growth and customer retention despite stabilising long-term physical risk

Fragmented Response (SSP3-7.0)

Key characteristics of the scenario:

International and domestic policy settings aim to limit total warming by end-of century to less than 3°C.

POLICY AMBITION	2050 WARMING
Weak & fragmented,	
~3.6°C	2.1°C

	NZ	Pacific
Mean annual temperature change 2050	2.0°C	2.0°C
Mean sea level rise	~39cm	~23cm

Severity of physical risk	High
Severity of transition risk	Moderate
Policy reaction	Slow
Climate Technology change	Slow
Carbon dioxide removal	Low
Regional policy variation	Low

NZ and major global economies remain on a fragmented, high-emissions pathway aligned with a trajectory toward ~3.6°C+ warming by 2100. Climate action remains weak and inconsistent, carbon prices remain lower and more volatile, and geopolitical fragmentation slows coordinated decarbonisation, resilience investment, and adaptation.

NZ increases investment in adaptation and resilience over time, but repeated severe events, fiscal pressure, infrastructure constraints, and slower economic growth limit the pace and effectiveness of response measures. Urban intensification, transport transition, and emissions reduction occur more unevenly and slowly.

Physical risks continue increasing in the near term due to locked-in warming and increase materially over time as warming accelerates and adaptation struggles to keep pace. Exposure growth remains higher, and severe weather events increasingly drive claims volatility, operational disruption, repair delays, and supply-chain pressure. Insurance pricing and underwriting become increasingly responsive to underlying risk signals, with limited government support for affordability or market stability. Premiums rise sharply over time, insurers withdraw from some high-risk areas, and insurability deteriorates in parts of NZ.

Key insurance sector considerations across the short, medium and long term time horizons:

FY26–29:

- Margin pressure from claims costs, reinsurance pricing, repair inflation, and affordability pressure increases
- Operational surge events increase claims handling pressure
- Customer sensitivity to pricing and claims outcomes increases materially

FY30–39:

- Revenue growth slows materially as affordability pressure and worsening insurability intensify
- Customer retention declines ~5–15% in higher-risk and affordability-sensitive segments
- Portfolio quality increasingly depends on pricing precision, exposure management, and capital efficiency

FY40–50:

- Long-term profitability increasingly shaped by capital constraints, operational resilience, and customer retention
- Resilience investment and claims capability remain materially elevated above FY25 baseline
- Portfolio quality increasingly challenged by worsening physical risks and affordability pressures

Fragmented Response with Intervention (SSP3-7.0)

Key characteristics of the scenario:

International and domestic policy settings aim to limit total warming by end-of century to less than 3˚C.

POLICY AMBITION	2050 WARMING
Weak & fragmented, ~3.6°C	2.1°C

	NZ	Pacific
Mean annual temperature change 2050	2.0˚C	2.0˚C
Mean sea level rise	~22cm	~21-22cm

Severity of physical risk	High
Severity of transition risk	Moderate
Policy reaction	Slow
Climate Technology change	Slow
Carbon dioxide removal	Low
Regional policy variation	Low

This scenario shares Fragmented Response's high-emissions, fragmented trajectory, with warming of approximately 3.6˚C or more, but escalating catastrophe losses globally and in New Zealand drive progressively greater government involvement in insurance markets. Intervention may include:

- **Affordability measures**, such as price caps or targeted support to help maintain access to insurance.
- **Catastrophe risk-sharing mechanisms**, such as levy-funded public backstop arrangements or other public-private risk-pooling structures.
- **Customer outcome obligations**, such as requirements to provide affordable minimum-cover options or maintain availability in higher-risk markets.

High warming brings greater physical risk, more volatile claims, repair delays and reinsurance shocks. Unlike Fragmented, insurers' retreat from high-risk areas is limited by government action to keep insurance available and ease some affordability pressure. Insurers in New Zealand and globally face new or higher levies, policies that may influence which markets they serve regardless of commercial risk appetite, and stricter regulation and conduct rules.

From the FY30s, growing levies and persistently high reinsurance costs steadily squeeze return on equity, underwriting margins and capital efficiency. Success increasingly depends on working well with greater government involvement, regulation and public policy goals, and some competitors may cut back their exposure in selected areas.

The core strategic challenge is determining how Tower can maintain profitability, shareholder returns, solvency strength, and operational resilience in a market where catastrophe risk is increasingly socialised, commercial pricing signals are progressively weakened, and the terms of market participation are shaped as much by policy settings as by the underlying economics of risk.

Key insurance sector considerations across the short, medium and long term time horizons:

FY26–29:

- Margin pressure from claims costs, reinsurance pricing, repair inflation, and affordability pressure increases materially
- Operational surge events increase claims handling pressure
- Customer sensitivity to pricing and claims outcomes increases materially

FY30–39:

- Revenue growth slows as affordability measures, pricing limits and physical risks increase
- Expense ratio and claims handling costs stay elevated over time
- Pricing limits, higher capital requirements and reinsurance costs increasingly squeeze return on equity and underwriting profits
- Fewer price-sensitive and risk-exposed customers stay
- Portfolio quality increasingly shaped by pricing constraints, capital efficiency, and regulatory expectations

FY40–50:

- Ongoing pressure on return on equity, capital efficiency and shareholder returns
- Long-term profits shaped by government intervention, capital limits, operational resilience and customer retention
- Resilience investment and claims capacity stay well above FY25 levels
- Competitiveness depends more on navigating government intervention and political limits in insurance

Material climate-related risks and opportunities

Tower reviewed its material climate-related risks and opportunities following the FY26 refresh of our climate scenarios. The scenario refresh responded to changes in the external climate, policy and insurance environment, and to the expiry of our previous short-term time horizon. It provided an opportunity to test the continued relevance of the risks and opportunities previously identified, the appropriateness of their drivers and potential impacts and the suitability of our assessment periods for effective strategic decision-making. The revised time horizons provide a clearer basis for assessing how climate-related risks and opportunities may emerge, intensify or change across the short, medium and long term, and for considering how these matters interact with Tower's business strategy, transition planning and risk management processes.

The previous short term climate horizon of 2023-2025 was aligned to horizon 1 of our business strategy which is now in horizon 2, 2026-2027 with horizon 3 established for 2028-2029. Together these business strategy timelines reflect the revised short term climate time horizon.

The updated time horizons were selected to align with Tower's long-term business strategy and transition planning but are independent of planning cycles, which are based on a three-year forward-looking view and reviewed annually.

Time horizon	Period	Business Strategy Horizons
Short	2026-2029	Horizons 2 & 3
Medium	2030-2039	Beyond current published horizons
Long	2040-2050	Beyond current published horizons



Climate-related risks

The review was informed by the refreshed FY26 scenarios, Tower's strategy, climate science, regulatory and geopolitical developments, hazard and claims data, and input from relevant business units. It was overseen through Tower's Sustainability and Climate Forum and approved by the Risk Committee and Board for disclosure in this Climate Statement.

As a result of the FY26 review, Tower consolidated the 22 climate-related risks disclosed in FY25 into 12 climate-related risks. The revised list comprises four inherently high risks, five inherently medium risks and three inherently low risks. It includes four physical risks, six transition risks and two risks assessed as both physical and transition. The consolidation reflects a more focused assessment of the matters most relevant to Tower's business, customers, operations and primary users. Risks that had significant overlap or recurring themes, including reinsurance, underwriting and data risks, have been consolidated, while risks already captured through Tower's wider corporate risk register, where climate-related drivers were assessed as indirect, low or negligible have been removed from the climate-related risk register but continue to be managed through enterprise risk processes.

The four inherently high risks relate to:

- Operational stress from climate impacts
- Large climate-related events in Fiji affecting the Suva Hub,
- Exposure to financial stress from climate impacts, and
- Diminishing affordability of reinsurance as the cost of risk accelerates.

These risks remain central to Tower's assessment of climate-related impacts because of their potential to affect multiple aspects of our business including claims volumes, operational resilience, customer outcomes, capital adequacy, reinsurance arrangements and the affordability and availability of insurance across New Zealand and the Pacific.

The FY26 review also considered the Financial Markets Authority's Climate-related Disclosures: Insights from our reviews 2026 report including the need for clearer, more entity-specific disclosure of physical climate risks. In response, this section provides more detailed descriptions of the relevant hazards, exposed regions, customers, operations or assets, and vulnerability factors that may influence how risks could arise or change over time. Tower will continue to monitor these risks and reassess their materiality in line with our Risk Management Framework and Climate and Sustainability Governance Framework.

Tower's two material transition climate-related opportunities previously disclosed have also been retained and updated. These relate to building a more resilient insurance industry and enhancing brand and reputation through transparent, accessible risk-based pricing and new products and propositions. These opportunities reflect Tower's role in using data, pricing, products, partnerships and customer communications to support resilience, affordability and continued access to insurance as climate risks evolve. A third material transition opportunity has been included in FY26. This was previously disclosed as a recognised opportunity that was not considered material and relates to the potential to achieve climate resilience and mitigation improvements through partnerships. The opportunity was upgraded to material due to the recognised strength in collaborations and partnerships.

Physical and transition risks

Physical risks

Physical risks, as defined in NZ CS 1, relate to the physical impacts of climate change. These risks can be acute, such as those related to severe or large weather events, or chronic, due to longer-term shifts in weather patterns, including changes in precipitation, temperature, cyclone intensity, flooding, coastal inundation, sea surge or sea level rise at a regional or national level.

Tower does not directly own or lease assets that are materially vulnerable to acute or chronic climate-related physical risks. However, our customers, operations, supply chains and outsourced service locations may be exposed to these risks. The potential impacts on customer assets, claims volumes, operational resilience, reinsurance arrangements, capital adequacy, affordability and access to insurance have therefore been identified and assessed for disclosure.

In FY26, Tower identified four physical risks and two risks assessed as both physical and transition. The physical risk themes identified and assessed include operational stress from climate impacts, large climate-related events in Fiji affecting the Suva Hub, exposure to financial stress from climate impacts, and increasing larger loss events in the Pacific affecting standard and parametric customers. These risks reflect Tower's exposure to acute severe weather events across New Zealand and the Pacific, including high-volume or clustered claims events, cyclones, flooding, coastal hazards and sea surge. The relevant exposure is primarily to insured customer assets, Pacific customers and communities, Tower's operational response capability, claims resources, supplier capacity, and the Suva Hub, which supports parts of Tower's operations.

Tower's FY26 assessment also considered vulnerability factors that may influence the extent of physical risk impacts. These include the geographic distribution of Tower's customer base and Pacific operations, concentration of skills or services in particular locations, reliance on claims assessors and suppliers during surge events, the availability and cost of reinsurance, and the ability of customers to absorb higher premiums or changes in cover. These factors may affect how physical risks translate into operational disruption, customer outcomes, claims costs, complaints, conduct risk, staff pressure, capital impacts or constraints on future growth.

Transition risks

Transition risks, as defined in NZ CS 1, relate to the risks that may arise as New Zealand, the Pacific and global markets transition toward a lower-emissions, climate-resilient economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change. For Tower, these risks may arise from changes in government policy, regulation, capital requirements, market expectations, technology, customer behaviour, affordability pressures, legal liability, disclosure expectations, competitor behaviour and societal views on the appropriate role of insurance in responding to climate impacts.

In FY26, Tower identified six transition risks and two risks assessed as both physical and transition. The key transition risk themes identified and assessed include:

- The diminishing affordability of reinsurance as the cost of risk accelerates.
- Government intervention influencing the insurance market and the sector's ability to signal and price risk.
- Lack of access to actionable and quality data insights.
- Pricing, product design and insurance suitability failing to keep pace with climate-driven market change.
- Reputational impacts from greenwashing claims.
- Products becoming too complex for customers to understand.
- Changes in regulatory capital requirements.

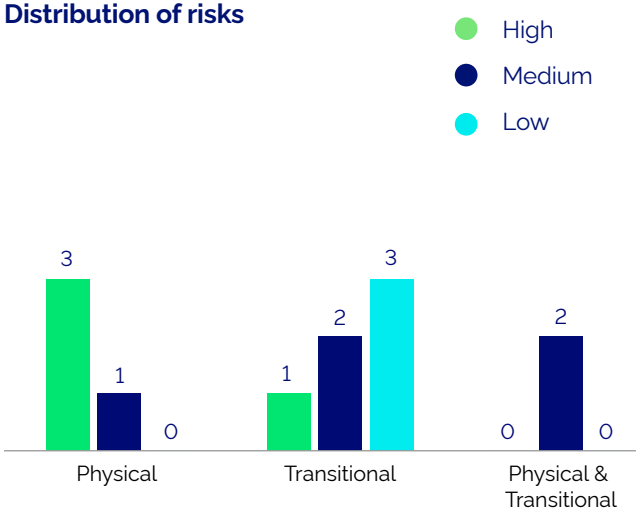
These risks reflect the increasing complexity of maintaining risk-based pricing, product suitability, underwriting discipline, customer trust and insurance affordability as climate impacts and transition expectations evolve.

Some climate-related risks have both physical and transition characteristics. For example, supply chain disruption may result from physical impacts such as severe weather affecting parts, materials, repair networks or outsourced service locations, while also being influenced by transition pressures such as changes in repair methods, costs, emissions expectations, supplier capability or customer demand. Similarly, the pace and scale of physical climate impacts may require changes to pricing, underwriting, products, claims capability, capital settings and customer communications, creating both physical and transition risk dimensions.

The FY26 review found that transition risks make up the largest proportion of Tower's revised climate-related risk profile by number, while the inherently high risks remain concentrated in physical and reinsurance-related matters. The revised risk profile includes four physical risks, six transition risks and two risks assessed as both physical and transition. Tower will continue to monitor these risks and reassess their materiality in line with our Risk Management Framework and Climate and Sustainability Governance Framework.

The following graph shows the distribution of risks according to risk type and severity.

Distribution of risks



Identified climate-related risks and associated anticipated impacts

A description of our inherently high risks, their risk type, anticipated impact, existing mitigations and assessed magnitude against each scenario and time horizon are detailed in the table below.

Risk	Risk type / inherent rating	Description	Regions affected	Anticipated business impact	Current strategies / controls	Scenarios assessed	Time horizons		
							Short FY26–29	Medium FY30–39	Long FY40–50
Operational stress from climate impacts	High Physical	Increasing severe weather events create substantial operational stress, including claims surge volumes, complex claims, resource pressure and potential disruption to business-as-usual activity.	New Zealand Pacific	Claims handling pressure e.g. strain on resourcing capacity, increased complaints or conduct risk, reputational damage, staff pressure, diversion of resources from strategic delivery and possible customer experience impacts.	Large Event Response Plan, Senior Leadership responsibility for natural disaster response, claims surge planning, NHC capability, operational resilience, digital tools, supplier management and business continuity planning.	Managed Transition	↑	↑	—
						Fragmented Response	↑	↑	↑
						Fragmented with Intervention	↑	↑	↑
Large climate-related events in Fiji threaten the ability of the Suva Hub to function	High Physical	Acute events such as cyclones, flooding, sea surge or infrastructure disruption in Fiji could affect the Suva Hub and services supported from that location.	Pacific	Business continuity disruption, service delays, pressure on claims and customer operations, staff welfare impacts and potential additional operating costs.	Business continuity planning, geographic distribution of operations, digital operations, remote-working capability, operational resilience planning and monitoring of Fiji exposure.	Managed Transition	↑	↑	—
						Fragmented Response	↑	↑	↑
						Fragmented with Intervention	↑	↑	↑

Legend: — Risk remains the same ↑ Risk increases ○ Continuing to assess change

Risk	Risk type / inherent rating	Description	Regions affected	Anticipated business impact	Current strategies / controls	Scenarios assessed	Time horizons		
							Short FY26–29	Medium FY30–39	Long FY40–50
Exposure to financial stress from climate impacts	High Physical	Large or repeated climate-related events may create financial stress through elevated claims costs, claims volatility, reinsurance impacts and capital pressure.	New Zealand Pacific	Higher claims costs, earnings volatility, capital pressure e.g. exceeding large events budget, reduced investor confidence, higher cost of capital and possible constraints on growth or strategic investment.	Risk-based pricing, underwriting controls, hazard data, reinsurance programme, large event allowance, capital management, financial planning and portfolio monitoring.	Managed Transition	↑	↑	–
						Fragmented Response	↑	↑	↑
						Fragmented with Intervention	↑	↑	↑
Affordability of reinsurance diminishes as the cost of risk accelerates	High Transition	Reinsurance availability, capacity or affordability may reduce as climate-related risk, global catastrophe losses and reinsurer risk appetite change.	New Zealand Pacific	Increased reinsurance costs, pressure on pricing and profitability to maintain market share, reduced cover availability, higher capital requirements and possible constraints on products or markets.	Multi-year catastrophe reinsurance agreements, active reinsurer engagement, portfolio and exposure management, risk-based pricing, underwriting controls and capital planning.	Managed Transition	↑	↑	–
						Fragmented Response	↑	↑	↑
						Fragmented with Intervention	↑	↑	↑

Legend: – Risk remains the same ↑ Risk increases ○ Continuing to assess change

Material climate-related opportunities

Tower retained two material climate-related opportunities in FY26, updated to reflect the refreshed climate scenarios, revised time horizons and the evolving insurance context in New Zealand and the Pacific. Tower has also adopted a third material opportunity. Previously disclosed as a consideration in earlier climate statements, it has now been reassessed as having high strategic importance. These opportunities are transition-focused and relevant across the short, medium and long term.

Tower FY26 climate-related opportunities

Opportunity	Opportunity type	Description	Anticipated Business impact	Current strategies	Time horizons
A more resilient insurance industry	Transition	Industry partnerships that may benefit customers and communities through efficiencies, education, data, advocacy and cost savings as climate risks evolve.	Supports efficiency for insurers, strengthens sector resilience, supports improved pricing and affordability outcomes, and may help maintain access to insurance for customers and communities in New Zealand and the Pacific. Considered material as it supports Tower's long-term financial sustainability.	ICNZ collaboration on responses to Government proposals, including the Climate Adaptation Framework. Participation in industry engagement on climate adaptation, resilience and affordability. Completed ICNZ pilot to estimate emissions from motor repairers, reducing the reporting burden on suppliers. Ongoing use of partnerships and industry forums to support education, practical resilience and customer outcomes.	Short, medium, long
Enhanced brand and reputation through transparent, accessible risk-based pricing and new products and propositions	Transition	Tower can build on its transparent, risk-based pricing approach to strengthen customer trust, improve climate and natural hazard risk understanding, and differentiate itself as climate impacts grow. Clear communication on pricing, product innovation and insurance availability can support retention, education and social licence.	Supports growth, customer retention and brand reputation. Supports customer understanding of risk and may assist Tower to maintain trust, relevance and competitiveness as affordability, product suitability and access to insurance become more challenging.	Parametric insurance. Risk-based pricing. Property-level risk information and customer communication. Product innovation. Contributing to public discourse on climate impacts directly and through sustainability and climate-change focused corporate memberships. Engagement with government, industry and other stakeholders on climate adaptation, affordability and insurance availability.	Short, medium, long
Develop partnerships that benefit customers and other stakeholders	Transition	Collaboration with industry associations, business partners and other external stakeholders can help overcome barriers to customer and community adaptation and resilience measures, as well as to emissions calculation and reduction.	Potential to improve the resilience of NZ and Pacific communities and the insurance sector. Provides Tower material opportunity to improve customer outcomes.	Collaboration with suppliers to establish calculation methods and data sources for supply chain emissions. Collaboration with business partners on climate resilience and adaptation opportunities.	Short, medium, long

Anticipated impacts

The work completed in assessing anticipated impacts in previous years, has been reassessed in FY26 against Tower's revised climate scenarios and climate-related risks and opportunities. This work, outlined in the following section, remains relevant in FY26 and continues to inform Tower's approach.

In FY24 Tower disclosed that we had begun working with data suppliers to scientifically estimate the anticipated increase in climate-related claims costs through to 2050. In FY25 we progressed this work and updated our scenario analysis (as described on **page 13** relating to climate aligned sea surge and flood data) to model the expected impacts on our future business.

The modelling used a 'top down' approach, taking external data and trends from Tower's climate-related scenarios and applying these to Tower's business with assumptions spanning out to 2050 relating to:

- Population growth
- Dwelling growth
- Transition to Electric Vehicles (EVs) and vehicle ownership rate assumptions
- Tower's expected market share of target markets
- Growth of multi-unit dwellings
- Stormwater infrastructure investments
- Potential government interventions in the general insurance market

Tower notes there is significant uncertainty in assumptions spanning out to 2050. The benefit of using a top-down modelling approach is to identify the factors most likely to significantly impact Tower's business performance over the period. This model presented a practical solution, considering available data, extended time horizons, and systemic variables. This analysis was applied across the three Tower scenarios.

The potential impacts for Tower to monitor are summarised below:

- Financial and operational impacts from increased frequency and severity of weather events across NZ and the Pacific.
- Customer affordability challenges due to increasing insurance costs (through increased weather events, BAU frequency, increasing return on investment costs).
- Government intervention to mitigate affordability and/or insurance retreat, could constrain risk-based pricing and place pressure on Tower's profitability, capital strength and operational resilience.
- Societal shift in demand for products through changing transportation trends such as increased use of public transportation and uptake of EVs.
- Tower has continued working with data suppliers to scientifically estimate the anticipated increase in climate change-related claims costs through to 2050.



The transition planning aspects of our strategy

Our approach

In FY26 Tower further developed our approach to positioning the business as the world and more specifically the markets we operate in transition towards a low emissions, climate-resilient future state.

Tower's approach to developing transition planning has the following key foundations:

- **Tower's climate-related scenarios** – our revised climate scenarios provided an insight into the potential changes that could impact Tower's business as a result of a changing climate.
- **Time horizons** – Tower established short, medium and long term horizons revised in FY26.
- **Climate-related risks and opportunities** – as noted earlier in this report Tower has reviewed and assessed climate-related risks and opportunities across each scenario and timeline. These are central to our understanding of strategic priorities across a long term outlook.

The timelines and process for Tower's transition planning development is outlined below:

- 2023/2024 Development of climate-related scenarios, risks and opportunities and FY24 Climate statement.
- July/August 2024 External training for key employees on transition planning.
- November 2024 Legislation and literature review (repeated periodically during FY25 based on legislative or guidance updates and available disclosures).
- November 2024 Sustainability and Climate Steerco established a transition planning working group and lead.
- December 2024 ELT and Senior Leader training in transition planning.
- February 2025 ELT transition planning workshop.
- March 2025 Board update and discussion on transition planning.
- June 2025 2nd ELT Transition Planning Workshop.
- July 2025 Board Strategy days including a draft overview of the transition planning aspects of Tower's strategy alongside a review of climate-related risks and opportunities.
- November 2025 Final transition planning Audit Committee and Board approval.
- March to August 2026 review and refresh of climate scenarios and climate-related risks and opportunities alongside climate strategy and transition planning.
- August 2026 Sustainability and Climate Forum review of transition planning against revised time horizons, scenarios, risks and opportunities and FY26 business strategy.
- September 2026 Updates made to reflect expired short term time horizon, completed and ongoing elements.

The process has been overseen by Tower's Climate and Sustainability Forum with meetings held monthly. Within the ELT Transition Planning workshops, the following steps were taken:



Transition planning aspects of Tower's strategy

Climate change presents material risks and opportunities for Tower. By continuing to strengthen our data and insights, we can advance our climate commitments and unlock innovative solutions that better meet the evolving needs of our customers. Furthermore, as customers increasingly seek climate-conscious brands, Tower's commitment to climate action positions us to align more closely to their values and expectations.

Following the refresh of our climate scenarios and the review of climate-related risks and opportunities, Tower reassessed the transition-planning aspects of our strategy in light of these updates.

The initial short-term horizon (FY20–FY25) and its associated actions are now complete. The second and third horizons—Transform and Innovate—have had minor updates to reflect ongoing work from the short-term horizon and progress since transition plan development in FY25. The transition planning aspects of our strategy have been assessed as relevant and complete for FY26 with further review planned for FY27.

Set out below are the actions we are targeting in each time period.

FY26 – FY27	FY28 – FY29	FY30 – FY39	FY40 – FY50
Transform & innovate		**Climate resilient value chain**	**Low emissions value chain**
• Embed risk-based pricing & customer transparency. • Monitor climate-related risks and opportunities, strategy and transition. • Supply chain digitisation & procurement strategy uplift. • Government policy & public engagement. • Scope 1 & 2 emissions reduction plan, Scope 3 data visibility. • 2nd Sustainability strategy FY26 – FY30. • Large events resilience/processes. • Operational, claims, efficiency, digitisation & BCP – enhancements.	• Investigate expansion of risk-based pricing customer transparency. • Evolve products & propositions. • Explore Parametric insurance growth opportunities in the Pacific and introduction in NZ. • Proposition to support adaptation/ managed retreat. • Implement emissions reduction plan. • Climate adaptation public engagement. • Demonstrate improvement in operational footprint.	• Propositions to support low emissions & resilient NZ & Pacific economies. • Propositions to support continued provision of affordable insurance. • Further improve systems & data collection, to improve value chain visibility & resilience.	• Low emissions & climate resilient: — operations — underwriting portfolios — supply chain • Investment portfolio supports low emissions economy.
		Climate innovation	
	Innovative, adaptive, flexible culture		
Climate hazard data & capability			

The transition planning work and development of Tower's approach supported the existing business strategy direction in providing a good foundation for a climate-resilient future. In the Tower Business Model and Strategy section of this climate statement we highlight four main approaches which remain the core components of the transition planning aspects of our strategy:

Time horizon	Detail
FY26-FY29 **Transform & innovate**	Over this four-year period, Tower intends to build on its existing strategic direction to support a low-emissions, climate-resilient future. In the first 12 months, Tower continued to implement its expanded risk-based pricing model, which now includes sea surge and landslide risks and to grow Parametric insurance in the Pacific. As customers renew their policies, they receive updated pricing aligned to their individual property's sea surge and landslide risks. Alongside this, we will continue to enhance customer transparency by providing individual property risk ratings through our online quote tool. At launch Tower communicated with a range of stakeholders including representatives from local and central government to help broaden understanding of risk-based pricing and advocate for improved climate change adaptation planning and will continue these conversations. Tower also plans to investigate further enhancements to risk-based pricing, including a rollout of the pricing strategy across Pacific markets, and the extension of risk-based pricing for natural hazards to contents insurance. This period is expected to see continued investment in digitisation and streamlining the customer experience across the insurance lifecycle. Tower plans to maintain active engagement with government agencies and policymakers. Tower is committed to sharing its insurance expertise and insights with government representatives to support the development of effective policy responses in New Zealand and the Pacific, including consideration of their practical implementation and potential implications for customers, communities and insurance markets. We intend to advocate for sensible actions that safeguard our customers and communities. In the latter part of this strategy period, Tower intends to continue evolving its product and proposition offerings to incorporate low-emissions and climate-resilient features. We will also explore new opportunities for innovation and collaboration that support climate adaptation. Alongside this, Tower expects to advance its data and technology capabilities to improve pricing, underwriting, and operational efficiency—particularly during large-scale events—and continue developing initiatives that help address affordability challenges.
FY30-FY39 **Climate resilient value chain**	This period has been identified for the continued development of initiatives introduced in the prior period, with a focus on enhancing products and propositions that support customer and community resilience across all operating regions. Potential initiatives developed in the prior period will be reviewed and refined periodically to enable implementation when market conditions are appropriate. In this period Tower expects to also step up its focus on exploring opportunities to reduce emissions within its supply chain, with further detail to be developed over the coming period.
FY30-FY40 **Low emissions value chain**	Tower's long term ambition is to support a low emissions value chain from customer policies to our claims and operational supply chains. We expect that the foundations to support a low emissions economy will have been established in our FY20 to FY25 period as illustrated above and will be continued over the subsequent strategy periods.

Underlying each period of transition planning are key periods of internal capability uplift and innovation. Looking forward these are:

Climate hazard data and capability – Tower continues to invest in up to date hazard data in order to uplift our risk based pricing approach and customer transparency. Alongside our customer focused work we will continue to build our internal capability, skills and understanding. This includes providing and supporting employee training and upskilling relating to climate science, large events, risk-based pricing and customer communication.

Innovative, adaptive and flexible culture – Tower recognises that a key element of climate resilience and low emissions operations is an informed and adaptive culture. This requires us to support innovative thinking and the capability to move swiftly with a changing climate and the potential for large and frequent weather events or changes in policy and regulation.

Climate innovation – in order to move towards a low emission future it will be crucial to find innovative and novel methods to remove emissions from Tower's value chain. We will continue to identify and explore opportunities in this area.

Tower will continue to operate under its existing business model and strategy, with climate transition planning integrated into our strategic planning. Initiatives included in time horizons beyond FY28 will be reviewed alongside strategic planning development.

Capital expenditure and investment

As a general insurer, managing climate-related risk is a core component of Tower's business as usual activities and includes investment in enhancing our natural hazard modelling and pricing capabilities annually.

During Tower's annual strategic planning process, executive leaders evaluate material risks and opportunities, and strategic decisions. These are then escalated to the Board for oversight, guidance and investment decisions. This process includes assessing climate-related risks and opportunities, which in recent years has led to investments in parametric insurance and risk-based pricing. The Board approves funding for further proposition, investigation and development, and considers initiatives for inclusion in the business strategy and annual business plan.

Tower's transition plan includes initiatives that require capital expenditure or project funding, which is allocated as part of Tower's annual planning cycle. Transition aspects of Tower's strategy that are aligned with its internal capital deployment and funding decision-making processes will likely change annually but are expected to include: investments that improve Tower's ability to respond to insurance claims arising from weather related events, purchase of reinsurance to mitigate insurance risks of weather related events, investments in developing risk-based pricing and climate related product innovation, memberships and subscriptions to groups that advocate for climate related policies, investment in upgrades to Tower's workspaces or equipment to lower emissions, expenditure on systems that allow for better climate-related reporting and changes to procurement policies and processes to better engage with supply chains on climate-related matters.

The annual purchase of reinsurance to manage the financial impacts of large events, including potential climate-related events, is considered under Tower's reinsurance strategy and approved by the Board.

Tower's capital level is influenced by loss history, which in turn can be influenced by climate related risks and impacts. Capital requirements are determined by the products we develop and sell, and the risk levels associated with those assets. For instance, a house insurance policy typically requires Tower to hold more capital than a motor insurance policy, reflecting differences in the nature and potential severity of the risks insured, including exposure to catastrophe events. As the industry transitions to a low-emissions, climate resilient future, expanding into different asset classes and insurance products, will result in different capital requirements. These decisions are made in accordance with Tower's capital management process.

Tower has an annual operational budget for sustainability initiatives and compliance with the Climate-related Disclosures (CRD) regime. This includes the costs of measuring emissions, consultancy support, and climate and sustainability training.

Our greenhouse gas (GHG) emissions

Tower has been measuring its GHG emissions since FY20 in accordance with the requirements of the 'Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (2004)'. Tower applies the operational control consolidation approach to account for emissions, with emissions reported in tonnes of CO_2 equivalents, in line with the requirements of the Aotearoa New Zealand Climate Standards.

Updates to the GHG Inventory methodology in FY26[1]

To date, Tower's GHG inventory has included Scope 1 and 2 emissions for New Zealand and Pacific operations, along with selected Scope 3 emissions as detailed below. As part of our annual review, Tower updated selected emission factors to improve the accuracy and relevance of our emissions calculations. This included sourcing more geographically appropriate factors through CarbonDi, where available, to better reflect the emissions profile of the countries and activities included in our operational footprint. These updates support more consistent and reliable reporting, improve comparability across reporting periods, and ensure our GHG inventory continues to reflect current methodologies and data availability. We have continued to apply adoption provision 4 of NZ CS 2, which exempts Tower from disclosing all material Scope 3 GHG emissions. Tower has chosen to disclose a subset of Scope 3 emissions in line with previous annual report inclusions – please see Appendix 4 for the sources that have been excluded this year. The methods, assumptions and estimations used in calculating our GHG emissions are also included in Appendix 4.

Boundary approach

Tower applies the operational control approach to its organisation and includes emissions generating activities from all operating countries. This approach has been developed in line with the guidance outlined in the Greenhouse Gas Protocol. With respect to leased buildings, Tower has included the direct emissions under its operational control.

Materiality

In FY25 we set our materiality threshold at 5% of total emissions for the applicable Scope, this remains in place in FY26.



1 Total Scope 1 and Total Scope 2 GHG emissions for the year ended 30 September 2026 as disclosed in the table on page 32, are subject to limited assurance by PwC. Refer to the PwC assurance report on page 60.

The following illustration summarises material emissions sources across Tower's value chain. Scope 3 upstream indirect emissions are reported in FY26, consistent with disclosures in FY24 and FY25. Scope 3 downstream indirect emissions are subject to adoption provision 4 and are not currently reported. Tower continues to develop our assessment and calculation of these sources for future disclosure.



Legend for icons provided in following tables.

Scope 3 Upstream indirect emissions

	Business travel: flights and accommodation – NZ and Pacific Taxis and rental vehicles – NZ only
	Employee commute – NZ and Pacific
	Work from home – NZ and Pacific
	Waste – NZ only
	Purchased goods and services: paper use – NZ only
	Water supply – NZ and Pacific

Scope 3 Downstream indirect emissions

	Calculation of emissions relating to our underwriting portfolio
	Purchased goods and services – ICNZ collaboration to pilot the assessment of motor repair provisions related to claims
	Assessment of investment emissions
	Purchased goods and services – assessment of supply chain emissions

GHG emissions

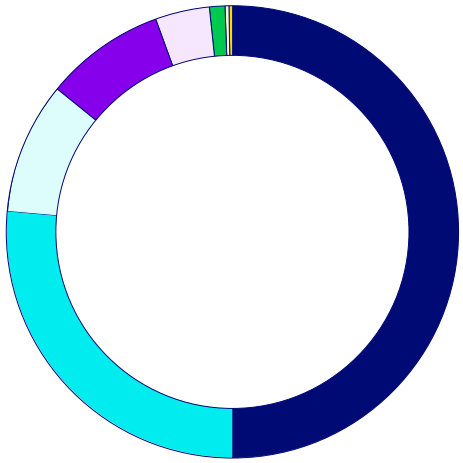
The following table summarises Tower's Greenhouse gas emissions (tCO_2e[1]) from our FY20 baseline year to the FY26 reporting period.

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Scope 1							
Mobile Combustion	129	115	120	140	136	131	103
Stationary Combustion	19	17	–	–	–	–	–
Fugitive Emissions	–	–	–	–	28	11	1
Total Scope 1[2]	**148**	**132**	**120**	**140**	**164**	**142**	**104**
Scope 2							
Purchased Electricity (location-based)	176	151	113	121	114	108	91
Total Scope 2[2]	**176**	**151**	**113**	**121**	**114**	**108**	**91**
Total Scope 3[3, 4]	**209**	**295**	**202**	**183**	**742**	**859**	**873**

1 Tonnes of Carbon Dioxide equivalent (tCO_2e) = unit of measurement for combined GHG emissions represented as carbon dioxide.
2 Total Scope 1 and Total Scope 2 GHG emissions for the year ended 30 September 2026 as disclosed in above table, are subject to limited assurance by PwC. Refer to the PwC assurance report on page 60.
3 NZCS 2 Adoption Provision 4 has been applied, with Scope 3 Categories 2, 4, 8 and 15 excluded and Scope 3 category 1 partially excluded due to current data limitations, evolving methodologies, and standards.
4 FY20-23 no employee commute emissions, work from home, Pacific water, Pacific wastewater, and Pacific T&D losses. FY20-24 no well-to-tank emissions.

Scope 3 emissions have been aggregated to provide a total for our reported subset of operational emissions. This includes paper usage, water supply, wastewater, business travel, employee commute and work from home and fuel and energy related activities not included in Scope 1 & 2.

The chart below shows the breakdown of Tower's GHG emissions by source.



- Employee commute
- Business travel
- Vehicle fleet
- Purchased electricity
- Fuel- and energy-related activities (Scope 3)
- Waste and water
- Refrigerants
- Paper

Our largest source of reported GHG emissions is associated with how our employees commute to work and their working patterns, including working from home. In FY26 employee commuting accounted for 50% of our reported GHG emissions. In FY26 we did not conduct an employee commute survey, however we applied a methodology to the FY25 survey data to estimate emissions per person and total for the year given changes in emissions factors, employee headcount and commuting habits. Business travel, including flights, accommodation, taxis and rental cars, accounted for 26% of total emissions and plays an important role in keeping us connected with colleagues and business partners across our geographical locations. The operation of our New Zealand and Pacific fleet vehicles accounted for 10% of total emissions.

In FY25, we also added well-to-tank[1] emissions for fuel and upstream emissions associated with purchased electricity which increased fuel and energy related activities not included in Scope 1 and 2 to 4% of total emissions.

Our fleet vehicles are crucial for our claims and assessing teams to meet the needs of our customers. Our business travel enables us to remain connected across our geographical locations with colleagues and business partners and our employee commute emissions reflect our people's journeys to work. As a result, our approach to emissions reduction needs to maintain our service value in these areas. Initiatives to reduce emissions associated with these sources are provided in the table on **page 35**.

Scope 1 and 2 emissions are also calculated as an intensity figure using our total risk numbers as the key indicators[2]. The intensity results from our baseline year, FY25 and FY26 are outlined in the table below. The Group emissions intensity per policy shows a consistent decrease to FY26. The significant reduction in FY26 is due to increasing policy numbers while reducing emissions.

Emissions intensity in tCO_2e/risks insured (000s)	FY20	FY25	FY26
NZ intensity	0.30	0.19	0.13
Pacific intensity	3.72	3.44	2.66
Group intensity	**0.58**	**0.40**	**0.29**

In Tower's FY24 Climate Statement we outlined our participation in an ICNZ/Cogo pilot to calculate claims emissions from motor repair services. In FY25 the pilot with Cogo was concluded. The pilot identified that supplier engagement was in part restricted by the accounting software used. The working group continues to explore emissions accounting solutions that can maximise supplier engagement and minimize the reporting burden on suppliers.

1 Well-to-tank (WTT) refers to the assessment of energy consumed and greenhouse gas emissions generated during the entire upstream supply chain of a fuel, from initial raw material extraction (the "well") up to the point of delivery (the "tank").
2 Calculated as Scope 1 & 2 emissions divided by average risk count for the year. In this context risk refers to the specific addressable property or risk covered by an insurance policy, e.g., the house, the motor vehicle, or a period of overseas travel. The Pacific intensity figures include emissions for the Suva hub which provides services in relation to NZ policies.

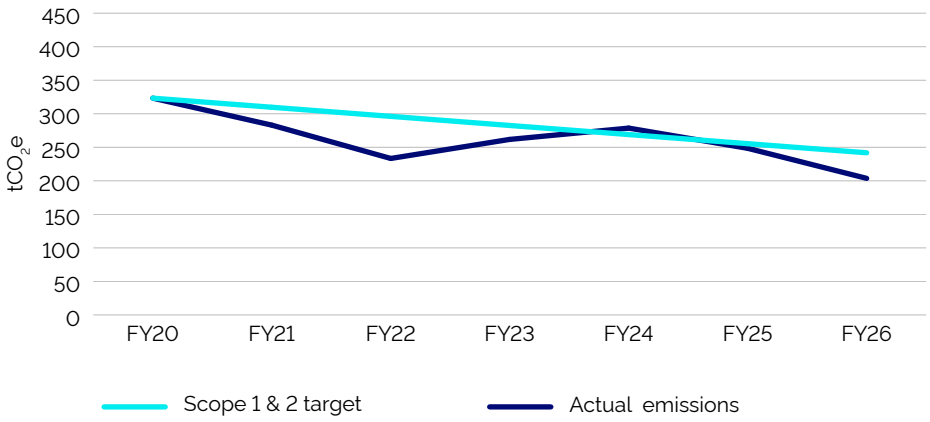
GHG emissions target

In FY25, we set a target to reduce absolute Scope 1 and 2 emissions by 63% by FY35, from our FY20 baseline. We selected FY35 to allow time to adopt evolving technologies and capabilities, particularly across our Pacific operations. In FY26, our combined Scope 1 and 2 emissions fell to 195 tCO_2e, a reduction of approximately 22% from FY25 and 40% from our FY20 baseline, representing further significant progress towards our target. Tower has not set interim targets.

Our FY20-25 target and our new FY26-FY35 target were established based on the Paris Agreement goal to limit global warming to 1.5°C. The Paris Agreement goal (UNFCCC 2015) requires emissions to peak before 2025 at the latest and decline 42% by 2030. Tower calculated our reduction trajectory to 2035 on the basis of this ambition and utilising the Science-based Target Initiative publicly available Corporate Near-Term Target Setting Tool (version 2.3).

In taking responsibility for our emissions, our preferred approach is to invest in initiatives to reduce gross emissions as much as possible. Therefore, there are no offsets applied to our FY26 GHG inventory. In our FY24 Climate Statement Tower indicated that we would explore the viability of an intensity-based metric and target and consider extension to Scope 3 emissions. In the development of our FY26 to FY35 target intensity-based options were considered but were not found to adequately represent Tower's operational footprint. Tower has opted to use the extended adoption provisions related to Scope 3 emissions and will not be setting targets against these.

Current GHG target and tracking scopes 1 & 2



Our emissions reductions initiatives

Tower has continued working towards reducing our Scope 1 & 2 emissions. During FY26, we have continued to improve the accuracy of our Scope 1 and 2 (e.g. obtaining metered energy data) reporting to further understand opportunities for reductions in both our premises and vehicle fleet. To further understand the impact of our Suva Hub we have commissioned two further electricity meters to understand the HVAC systems and additional leased spaces, these meters were installed in September 2026. Since 2022, Tower has had a policy commitment to purchase and lease only EVs or hybrid vehicles in New Zealand. In our Pacific locations, our fleet remains primarily internal combustion engine (ICE) vehicles with three of sixteen being hybrid vehicles.

We recognise that electricity generation in the Pacific Islands is primarily fossil fuel-based and therefore conversion to hybrid or EVs is unlikely to generate the same emission reductions as our New Zealand fleet. However, there are parallel benefits to moving away from petrol or diesel vehicles in all locations, including lower running costs and supporting improvements in local air quality.

The table below outlines completed or ongoing emissions calculation and reductions initiatives for FY24, FY25 and FY26. Initiatives that are ongoing in FY26 are highlighted in cyan.

Scope	Inventory item	Detail	FY24	FY25	FY26
1	Vehicle fleet fuel	Tower Policy to only purchase or lease hybrid, plug in hybrid or fully electric vehicles. NZ vehicles fully transitioned to hybrid in FY25. Pacific Island vehicles partially transitioned. Full transition in the Pacific is limited by the current cost of hybrid vehicles as well as charging and servicing infrastructure for EVs and a requirement to access isolated areas.	136 tCO_2e	131 tCO_2e	103 tCO_2e
2	Electricity	The Auckland office is a 6 star rated Green Building. Tower has access to detailed sub-metering for electricity consumed within our operations, in the Suva Hub an electricity meter was installed in April 2025 with two additional meters installed in September 2026 to provide full coverage of Tower's general electricity and half of our heating and cooling usage.	114 tCO_2e	108 tCO_2e	91 tCO_2e
3	Business travel	Tower's Sustainable Travel Policy includes an intention (without a target) to reduce air travel. Tower makes efforts to travel to the Pacific only when necessary. During FY26, Tower has increased its operational capacity and resilience in Suva locations, this has led to increased business travel requirements over the year.	197 tCO_2e	228 tCO_2e	282 tCO_2e
	Waste (landfill)	Employee initiatives such as Plastic Free July to encourage waste minimisation. Permanent soft plastic recycling, bottle cap and lid recycling alongside mainstream recycling and food composting available at the Fanshawe Street office. Waste volumes have stayed consistent in FY26, however significant increases to the Ministry for the Environment emission factors have led to increased emissions from landfill.	8 tCO_2e	7 tCO_2e	13 tCO_2e
	2nd & 3rd year underwriting	In FY24 and FY25 we disclosed our work to develop underwriting emissions with Generate Zero. As a result of the External Reporting Board's Amendments to NZ CS 1 Climate-related Disclosures 2026 that were approved on 13 October 2026, this project has been halted.			
	Employee commute/ WFH	In FY25 the second employee commute survey was completed to enable an estimate of average commuting and working-from-home emissions per employee. The survey was not repeated in FY26 however FY25 survey data was adjusted for changes in emission factors, employee headcount and commuting habits. For the Fanshawe Street office, commuting habits and working-from-home patterns were updated using FY26 swipe-card data. The next employee commute survey is due in FY27. In FY26 Tower introduced Extraordinary Pay, a salary sacrifice scheme for employees to access savings on public transport commute options.	501 tCO_2e (employee commute) 29 tCO_2e (WFH)	521 tCO_2e (employee commute) 38 tCO_2e (WFH)	485 tCO_2e (employee commute) 53 tCO_2e (WFH)
	2nd & 3rd year supply chain	In FY24 and FY25 we indicated a review of existing ESG supplier requirements to include material emissions reporting. This work is progressing through engagement with key suppliers to support year 3 disclosures.			

Measuring our performance

Tower uses various metrics and tools to manage our business risk indicators, including those relevant to climate-related risks and opportunities and our GHG emissions.

The metrics remain relevant and unchanged against the refreshed climate scenarios and reviewed climate-related risks and opportunities. Our metrics have been updated for the FY26 period. There are no New Zealand insurance industry based metrics.

Targets related to GHG emissions are provided in Section 5 above.

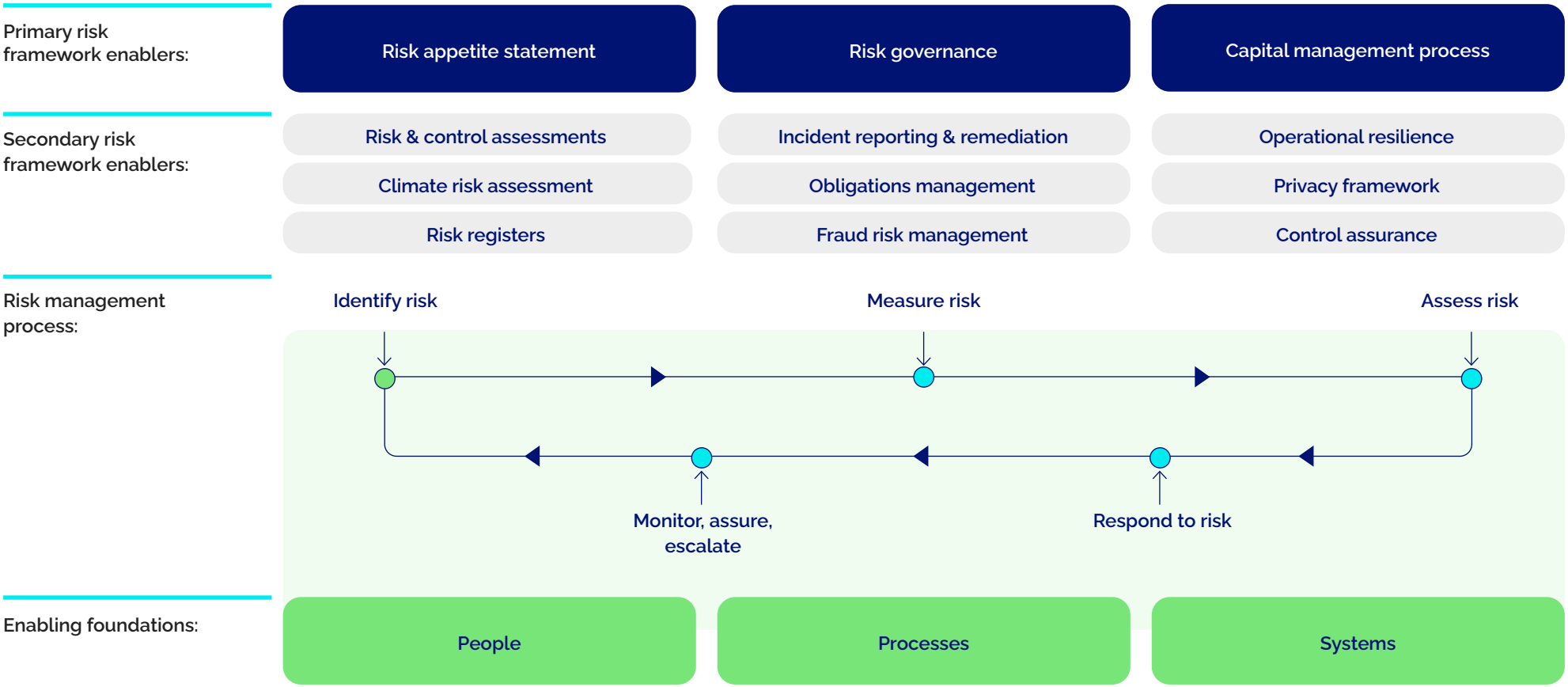
Type	Description	Metric	FY24	FY25	FY26
Transition risks	Amount or % of assets or business activities vulnerable to transition risks	% of vehicles insured that are internal combustion engines (ICEs)	91%	88%	85%
Physical risks	Amount or % of assets or business activities vulnerable to physical risks.	% of homes insured that are high flood risk[1]	3%	2.6%	2.2%
Opportunities – Current	Amount or percentage of assets, or business activities aligned with climate-related opportunities.	% of electric vehicle (EV) and plug-in hybrid (PHV) vehicles covered	9%	12%	15.1%
Capital deployment	Capital deployment has been calculated as the operational and capital expenditure in FY26 on specific projects/initiatives that the Climate and Sustainability Forum has determined as being climate-related activities, including rolling out risk-based pricing to cover sea surge and landslide perils, the transition of Tower's motor vehicle fleet and the preparation of climate-related disclosures. This expenditure does not include salaries for permanent staff who may spend part of their time generally working on sustainability and climate topics.	Capital or operating expenditure deployed towards: • Risk Based Pricing • Parametric • Sustainability • CRD • Fleet transition	Approx $769K	Approx $4.1m	Approx $1.6m
Internal emissions price	Price per metric tonne of CO_2e used internally by an entity.	In FY24 Tower indicated that no internal emissions price was established. Following review in FY25 no internal emission price will be set. This remains the approach in FY26.			
Remuneration	Management remuneration linked to climate-related risks and opportunities in the current period – %, weighting, description or amount of overall management remuneration.	ELT objectives and targets include climate-related measures where relevant to the responsibilities of their business units. Select executives' short-term incentives incorporate climate-related objectives, including delivery of climate-related financial disclosures, integration of ESG goals into procurement and supplier management, development of risk-based pricing for climate hazards, and creation of sustainable insurance products for Pacific markets. A proportion of select executives' remuneration is also linked to initiatives that reduce emissions, improve climate data reporting, and help to model future climate impacts on portfolios. A specific weighting, percentage or amount is not provided as this varies according to the executive role and responsibilities. This remains unchanged in FY26.			

1 Limitation for use of flood risk ratings - the definition of "High Flood Risk" is Tower's own definition and not necessarily a consistent definition with any other public source. Specifically, it relates to insurance risk and cost to repair or replace property relative to the risk of flooding and not just the chances of flooding happening alone. It also relates to Tower's own risk appetite and what we consider is "High", which may differ to others risk appetites or interpretation of the level of risk.

Risk management

Risk management is central to Tower's strategic and operational activities and is underpinned by Tower's enterprise-wide Risk Management Framework (RMF). The RMF is approved by the Tower Board and applies to all Tower employees and operations. The RMF was reviewed in November 2025 with minor updates made.

The RMF sets out guiding principles to enable Tower to identify, assess, monitor and manage its risk exposures to pursue its strategic objectives. The RMF and its key components are depicted below:



Fundamental to the application of the RMF is Tower's Risk Appetite Statement (RAS), which outlines the Board's risk appetite against key categories defined in the RMF. Tower's Board Risk Committee is responsible for monitoring the adequacy of the RMF, receiving reports on key risks, exposures and their management against the RAS.

The primary executive governance forum for the RMF is the Tower Management Risk and Compliance Committee (MRCC) which meets monthly and is governed by an annually reviewed Charter overseen by the Chief Risk Officer (CRO).

The RMF is implemented through risk, compliance, conduct and internal audit processes across each business function. The executive, senior management and staff must demonstrate that reasonable steps have been taken to effectively manage Tower's risks in line with the RMF. Responsibilities are assigned to individuals to manage identified risks, and material changes to Tower's risk profile are monitored.

Each business unit within Tower maintains a risk register that records the likelihood and consequence of risks, actively identifying, assessing and monitoring the risks and associated controls. These risks are recorded, maintained and managed within our Protecht risk management software platform with clear identification of the risk owner, inherent risk, risk mitigation(s) and residual risk scores.

Risk owners are responsible for updating their risks whenever changes occur that may alter the inherent or residual risk score. To ensure regular reviews, each risk is assigned an agreed time period for review. These time periods may range between six-monthly and two-yearly.

The Protecht platform also enables the prioritisation of all risks, ensuring appropriate escalation in a timely manner. Risks are prioritised as Low, Medium or High residual risk status. High residual risks are given priority for suitable mitigation and raised to the Board for acceptance or deployment of capital if the risk cannot be effectively mitigated, and then closely monitored.

Integration of climate risks in Tower's Risk Management Framework

Tower revised its RMF in February 2024 to include climate-related physical and transition risks as a specific risk category along with the other key risks facing Tower across its full value chain. Tower also introduced a dedicated Climate Risk Forum to regularly review and monitor its climate risk profile. Additionally, in early 2025 Tower revised its risk assessment matrix to enable a more focused approach to risk assessment across the business.

In FY26, the process undertaken by Tower to assess climate-related risks followed the approach outlined under the RMF and disclosed in FY25, as follows:

1. Identify
2. Measure and Assess
3. Respond
4. Monitor, assure and escalate

Identify

In 2024, Tower conducted a cross-functional workshop to consider the climate risks and opportunities as part of the climate scenario development and analysis. The workshop and subsequent internal analysis included all material elements of Tower's value chain, covering both New Zealand and Pacific-based operations, as well as our core supply chain. This exercise initially identified 42 climate-related risks and opportunities, which were subsequently consolidated to 26 for our FY24 Climate Statement, 22 for our FY25 Climate Statement and 12 following our in-depth FY26 review.

Measure and assess

The identified risks served as the basis for further internal stakeholder meetings to:

- Refine the risks
- Assign ownership
- Identify key impacted business units
- Complete initial risk and control assessments across the short, medium and long-term time horizons with the same duration outlined in the Strategy section
- Agree appropriate controls against each risk to mitigate the impact of the risks occurring.

The data was also divided into specific areas to illustrate Tower's overall climate risk profile across each scenario and time horizon (as detailed within the Strategy section):

- Key Impacted Business Units – by climate related risks
- Climate Risk Categories – Transition & Physical Risks
- Climate Risk Ratings – high, medium, low
- High Inherent Risks – measured under the three climate-related scenarios and three time horizons.

Respond

Tower's response considered each of the climate-related risks and assigned controls against them to arrive at a residual risk rating. In line with Tower's RMF, where a residual risk is High and cannot be managed through the control environment, it is reported to the Tower Board for risk acceptance or otherwise. No climate-related risks have been identified as unable to be managed effectively through appropriate controls and actions.

Accountability for managing these risks is assigned to Tower's executives and senior management. The suite of risks provides an overall climate-related risk profile for Tower and facilitates the monitoring of those risks over time. Where the nature of the risk changes, the response to managing that risk may change also.

Monitor, assure and escalate

Due to the nature of Tower's business, four of our climate-related risks are assessed as high residual risks. All four of these climate-related risks have actions in place to monitor and mitigate.

All material climate-related risks across each of the identified scenarios and time horizons (as detailed within the Strategy section) have been recorded in Protecht and are reviewed as part of the usual cycle of risk reviews within each business unit. The Sustainability and Climate Forum will assist in regular monitoring of the climate risk landscape and is described on the right.

A comprehensive review of identified risks and opportunities will be undertaken annually and following any updates to Tower's climate-related scenarios.

The Climate and Sustainability Forum

In FY26 the Climate Risk Forum was amalgamated with the Climate and Sustainability Steerco to form the Sustainability and Climate Forum comprising executive and senior leaders with functions related to the identification, assessment and management of climate-related risks and opportunities (further information relating to the function of the Sustainability and Climate Forum is provided in the following Governance section).

The purpose of the Sustainability and Climate Forum is to facilitate discussion, collaboration, and action on climate-related risks and opportunities and provide oversight on all aspects of Tower's climate disclosures.

During the FY26 review of risks and opportunities subject matter experts and risk owners were convened in six workshop sessions to review and revise Tower's climate-related risks and opportunities. Consideration was given to Tower's revised climate scenarios, Tower's business strategy and transition planning, internal and external climate hazard data, and geopolitical and economic trends.

Climate-related risks are considered over the short, medium and long-term time horizons identified on page 19.

Governance

Strong governance underpins our management of climate-related risks and opportunities.

Tower's Board of Directors provides leadership within a framework of prudent and effective controls, enabling the assessment and management of Tower's risks and opportunities, including those that are climate-related. The Board composition is provided in our 2026 Annual Report.

Details of our governance of climate-related topics in FY26 are detailed in the table on **page 42**.



Governance framework

The Board is responsible for approving and overseeing Tower's ESG strategy and reporting. This includes considering sustainability strategies and oversight of Tower's climate-related risks, including physical and transition risks, and climate-related opportunities as relevant to Tower's broader business strategy. Our material climate-related risks and opportunities were included in the July Board Strategy sessions through discussions relating to risk based pricing, large events preparedness and transition planning. The Board retains overall accountability for the development and ownership of climate-related strategy, transition planning, metrics and targets and climate-related disclosures.

The Board is assisted in its oversight by its Audit, Risk and People, Remuneration and Appointments Committees. Additionally, Tower's Executive Leadership Team (ELT) led by our CEO, and topic specific management committees and forums, sponsor and direct key elements of our climate statement development. The roles and responsibilities of each of these bodies, along with key milestones over the reporting period are provided in the table on **page 42**.

In March 2026, halfway through our reporting period, the Board approved updates to Tower's Climate and Sustainability Governance Framework. This followed the transition of Tower's climate-related disclosure work from a project-based approach to business-as-usual in FY25, reflecting enhanced internal capability and the embedding of key disclosure processes across the business.

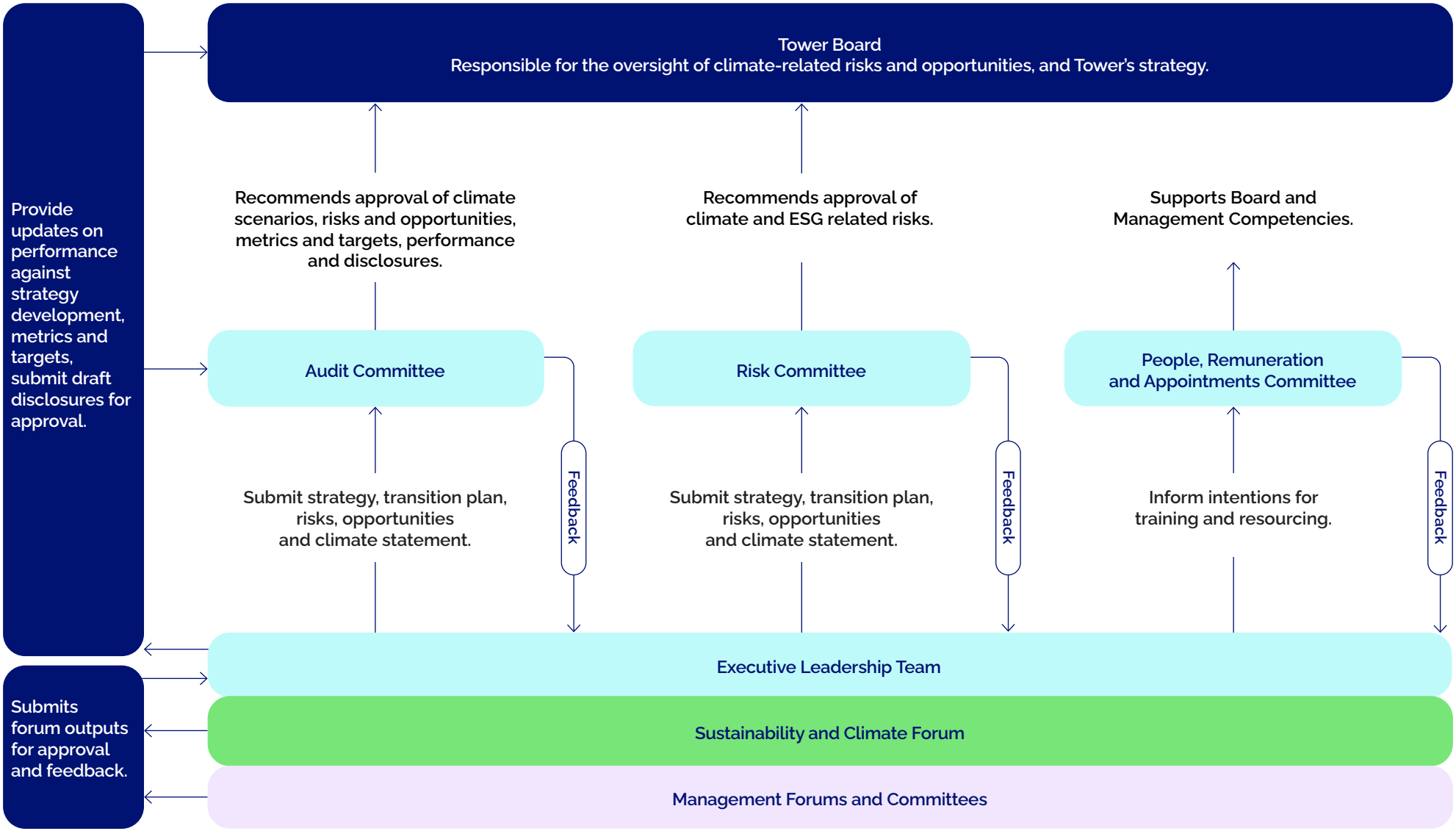
As part of this transition, Tower reviewed the management framework supporting the development of its annual Climate Statements. After the first two reporting periods, Tower's climate disclosure process had matured, and the preliminary governance structure established for implementation required refinement.

At a management level, the revised framework amalgamated the Climate and Sustainability Steering Committee, the Climate Risk Forum and the climate workstream leads into a single Sustainability and Climate Forum. The Forum comprises Executive and Senior Leaders from these groups and meets quarterly, with subgroups convened as needed to progress specific workstreams.

These workstreams include workshops to refresh Tower's climate scenarios, review climate-related risks and opportunities, and support the development of the annual Climate Statement.

The Board level oversight and responsibilities remain unchanged by the updates to Tower's Climate and Sustainability Governance Framework. The following diagram illustrates the key roles, responsibilities, communication, and decision-making processes that support the Board in fulfilling its climate-related governance obligations.

Climate, sustainability governance framework



Throughout FY26, the full Board considered elements of the climate-related disclosure development on behalf of its committees to ensure progress within desired timeframes.

Table of Governance bodies, frequency of meetings, their roles and responsibilities

Governance body	Roles and responsibilities	Activity
Board and Board Committees		
Tower Limited Board of Directors	Provide oversight and approval for the Company's environmental and social governance obligations, including consideration of sustainability strategies, climate-related physical and transitional risks and opportunities and all disclosures in the company's Climate Statement.	**Monthly** progress update on sustainability and CRD through regular content in the CEO report. This includes updates on climate scenarios, risks, opportunities, strategy and transition planning, resourcing, and updates from the Steerco on performance against metrics and targets. Topic specific papers and submissions were made as follows: **March 2026** CRD update including intended FY26 Board and Committee schedule, progress to delivering FY26 Climate Statement, approach to the climate scenario review and the revised Climate Governance Framework. **May 2026** Update on Sustainability, Climate and GHG emissions progress against plan. **July 2026** The revised Climate Scenarios discussed during Board Strategy days. **August 2026** Climate-related risks and opportunities recommended by the Audit Committee for approval. **November 2026** Approval of the FY26 Climate Statement, on the recommendation of the Audit Committee.
Tower Limited Pacific subsidiary Boards	Part of Tower Group GHG emissions reporting covers Pacific activities. As Tower's approach matures, Management is increasing its engagement with the Tower Limited Pacific subsidiary Boards on climate-related topics. Members of Tower's ELT sit on each of the Tower Pacific Boards including the CEO, CUO, CPO, COO and Head of Strategy and provide oversight on behalf of the Tower Limited Board.	The Fiji Board and Joint Pacific Boards met on five occasions in FY26. Sustainability and climate updates were provided at each of these. Focused topic specific submissions were provided as follows: **May 2026** Annual overview of CRD and Sustainability provided which included legislative obligations and key climate and sustainability updates for Tower Limited. Opportunity for Directors to raise queries or provide feedback.

Governance body	Roles and responsibilities	Activity
Audit Committee	The Audit Committee assists the Board by: • Overseeing climate-related disclosures and the adequacy of control systems for climate-related reporting. • Reviewing climate-related scenarios, risks and opportunities, metrics and targets, and disclosures, and recommending Board approval. • Agreeing on the scope of the external auditor's limited assurance of GHG emissions for the climate statement.	The Audit Committee met four times in FY26. Topic specific submissions were made as follows: **May 2026** Approval of GHG assurance auditor appointment. **August 2026** Recommend approval of Climate-related risks and opportunities to Board. **November 2026** Recommend approval of FY26 transition planning, metrics and targets and GHG restatements and disclosures to the Tower Board.
Risk Committee	The Risk Committee assists the Board by: • Monitoring climate-related risks. • Assessing the effectiveness of Tower's Risk Management Framework, strategy, risk appetite, and risk profile. Ensuring compliance with relevant prudential regulatory requirements, including climate-related transition risks.	**Monthly** Chief Risk Officer (CRO) report to Risk Committee or Board includes climate and increased frequency of large events as both a key strategic risk and a compliance risk. This report provides updates on work on climate-related risks. **August 2026** Recommend approval of Climate-related risks and opportunities to Board. **November 2026** Recommend approval of FY26 transition planning, metrics and targets and GHG restatements and disclosures to the Tower Board.
People, Remuneration and Appointment Committee	The People, Remuneration and Appointment Committee assists the Board in its oversight of remuneration strategy by: • Recommending whether climate metrics should be included in reward frameworks, and recommending potential metrics. • Recommending required skills, capabilities and experience for Board members to ensure the Board can effectively manage risks and opportunities arising from climate.	The People, Remuneration and Appointment Committee met on four occasions in FY26. Topic specific submissions were made as follows: **May 2026** Results of Tower's Sustainability and Climate Skills and Capabilities Assessment for employees provided to the Committee, along with an update on Management's approach to ensuring appropriate climate-related skills and capabilities. Information provided on the disclosure requirements for incorporating climate-related targets into executive remuneration. Climate-related performance metrics included in Executive remuneration where the roles are central to our climate-related disclosures as included on **page 36**.

Governance body	Roles and responsibilities	Activity
Management and Management Committees		
Executive Leadership Team	With respect to the Climate Statement, and the Executive Leadership Team's role in assessing and managing climate-related risks and opportunities the Executive Leadership Team is responsible for: • The development and execution of Tower's climate strategy and transition plan; • Ensuring that sustainability and climate-related risks and opportunities are considered as part of investment, underwriting, product design, customer experience, pricing, supply chain and claims processes; • Ensuring that all employees are aware of their responsibilities for the identification of climate risks and opportunities; • Ensuring that employees have relevant climate and sustainability skills and capabilities.	**Monthly** updates on climate and sustainability progress via the People and Capability dashboard report to the ELT. These include GHG inventory development and performance, climate scenario review, transition planning development, climate-related risks and opportunities and disclosure developments. **April 2026** ELT agenda items on climate scenarios and the fuel crisis. **May 2026** Climate Scenario ELT workshop.
Sustainability and Climate Forum	The Sustainability and Climate Forum is responsible for the delivery of Tower's Climate Statement and related work. The Sustainability and Climate Forum is chaired by the Head of Corporate Affairs and Sustainability and includes the CRO, CUO and Deputy CFO. It also includes management representatives from risk, underwriting, procurement, claims and natural hazards. The forum oversees: • Tower's development, assessment and management of climate scenarios and climate related risks and opportunities. • Tower's progress and performance against sustainability strategy and climate strategy/ transition plan/ metrics and targets. • The assignment of resources to ensure sustainability and climate outcomes are achieved. • Delivery of Tower's sustainability reporting and climate-related disclosures to the Board and its Committees and the delivery of the Annual Report (sustainability) and Climate Statement.	**Quarterly** meeting with subgroup meetings and workshops as required. The former Sustainability and Climate Steerco met on three occasions in FY26 and the new Sustainability and Climate Forum also met on three occasions. Updates on Forum activities are provided to the Board in the monthly CEO report. Key climate-related decisions and information are raised through appropriate governance committees as required.
Management Risk and Compliance Committee	The Management Risk and Compliance Committee (MRCC) assists Tower Limited to discharge its management and governance responsibilities for risk including climate-related risk. The primary purpose of the MRCC is to oversee, manage and approve Tower-wide risk, compliance, and conduct management practices.	**Monthly** meetings with summary of Board CRO report discussed. Climate-related matters were included in the MRCC agenda on two occasions in August and September. The review and assessment of climate-related risks and opportunities and the revised list was considered in August.

Governance body	Roles and responsibilities	Activity
Product, Pricing & Underwriting Committee	This Committee oversees monitoring, reporting and management of emissions from Tower's underwriting portfolios. It will be responsible for: • Recommending targets for underwriting portfolio emissions reduction to the Sustainability and Climate Forum. • Directing underwriting, product and pricing actions to achieve Tower's sustainability strategy, climate strategy, and transition plan. • Ensuring alignment of sustainability and climate underwriting and pricing actions with Tower's business strategy and operations.	**Monthly** meeting The roll out of Risk Based Pricing to sea surge and landslide and Pacific Parametric cover was considered by this committee as part of the climate adaptation elements of our strategy.
Claims Committee	The Claims Committee will oversee monitoring, reporting and management of emissions from Tower's claims supply chain. It will: • Recommend targets for claims supply chain emissions reduction to the Sustainability and Climate Forum. • Recommend claims actions that will achieve Tower's sustainability strategy and climate strategy, and transition plan (once developed) to the ELT/Sustainability and Climate Forum.	**Monthly** meeting The Claims Committee was kept informed of progress on the Events Future State programme throughout FY26. The programme delivered the majority of its enhancements during calendar year 2025 and focused on strengthening Tower's readiness and response capability for large-scale events.
Portfolio Performance and Investment Committee (PPIC)	The PPIC is an Executive-level committee that was established in FY25 responsible for enterprise-wide project governance. It prioritises and oversees investment decisions across key investment categories, balancing priorities, including incorporating transition risk considerations into decision-making.	Climate related reporting to be undertaken on an as need basis. No reports in FY26. However the ongoing roll out of Risk Based Pricing to seasurge and landslide was considered as part of the climate adaptation elements of our strategy.

Climate-related skills and capabilities

Board climate skills and capabilities

Following changes to the Board's composition during FY26, Tower deferred the directors' climate-related skills and capabilities assessment until the new Board was established. The assessment is expected to be completed in FY27. The Board aims to have an appropriate mix of relevant skills, with particular competencies in the insurance and financial services sector and further climate and sustainability training and resources are planned for FY27. All Board papers are provided with sufficient contextual information to enable Directors to discharge their duties under Tower's Climate Governance Framework.

Management climate-related skills and capabilities

As an insurer, Tower's teams have existing skills and capabilities that are highly relevant to managing climate-related risks and opportunities including general risk management, actuarial, data management, natural hazard modelling, finance, governance, and strategy.

Tower has dedicated sustainability roles, including within senior management. The chair of the Sustainability and Climate Forum, Tower's Head of Corporate Affairs and Sustainability is responsible for:

- Developing and delivering Tower's sustainability strategy, incorporating climate-related goals and initiatives for the period 2026-2030.
- Leading the delivery of climate-related disclosures, with support from Tower's Sustainability Manager and the Sustainability Analyst role.

ELT and Senior Leaders received climate training material as part of the FY25 transition planning workshop and foundational sustainability (including basic climate science, GHG emissions sources, calculation and reporting) training as part of the FY25 materiality assessment workshops. In FY26 ELT and Senior leaders were provided training resources prior to the climate scenarios workshop, and a Climate Fresk (IPCC based climate science training) was held providing an in depth insight into climate science for attending employees. Further information sessions were provided on GHG emissions sources, calculations and reductions.

Senior leaders actively working on Tower's Climate Statement have included objectives in their FY26 performance plans related to resourcing and completing their contributions.

Tower also has access to a range of external consultants for specialist expertise and advice which has been noted in Board updates throughout the year as appropriate.

Appendices

Appendix 1

Index – CRD way finder

CRD sections	CRD disclosures	Tower disclosure	Adoption provisions
NZ CS 1			
Governance - To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.	7 (a) the identity of the governance body responsible for oversight of climate-related risks and opportunities; (b) a description of the governance body's oversight of climate-related risks and opportunities (see paragraph 8); and (c) a description of management's role in assessing and managing climate-related risks and opportunities (see paragraph 9).	Governance framework pg 40-46	
Strategy - To enable primary users to understand how climate is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.	11 (a) a description of its current climate-related impacts; (b) a description of the scenario analysis it has undertaken (c) a description of the climate-related risks and opportunities it has identified over the short, medium, and long term (d) a description of the anticipated impacts of climate-related risks and opportunities; and (e) a description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state.	Strategy Pg 11 Pg 13 Pg 19-26 Pg 25 Pg 26-29	Adoption provision 2: Anticipated Financial impacts

CRD sections	CRD disclosures	Tower disclosure	Adoption provisions
Risk management - To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.	18 (a) a description of its processes for identifying, assessing and managing climate-related risks (see paragraph 19); and (b) a description of how its processes for identifying, assessing, and managing climate related risks are integrated into its overall risk management processes. 19 An entity must include the following information when describing its processes for identifying, assessing and managing climate-related risks: (a) the tools and methods used to identify, and to assess the scope, size, and impact of, its identified climate-related risks; (b) the short-term, medium-term, and long-term time horizons considered, including specifying the duration of each of these time horizons; (c) whether any parts of the value chain are excluded; (d) the frequency of assessment; and (e) its processes for prioritising climate-related risks relative to other types of risks.	Risk management pg 37	
Metrics and Targets: To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.	21 To achieve the disclosure objective, an entity must disclose: (a) the metrics that are relevant to all entities regardless of industry and business model; (b) industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities; (c) any other key performance indicators used to measure and manage climate-related risks and opportunities; and (d) the targets used to manage climate-related risks and opportunities, and performance against those targets	GHG emissions pg 30 Measuring our performance pg 36	Adoption provision 4: Scope 3 GHG emissions Adoption provision 5: Comparatives for Scope 3 GHG emissions Adoption provision 7: Analysis of trends Adoption provision 8: Scope 3 GHG emissions assurance
NZ CS 3			
Methods and assumptions, and data and estimation uncertainty	49 (a) a description of the methods and assumptions used in the preparation of its climate-related disclosures where they are not apparent, including the limitations of those methods. (b) aspects of its disclosure (including amounts) that involve data and estimation uncertainty, disclosing the sources and nature of data and estimation uncertainties.	Appendix 5 pg 59	

CRD sections	CRD disclosures	Tower disclosure	Adoption provisions
NZ CS 3			
Scenario analysis methods and assumptions	51 (a) the climate-related scenarios it has used, including: i a brief description of each scenario narrative; ii. the time horizons considered, including endpoints and whether the endpoints are determined by a year or a temperature target; iii. a description of the various emissions reduction pathways in each scenario and the assumptions underlying pathway development over time, including the scope of operations covered, policy and socioeconomic assumptions, macroeconomic trends, energy pathways, carbon sequestration from afforestation and nature-based solutions and technology assumptions including negative emissions technology; iv. an explanation of why the entity believes the chosen scenarios are relevant and appropriate to assessing the resilience of the entity's business model and strategy to climate-related risks and opportunities; and v. the sources of data used to construct each scenario. (b) how the scenario analysis process has been conducted, including: vii. whether scenario analysis is a standalone analysis or integrated within the entity's strategy processes; viii. the governance process used to oversee and manage the scenario analysis process, including the role of the governance body and management; ix. if modelling has been undertaken, a clear description of what modelling was undertaken and why the model was chosen as the appropriate model; and x. which external partners and stakeholders are involved	Understanding our Possible Futures pg 13 Appendix 3 Scenario Development pg 51	
GHG emissions methods, assumptions and estimation uncertainty	52 a description of the methods and assumptions used to calculate or estimate GHG emissions, and the limitations of those methods. When choices between different methods are allowed, or entity-specific methods are used, an entity must disclose the methods used and the rationale for doing so. 53 uncertainties relevant to the entity's quantification of its GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures. 54 an explanation for any base year GHG emissions restatements.	Our greenhouse gas (GHG) emissions pg 30 Appendix 4 GHG emissions methodology, restatements and notes to restatements pg 54	
Statement of compliance	55 An entity whose climate-related disclosures comply with Aotearoa New Zealand Climate Standards must include an explicit and unreserved statement of compliance.	Executive summary pg 03	

Appendix 2

Consideration of materiality

The NZ Climate Standards require disclosure of information if it is material according to the definition in NZ CS 3.

The information provided in our climate disclosure is material to Tower's primary users, who we have defined as existing and potential shareholders and asset managers. Creditors are not primary users for Tower. Contextual information is also provided as it supports the key elements of the climate statement.

Considerations we use when determining materiality:

- Primary users – existing and potential shareholders and asset managers
- Geographical distribution of our operations
- Level of influence
- Level of impact or anticipated impact
- Combined effects



Appendix 3

Scenario sources of data

Sources

1. IPCC AR6 SSP1-1.9 and SSP3-7.0 archetypes
2. NZ Climate Change Commission pathways
3. NIWA / MfE climate projections and adaptation context
4. XRB climate scenario expectations
5. Global and NZ insurance and reinsurance market trends
6. Existing public-private insurance mechanisms internationally (Flood Re, Australian cyclone pool, EQC/NHC)
7. Tower's disclosed strategic measures and business performance indicators

Source details and applications

Source	Applications	Tower scenario
IPCC AR6 • IPCC Sixth Assessment Report (AR6) • WGII and WGIII reports SSP scenario framework • SSP1-1.9 and SSP3-7.0 reference scenarios	• Warming trajectories, • Socio-economic pathways, • Emissions pathways, • Global transition dynamics, • Physical risk escalation logic.	All
NZ Climate Change Commission • Emissions Reduction Plan advice • CCC pathway material • Energy sector and transport transition assumptions	• NZ decarbonisation pathway assumptions, • Electrification, • Transport transition, • Urban form implications.	All
Climate Change Commission pathway used	**How it was applied**	**Tower scenario**
Tailwinds	Low barriers to technology uptake and behavioural change, supporting rapid emissions reduction and achievement of Managed risk evolution New Zealand's 2050 targets.	Managed risk evolution
Current Policy Reference	Continuation of existing policy settings, with slower emissions reduction and New Zealand not achieving net zero long-lived gases by 2050.	Fragmented and Fragmented with Intervention (with scenario-specific government intervention assumptions – specific to the insurance context.)

Source	Applications	Tower scenario
Ministry for the Environment (MfE) • National Climate Change Risk Assessment • National Adaptation Plan • Managed retreat/adaptation material	• Adaptation pressures, • Coastal retreat logic, • Infrastructure vulnerability, • Public policy responses.	All
NIWA climate projections	• NZ-specific physical risk assumptions / trends e.g rainfall intensity, severe weather trends, flood/coastal hazard escalation,	All
XRB Climate Standards (NZ CS 1–3) XRB guidance documents Particularly: • Scenario analysis guidance, • Anticipated financial impacts guidance, • Plausibility/internal consistency expectations.	• Time horizon structure, • Strategic relevance, • Decision-useful framing, • Internal consistency requirements.	All
Global reinsurance market commentary • Munich Re NatCat reports • Swiss Re sigma reports • Gallagher Re reports • Aon catastrophe reports	General insurance sector trends and behaviours, e.g. catastrophe loss escalation, reinsurance pricing pressure, retention increases, insurance affordability and insurability trends.	All
APRA / Australian insurance adaptation material	• Insurance affordability, • Intervention precedents, • Catastrophe pool approaches, • Solvency/capital trends.	All
Tower public disclosures • Annual reports • Climate statements • Investor materials	• Strategic priorities, • Business model structure, • Key performance indicators, • Risk-based pricing positioning, • Pacific operations context.	All

Source	Applications	Tower scenario
Public-private insurance intervention examples NZ EQC / NHC material UK Flood Re Australian Cyclone Reinsurance Pool	• Plausibility of intervention scenarios, • Risk-pooling mechanisms, • Public-private catastrophe structures.	All
NZ transport, EV, and urban form references • Ministry of Transport • Waka Kotahi / NZTA • Stats NZ • MBIE housing and urban development material	• EV uptake assumptions, • Vehicle fleet trends, • VKT trends, • Urban intensification assumptions, • Housing form transition.	All
Internal workshop and executive feedback	• Insurer-specific operational realities, • Social and workforce implications, • Fraud and claims behaviour, • Pacific office implications, • Customer outcome considerations, • Practical pricing constraints, • Alignment with Tower strategy and transition plan.	All

Specific metrics

The quantitative metrics included within the scenarios are scenario-based stress assumptions informed by the above sources and calibrated to maintain internal consistency with the underlying SSP reference scenario, NZ context, and Tower's business model.

Appendix 4

Measurement standards and consolidation approach

Tower has been measuring its GHG emissions since FY20 in accordance with the requirements of the 'Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (2004)'.[1] Tower applies the operational control consolidation approach[1] to account for emissions, with emissions reported in tonnes of CO_2 equivalents, in line with the requirements of the Aotearoa New Zealand Climate Standards.

Guidance from the following sources has also been used to develop our GHG inventory methodology:

- Greenhouse Gas Protocol – Scope 2 Guidance[1]
- Greenhouse Gas Protocol – Categorising GHG Emissions Associated with Leased Assets Appendix F to the GHG Protocol Corporate Accounting and Reporting Standard – Revised Edition June 2006 (version 1.0)[1]
- Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- Greenhouse Gas Protocol – Technical Guidance for Calculating Scope 3 Emissions (version 1.0)

GHG emissions methodology

Tower has contracted the services of Bravegen to assist with the collation and loading of emissions source data into their online Corporate Sustainability Reporting (CSR) tool.

Bravegen CSR has been developed to meet the requirements of the GHG Protocol.

The CSR software uses a calculation methodology for quantifying the emissions inventory using emissions source activity data multiplied by emission or removal factors.

Emission factors are utilised from a range of sources to calculate our GHG emissions:

- Ministry for the Environment (MfE) 2023 'Measuring Emissions: A guide for organisations' (NZ)
- Ministry for the Environment (MfE) 2026 'Measuring Emissions: A guide for organisations' (NZ)
- Department for Environment Food & Rural Affairs (DEFRA) 2025 'Greenhouse gas reporting: conversion factors' (UK)
- CaDI (2026) Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix) Environment
- Protection Authority Victoria (EPA) 2021 'Greenhouse Gas Emission Factors for Office Copy Paper

The emission factor sources are based on global warming potentials (GWPs) varying from AR4-AR6. The time horizon is 100 years.

1 Subject to assurance. As relevant to Scope 1 and Scope 2 GHG emissions, the disclosures of the measurement standards applied and the consolidation approach used are subject to assurance.

Restatements

FY20–FY25 emissions disclosures have been restated to correct errors and enhance the consistency of comparative information between reporting periods. In line with NZ CS, Tower has restated all changes material to the Group arising from improved geographically specific Pacific emission factors and the removal of double counted purchased heating and cooling for the Fanshawe Street office. As required by NZ CS 3 paragraph 54, the table below presents base year Scope 2 adjustments and totals them with New Zealand purchased electricity emissions. We have also provided explanations for restatements to other comparative periods. Only the numerical restatements and supporting descriptions for the base year are subject to assurance.

	Note	FY20 Base Year (Restated)	FY20 Adjustment	FY20 Base Year (Previously reported)	FY21 (Restated)	FY21 Adjustment	FY21 (Previously reported)	FY22 (Restated)	FY22 Adjustment	FY22 (Previously reported)
Scope 2, Purchased Electricity	1, 2	176	-41	217	151	-25	176	113	-33	146
Total Scope 2		176	-41	217	151	-25	176	113	-33	146

	Note	FY23 (Restated)	FY23 Adjustment	FY23 (Previously reported)	FY24 (Restated)	FY24 Adjustment	FY24 (Previously reported)	FY25 (Restated)	FY25 Adjustment	FY25 (Previously reported)
Scope 2, Purchased Electricity	1, 2	121	-37	158	114	-33	147	108	-28	136
Total Scope 2		121	-37	158	114	-33	147	108	-28	136

Notes to the restatements

1. Emission factor improvements

Previously, Tower used an Oceania-specific emission factor published by the International Energy Agency (IEA) for its Pacific territories. This factor represented an average for Australia, New Zealand, the Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tonga and Vanuatu. In FY26, as part of the annual review of emission factors, Tower identified and adopted an alternative source published by Carbon Data Intelligence (CaDI) to improve the accuracy of the emission factors applied to each territory. The CarbonDi emission factors provide geographically specific emission factors for each territory rather than the Oceania average previously used. This resulted in the following adjustments:

- **Fiji:** FY20: -35 tCO_2e; FY21: -22 tCO_2e; FY22: -31 tCO_2e; FY23: -35 tCO_2e; FY24: -34 tCO_2e; FY25: -30 tCO_2e
- **Tonga:** FY20: +2 tCO_2e; FY21: +2 tCO2e; FY22: +2 tCO_2e; FY23: +2 tCO_2e; FY24: +2 tCO_2e; FY25: +2 tCO_2e
- **Samoa:** FY20: -4 tCO_2e; FY21: -3 tCO_2e; FY22: -1 tCO_2e; FY23: -1 tCO_2e; FY24: 0 tCO_2e; FY25: -1 tCO_2e
- **American Samoa:** FY20: +4 tCO_2e; FY21: +5 tCO_2e; FY22: +6 tCO_2e; FY23: +7 tCO_2e; FY24: +6 tCO_2e; FY25: +7 tCO_2e
- **Cook Islands:** FY20: -1 tCO_2e; FY21: 0 tCO_2e; FY22: 0 tCO_2e; FY23: -1 tCO_2e; FY24: -1 tCO_2e; FY25: -1 tCO_2e

2. Removal of estimated purchased heating and cooling for Head Office

Previously, Tower incorrectly double counted the heating and cooling emissions associated with the central HVAC system at the Fanshawe Street office within Scope 2. Following a review of the building metering information and Tower's operational control boundary, these estimates have been removed from Scope 2. This resulted in adjustments of -7 tCO_2e in FY20, -7 tCO_2e in FY21, -9 tCO_2e in FY22, -9 tCO_2e in FY23, -5 tCO_2e in FY24 and -5 tCO_2e in FY25.

Methodology, assumptions, uncertainties and emissions factors for all Scopes

Category	GHG emissions source	Country	Data source	Calculation methodology, assumptions and uncertainty (Qualitative)	Source of Emission Factor
Scope 1					
Mobile Combustion	Vehicle fleet fuel	All countries	Supplier data	**NZ** – Fuel-based method. Low uncertainty. **Fiji, Tonga, Cook Islands & American Samoa** – Fuel-based method. Low uncertainty. **Samoa** – Spend-based method. Supplier fuel spend is obtained from finance system with the average fuel price for each month obtained from government sources. Low uncertainty.	MfE (2026) GWP: AR5
Fugitive Emissions	Refrigerants	All countries	Supplier data	Top-up method. Top-ups of HVAC systems under Tower's operational control. Low uncertainty.	MfE (2026) GWP: AR5
Scope 2					
Electricity	Electricity consumption	All countries	Supplier data & estimation	Location-based method. Metered kwh of electricity consumption and location-specific emissions factors for each territory are utilised to measure emissions. Suva Hub Estimate – Building 2's FY26 general electricity use was estimated by applying its kilowatt-hours consumption ratio to Building 3 during the overlapping metered period to Building 3's full-year recorded consumption. Low uncertainty.	NZ – MfE (2026) GWP: AR5 Pacific – CaDI (2026) GWP: AR6
Heating and cooling	Electricity consumption	Fiji (Suva Head Office)	Estimation	Location-based method. Heating and cooling acquired from central HVAC systems under landlord control. Usage has been estimated to be a 40% proportion, with the remaining 60% coming from general electricity used for lighting, power, and equipment. High uncertainty.	Fiji – CaDI (2026) GWP: AR6
Scope 3					
Category 1: Purchased goods and services	Office paper purchased	New Zealand	Supplier data	Average-data method. Supplier report outlines total office paper purchased (kg). Moderate uncertainty.	EPA Victoria (2019) GWP: AR5
Category 1: Purchased goods and services	Water supply	All countries	Supplier data	Average-data method. Reports provided for Auckland office, water is apportioned based on net lettable area (17.3%). Moderate uncertainty	MfE (2025) GWP: AR5

Category	GHG emissions source	Country	Data source	Calculation methodology, assumptions and uncertainty (Qualitative)	Source of Emission Factor
Category 3: Fuel- and energy-related activities not included in Scope 1 or Scope 2	Electricity transmission and distribution losses (T&D)	New Zealand	Supplier data	Average-data method. Emissions from T&D losses are estimated based on Scope 2 data. Low uncertainty.	NZ – MfE (2026) GWP: AR5 Pacific – CaDI (2026) GWP: AR5
	Electricity, T&D, and fuel well-to-tank (WTT)	New Zealand	Supplier Data	Average-data method. Emissions from WTT losses are estimated based on Scope 1 & 2 data. Low uncertainty.	NZ and Pacific Fuel - DEFRA (2025) GWP: AR5 NZ Fuel - DEFRA (2025) GWP: AR5 Pacific Electricity – CaDi (2026) GWP: AR5
Category 5: Waste generated in operations.	Waste to landfill	All Countries	Supplier data	Average-data method. Reports provided for Auckland office, waste is attributed based on net lettable area (17.3%). For other offices waste per FTE is calculated and applied to total FTEs across all locations. Moderate uncertainty.	MfE (2026) GWP: AR5
Category 6: Business Travel	Air travel & Hotel Stays	All countries	Supplier data	**Air Travel** – Distance-based method used for air travel. Supplier report outlines distance, domestic and international, and class of travel. **Hotel Stays** – Nights-stayed method. Supplier report outlines location and length of stay. For flights and hotel stays booked outside of the primary travel agent, invoices are extracted from the finance system, and the above approach is applied.	Air Travel – MfE (2026) – With radiative forcing. GWP: AR5 Hotel stays – MfE (2026) GWP: AR5 MfE (2023) GWP: AR5
Category 6: Business Travel	Rental cars	All countries	Supplier data Finance System	Distance-based method used for rental cars. Supplier report outlines distance travelled and vehicle type. Spend-based method used for bookings made with other providers. Expense data extracted from finance system.	MfE (2026) GWP: AR5
Category 6: Business Travel	Taxi travel	All countries	Supplier data Finance System	Distance-based method used for Corporate Cabs & Taxi Charge. Supplier reports outline distance travelled and vehicle category. Spend-based method used for other taxis booked with other providers. Expense data extracted from finance system. Moderate uncertainty.	MfE (2026) GWP: AR5

Category	GHG emissions source	Country	Data source	Calculation methodology, assumptions and uncertainty (Qualitative)	Source of Emission Factor
Category 7: Employee Commuting	Employee commute	All countries	Third-party survey	Average-data method using FY25 employee commute survey data, adjusted for FY26 changes in emission factors, employee headcount and commuting habits. For the Fanshawe Street office, commuting habits and working-from-home patterns were updated using actual FY26 swipe-card data. No new survey was conducted in FY26. Estimated emissions per employee by transport category are extrapolated to total FTEs. The FY25 survey had a 48% response rate across New Zealand and the Pacific. Moderate uncertainty.	MfE (2026) GWP: AR5
Category 7: Employee Commuting	Working from home	All countries	Third-party survey	Average-data method used to calculate total WFH days based on FY25 employee commute survey. For the Fanshawe Street office, commuting habits and working-from-home patterns were updated using actual FY26 swipe-card data. The survey had a 48% response rate across NZ and Pacific. Moderate uncertainty.	MfE (2026) GWP: AR5

Footnote: There are inherent data uncertainties with emissions data due to the limited availability of information and Tower's reliance on external sources, which means that there may be a lag in the data, the data is over or understated, and/or the quantification may be unreliable. The Quality score is assigned based on the availability, certainty and completeness of data. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Scope	GHG emission source	Reason for exclusion
1	Stationary diesel related to back up generators (Pacific)[1]	Insufficient data available to calculate related emissions.
2	Purchased heating and cooling sourced from landlord-controlled assets (Samoa & Suva Retail Branch)[1]	Insufficient data available to calculate related emissions. We do not believe this is a material emission source outside of the Fanshawe and Suva Head Offices.
3	Employee vehicle claims (**NZ**)	In previous years these emission sources were calculated to be less than 1% and continue to remain an immaterial emissions source.
3	Waste generated in operations (**Pacific**)	We have been unable to obtain data for waste generated in our Pacific Island operations as illustrated on page 31 in FY26. We do not believe this will be a significant emissions source.
3	Value chain emissions from: Purchased goods & services Capital goods Upstream transport and distribution Investments	This preparation includes developing approaches to measuring claims-related emissions and monitoring evolving guidance on insurance-associated emissions. Tower continues to assess relevant measurement guidance and reporting requirements to inform the boundaries, attribution methods and data used for these emissions sources.

1 Scope 1 and 2 exclusions are subject to assurance.

Appendix 5

Assumptions, Methodologies and Limitations Statement

Forward-looking statements

This climate statement contains climate-related and other forward-looking statements and metrics, which are not and should not be considered guarantees, predictions or forecasts of future climate-related outcomes or financial performance.

There remains significant uncertainty in climate data, metrics, and modelling. The forward-looking statements are inherently subject to uncertainties, risks, and assumptions, many of which are beyond our control. These may include, but are not limited to, economic conditions, market trends, regulatory developments, and other known and unknown factors. The many underlying risks and assumptions may cause actual outcomes to differ materially.

As a result, readers are cautioned not to place undue reliance on any forward-looking statements contained within this climate statement. All information stated within this climate statement is relevant at the date of publication only.

Further Clarifications

Current climate-related impacts have been derived from internal categorization and quantification of claims data alongside known catastrophic and large weather events.

Climate-related risks & opportunities were developed on the basis of the ICNZ Climate-related scenarios, Tower's scenarios, internal expertise and knowledge and guidance from scenario source data. These are limited by the current lack of clear modelling.

Anticipated Impacts were derived using a combination of internal and external data sources.

- **Population growth** – Projections for scenario development as detailed in **Appendix 3**.
- **Dwelling growth** – Internal analysis based on forecasted population growth above.
- **Transition to EV vehicles and vehicle ownership rate** assumptions based on internal data and market trends.
- **Tower's expected market share of target markets** – Management's best estimate based on internal data and knowledge.
- **Growth of multi-unit dwellings** – Management's best estimate based on internal data and knowledge
- **Stormwater infrastructure investments** – Management's best estimate based on internal data and knowledge.
- **Potential public interventions in the general insurance market** - Management's best estimate based on internal data and knowledge.

Measuring our Performance - Metrics

- **Transition risks** – % of vehicles insured that are internal combustion engines (ICEs) derived from categorised motor policies as sourced from the underlying vehicle data obtained from RedBook.
- **Physical risks** – % of high flood risk homes insured. The definition of 'High Flood Risk' is Tower's own definition and not necessarily consistent with other public sources. Specifically it relates to insurance risk and cost to repair or replace property relative to the risk of flooding and not just the chances of flooding occurring in isolation. It also relates to Tower's own risk appetite or interpretation of the level of risk.
- **Opportunities current** – % of EV and PHV vehicles covered. Data is derived from categorised motor policies as sourced from the underlying vehicle data obtained from RedBook.
- **Capital Deployment** has been calculated based on operational expenditure on climate-related activities identified by the Sustainability and Climate Steerco.

Appendix 6

Independent Assurance Report

To the Directors of Tower Limited

Limited Assurance Report on Tower Limited's Greenhouse Gas (GHG) Disclosures

Our conclusion

We have undertaken a limited assurance engagement on the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty (the GHG Disclosures), as outlined within the *Scope of our limited assurance engagement* section below, included in the Climate Statement of Tower Limited (the Company) and its subsidiaries (the Group) for the year ended 30 September 2026.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG Disclosures are not fairly presented and are not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on **page 54** of the Climate Statement.

Scope of our limited assurance engagement

We have undertaken a limited assurance engagement over the following GHG Disclosures on **pages 32**, **54 to 56** and **58** of the Climate Statement for the year ended 30 September 2026:

- Gross GHG emissions:
  - Total Scope 1 emissions of 104 tCO_2e on **page 32**;
  - Total Scope 2 (location-based) emissions of 91 tCO_2e on **page 32**;
- Additional required disclosures of gross Scope 1 and Scope 2 GHG emissions on **page 54**, **56** and **58**; and
- Gross Scope 1 and Scope 2 GHG emissions methods, assumptions and estimation uncertainty on **pages 55 to 56**.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statement on pages 1 to 59. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it. The comparative information for the years ended 30 September 2020 (base year), 30 September 2021, 30 September 2022, 30 September 2023, 30 September 2024 and 30 September 2025 disclosed in the Group's Climate Statement are not covered by the assurance conclusion expressed in this report.

Other matter – comparative information

Certain comparative GHG Disclosures, that is, GHG Disclosures for the years ended 30 September 2020 (base year), 30 September 2021, 30 September 2022, 30 September 2023 and 30 September 2024 have not been subject to assurance.

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Independent Assurance Report (continued)

Directors' responsibilities

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of the GHG Disclosures in accordance with NZ CSs. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of GHG Disclosures that are free from material misstatement whether due to fraud or error.

Inherent uncertainty in preparing GHG Disclosures

As discussed on page 58 of the Climate Statement, the GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality management

This assurance engagement was undertaken in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, issued by the External Reporting Board (XRB) (NZ SAE 1). NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the following professional and ethical standards and accreditation body requirements:

Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*;

Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements;* and

Professional and Ethical Standard 4: *Engagement Quality Reviews*.

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.

Assurance practitioner's responsibilities

Our responsibility is to express a conclusion on the GHG Disclosures based on the procedures we have performed and the evidence we have obtained. NZ SAE 1 requires us to plan and perform the engagement to obtain the intended level of assurance about whether anything has come to our attention that causes us to believe that the GHG Disclosures are not fairly presented and are not prepared, in all material respects, in accordance with NZ CSs, whether due to fraud or error, and to report our conclusion to the Directors of the Company.

As we are engaged to form an independent conclusion on the GHG Disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Summary of work performed

Our limited assurance engagement was performed in accordance with NZ SAE 1, and ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*. This involves assessing the suitability in the circumstances of the Group's use of NZ CSs as the basis for the preparation of the GHG Disclosures, assessing the risks of material misstatement of the GHG Disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG Disclosures.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the GHG Disclosures, we:

- Obtained, through enquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Evaluated the Group's assessment of organisational and operational boundaries to assess completeness of GHG sources;

Independent Assurance Report (continued)

- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Where we considered it to be appropriate, we tested, on a limited sample basis, a selection of data on which the estimates are based. Certain estimates we recalculated by using the information provided. Our procedures did not include testing all the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates;
- Tested a limited number of items to, or from, supporting records, as appropriate;
- On a sample basis, we compared the underlying records to other information sources in the Group for consistency and to establish that emission sources had not been omitted;
- Assessed all emissions factor sources and reperformed a limited sample of emissions calculations for mathematical accuracy;
- Enquired with management on the nature of the restatements to the comparative GHG Disclosures and inspected the supporting documentation and calculations that we were provided with;
- For relevant locations, performed analytical procedures on particular emission categories by comparing the expected GHGs emitted, on an annual basis, to actual GHGs emitted; and
- Considered the presentation and disclosure of the GHG Disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and does not enable us to obtain assurance that we would become aware of all significant matters that we otherwise might identify. Accordingly, we do not express a reasonable assurance opinion on these GHG Disclosures.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected.

Who we report to

This report is made solely to the Company's Directors, as a body. Our work has been undertaken so that we might state those matters which we are required to state to them in our assurance 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 Directors, as a body, for our procedures, for this report, or for the conclusions we have formed.

The engagement leader on the engagement resulting in this independent assurance report is Victoria Ashplant.

For and on behalf of:



PricewaterhouseCoopers Auckland
26 November 2026


TOWER
Forward thinking
Future ready