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28 May 2024

Tower Limited
Half Year 2024 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) Half Year 2024 Year Results:

1	Media Release
2	Results Announcement
3	Interim Financial Statements (including Independent Auditor's Review Report)
4	Results Announcement Presentation
5	Results Announcement Call Script
6	NZX Distribution Notice

Tower's Chairman, Michael Stiassny, Chief Executive Officer, Blair Turnbull, and Chief Financial Officer, Paul Johnston, will discuss the half 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:

Blair Turnbull
Chief Executive Officer
Tower Limited

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28 May, 2024

Strong Half Year Result With Ongoing Operating Improvements

Kiwi insurer, Tower Limited (NZX/ASX: TWR) today reported its results for the half year to 31 March 2024, recording an underlying net profit after tax (underlying NPAT) of $36.6m and a reported profit of $36m.

The strong results were attributed to improvements in business-as-usual (BAU) claims performance, premium growth and operational and digital efficiencies, and compared favourably with the $5.1m reported loss in the HY23 result which was impacted by catastrophe events.

Summary of HY24:

- Gross written premium (GWP) $291m, up 20% on HY23
- Business as usual (BAU) claims ratio 49.7% vs 51.1% in HY23
- Management expense ratio (MER) improved to 31.3% vs 35.0% in HY23
- Large event costs -$1.9m vs $37.3m in HY23, due to a favourable revision to the most recent estimate for Vanuatu cyclone claims incurred in the prior year
- Customer numbers declined 1% to 309,000 vs 312,000 in HY23 partly due to tightened risk appetite for high-theft motor vehicle models
- Combined operating ratio (COR) including large events 80.2% vs 104.5% in HY23
- Underlying profit $36.6m vs $3.7m loss in HY23
- Reported profit $36m vs $5.1m loss in HY23
- Interim dividend 3 cents per share.

The BAU claims ratio has reduced to 49.7% compared to 51.1% in HY23 and 55.1% at FY23. This was due to enhanced processes, a reduction in motor theft claims following targeted underwriting actions and calmer weather which reduced the frequency of house claims in the half.

As at 27 May 2024, Tower had closed 97% of Auckland Anniversary and Cyclone Gabrielle FY23 catastrophe event claims.

Strong business performance

Premium growth continued in HY24 with GWP increasing 20% year on year to $291m. This was predominantly driven by prior period rating increases designed to mitigate the impacts of inflation, crime and increased reinsurance costs following the 2023 catastrophe events.

Tower's GWP growth, combined with disciplined cost control has seen MER improve again, reducing to 31% from 35% in HY23. Tower is continuing to drive business efficiencies from investments in digitisation and streamlining the business. Tower's Suva hub is now answering half of all New Zealand customer sales and service calls.

Tower recently won the Canstar 2024 Home & Contents Insurer of the Year Award, recognising the insurer for providing outstanding value through its products and services.

No large events recorded in HY24

Tower has set a conservative large events allowance of $45m for FY24 which currently remains unused. Any unused portion of the large events allowance at year end will increase underlying NPAT, and consequently improve the full year result. For example, if there were no large events in FY24 underlying NPAT would be increased by an additional $32m ($45m less tax).

As a result of there being no large events in the half, Tower's combined operating ratio (COR) is now 80.2%, well below the COR of 104.5% in HY23.

Tower is well positioned looking forward

"Tower has delivered a strong result this half, driven by improved claims, digitisation and operational performance and positive customer experiences. The business is well positioned to deliver sustained premium growth through innovating our products and services and improved efficiencies, and ultimately attractive long-term shareholder returns," Mr Turnbull says.

Tower's FY24 full year guidance is for underlying NPAT to be greater than $35m which assumes full utilisation of the large events allowance. GWP growth in FY24 is expected to be between 10% and 15% and MER is expected to be between 30% and 32%. For the full year FY24, Tower now assumes COR will be less than 93%, improved from a range of between 95% and 97%.

ENDS

This announcement has been authorised by Blair Turnbull, CEO, Tower Limited.

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Tower Limited

Consolidated
interim financial statements

for the half year ended 31 March 2024

Consolidated interim financial statements

Financial Statements

Notes to the interim financial statements

Consolidated statement of comprehensive income

For the Half Year Ended 31 March 2024			*Restated*
$ thousands	**Note**	**31-Mar-24**	31-Mar-23
Insurance revenue		269,434	225,993
Insurance service expense		(184,319)	(445,668)
Insurance service result before reinsurance contracts held		85,115	(219,675)
Net (expense)/income from reinsurance contracts held		(44,846)	215,185
Insurance service result		**40,269**	(4,490)
Investment income	**3.1**	10,032	6,435
Investment expense		(71)	(158)
Net investment income		9,961	6,277
Finance expense from insurance contracts issued		(3,872)	(731)
Finance income from reinsurance contracts held		2,167	68
Net insurance finance expense		(1,705)	(663)
Net insurance and investment result		**48,525**	1,124
Other income		778	2,724
Other operating expenses		(1,021)	(1,259)
Finance costs		(498)	(462)
Profit before taxation from continuing operations		**47,784**	2,127
Tax expense		(15,368)	(2,044)
Profit after taxation from continuing operations		32,416	83
Profit/(loss) after taxation from discontinued operations	**7.2**	3,620	(5,135)
Profit/(loss) after taxation for the half year		**36,036**	(5,052)
Items that may be reclassified to profit or loss			
Currency translation differences		(95)	(2,130)
Reclassification of the foreign currency translation reserve		-	544
Other comprehensive loss net of tax		**(95)**	(1,586)
Total comprehensive income/(loss) for the half year		**35,941**	(6,638)

Earnings per share:			
Basic and diluted earnings per share (cents) for continuing operations	**5.2**	8.5	0.0
Basic and diluted earnings per share (cents) for profit attributable to shareholders	**5.2**	9.5	(1.3)
Profit/(loss) after taxation attributed to shareholders		**36,036**	(5,052)
Total comprehensive income/(loss) attributed to shareholders		**35,941**	(6,638)

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

Consolidated balance sheet

As at 31 March 2024 *$ thousands*	Note	31-Mar-24	*Restated* 30-Sep-23	*Restated* 1-Oct-22
Assets				
Cash and cash equivalents	**7.1**	79,414	64,009	84,502
Investments	**3.2**	267,936	258,798	258,634
Receivables		32,235	16,797	13,408
Current tax assets		13,527	12,917	13,069
Assets classified as held for sale	**7.2**	5,249	11,505	16,673
Reinsurance contract assets	**2.2**	90,224	147,236	26,918
Deferred tax assets		875	16,074	16,492
Right-of-use assets		21,646	23,204	23,326
Property, plant and equipment		6,698	6,280	5,417
Intangible assets	**6.1**	97,186	98,524	94,653
Total assets		**614,990**	655,344	553,092
Liabilities				
Payables		19,948	18,378	20,861
Liability for remaining coverage	**2.2**	45,941	44,614	43,343
Liability for incurred claims	**2.2**	169,299	241,195	121,569
Current tax liabilities		191	198	136
Liabilities classified as held for sale	**7.2**	3,373	7,609	5,119
Provisions		11,431	12,823	11,873
Lease liabilities		30,962	32,615	35,054
Deferred tax liabilities		96	178	339
Total liabilities		**281,241**	357,610	238,294
Net assets		**333,749**	297,734	314,798
Equity				
Contributed equity	**5.1**	460,389	460,315	460,191
Accumulated Losses		(22,437)	(58,473)	(43,942)
Reserves		(104,203)	(104,108)	(101,451)
Total equity		**333,749**	297,734	314,798

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

The financial statements were approved for issue by the Board on 28 May 2024.

Michael P Stiassny
Chairman

Graham R Stuart
Director

Consolidated statement of changes in equity

For the Half Year Ended 31 March 2024

$ thousands	Note	Attributed to Shareholders Contributed equity	Accumulated losses	Reserves	Total Equity
Half year ended 31 March 2024					
Balance as at 30 September 2023 (restated)		460,315	(58,473)	(104,108)	**297,734**
Comprehensive income					
Profit for the half year		-	36,036	-	36,036
Currency translation differences		-	-	(95)	(95)
Total comprehensive income/(loss)		**-**	**36,036**	**(95)**	**35,941**
Transactions with shareholders					
Share rights issued under Tower Long-Term Incentive Plan		74	-	-	74
Total transactions with shareholders		**74**	**-**	**-**	**74**
At the end of the half year		**460,389**	**(22,437)**	**(104,203)**	**333,749**
Half year ended 31 March 2023					
Balance as at 30 September 2022 originally reported		460,191	(41,212)	(101,451)	317,528
Adjustment on initial application of NZ IFRS 17 on 1 Oct 2022	**1.3**	-	(2,730)	-	(2,730)
Restated balance at beginning of the period		460,191	(43,942)	(101,451)	314,798
Comprehensive loss (restated)					
Loss for the half year		-	(5,052)	-	(5,052)
Currency translation differences		-	-	(2,130)	(2,130)
Reclassification of foreign currency translation reserve to profit or loss		-	-	544	544
Revaluation surplus transferred to retained earnings		-	1,707	(1,707)	-
Total comprehensive loss (restated)		-	(3,345)	(3,293)	(6,638)
Transactions with shareholders					
Dividends paid		-	(15,216)	-	(15,216)
Total transactions with shareholders		-	(15,216)	-	(15,216)
At the end of the half year (restated)		460,191	(62,503)	(104,744)	292,944

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

Consolidated statement of cash flows

For the Half Year Ended 31 March 2024			Restated
$ thousands	Note	**31-Mar-24**	31-Mar-23
Cash flows from operating activities			
Premiums received for insurance contracts issued		271,105	233,537
Insurance acquisition costs paid		(31,715)	(25,257)
Reinsurance paid		(47,401)	(34,913)
Interest received		8,882	5,182
Fee and other income received		2,649	554
Insurance claims paid		(213,001)	(132,920)
Reinsurance and other recoveries received		58,623	11,127
Employee and supplier payments		(16,972)	(25,429)
Other operating payments		(1,060)	(1,299)
Income tax paid		(665)	(988)
Operating activities cash flow from discontinued operations		4,899	(10,431)
Net cash inflow from operating activities		**35,344**	19,163
Cash flows from investing activities			
Proceeds from sale of interest bearing investments		168,851	333,727
Payments for purchase of interest bearing investments		(176,341)	(322,427)
Payments for purchase of intangible assets		(8,031)	(7,509)
Payments for purchase of customer relationships		-	(5,900)
Proceeds from sale of property, plant & equipment		50	5,746
Payments for purchase of property, plant & equipment		(1,648)	(226)
Net proceeds from sale of discontinued operation	**7.2**	1,912	2,618
Investing activities cash flow from discontinued operations		(44)	1,489
Net cash (outflow)/inflow from investing activities		**(15,251)**	7,518
Cash flows from financing activities			
Dividends paid		-	(15,213)
Payments relating to lease liabilities		(2,698)	(3,292)
Financing activities cash flow from discontinued operations		(11)	(50)
Net cash outflow from financing activities		**(2,709)**	(18,555)
Net increase in cash and cash equivalents		**17,384**	8,127
Effect of foreign exchange rate changes		(146)	(2,636)
Cash and cash equivalents at the beginning of the half year		65,311	91,104
Cash and cash equivalents at the end of the half year		**82,549**	96,594
Cash from discontinued operations	**7.2**	**3,135**	-
Cash and cash equivalents at the end of the half year from continuing operations	**7.1**	**79,414**	96,594

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 interim financial statements and the areas of critical accounting judgements and estimates included in the interim financial statements. It also includes a summary of Tower's operating segments.

1.1 About this Report

a. Entities reporting

The interim financial statements presented are those of Tower Limited and all of its subsidiaries (the "Group"). The address of the Group's registered office is 136 Fanshawe Street, Auckland, New Zealand.

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 interim financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and for the purposes of NZ GAAP, the Group is a for-profit entity. They comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and consequently include a lower level of disclosure than is required for annual financial statements.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2023, which have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The interim financial statements for the six months ended 31 March 2024 are unaudited.

d. Accounting policies

The principal accounting policies adopted in the preparation of the interim financial statements are consistent with those of the audited annual financial statements for the year ended 30 September 2023, with the exception of the change in accounting policy as a result of the implementation of *NZ IFRS 17 Insurance Contracts* as discussed in note 1.3.

e. Re-presentation of comparatives for discontinued operations

The Group's Solomon Islands business (disposal group) was disposed in the half year ended 31 March 2024. The Vanuatu operations (disposal group) are under a conditional sale agreement and classified as held for sale as at 31 March 2024.

All disposal groups together form the "discontinued operations". Profit or loss information for the current period is prepared on a continuing basis with net results from discontinued operations presented separately. Refer to note 7.2 for further details.

Where necessary, comparative profit or loss information has been reclassified for consistency with the current year presentation.

1.2 Critical accounting judgements and estimates

In preparing these interim 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 2.1
Identification of groups of onerous contracts	Note 2.1
Risk adjustment and the confidence level used	Note 2.3
- Customer remediation provision	Annual Report (30 September 2023) Note 2.9
- Intangible assets	Annual Report (30 September 2023) Note 6.2
- Lease liabilities (incremental borrowing rate)	Annual Report (30 September 2023) Note 6.3a(ii)
- Deferred tax	Annual Report (30 September 2023) Note 7.3

1.3 Changes in accounting policies and disclosures

a. New standards and interpretations

Context

Tower adopted *NZ IFRS 17 Insurance Contracts* (NZ IFRS 17) from 1 October 2023. Tower has not adopted any other standard, amendment or interpretation with a material effect on Tower. There are other standards, amendments and interpretations which have been approved but are not yet effective. The Group expects to adopt other standards when they become mandatory. None are expected to materially impact the Group's financial statements.

NZ IFRS 17 replaces the guidance in *NZ IFRS 4 Insurance Contracts* (NZ IFRS 4) and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. There has been no material impact to Tower's profitability or strategies, with the main impact being on the disclosure and presentation of financial information.

Accounting policy change

Tower has applied the PAA to the measurement of all insurance contracts issued and reinsurance contracts held by Tower. The PAA is a simplified measurement model in comparison with the general model under NZ IFRS 17, which is similar to the previous measurement model used for general insurance under NZ IFRS 4.

NZ IFRS 17 introduces several new concepts, including:

- Measuring insurance contract assets and liabilities separately from reinsurance contract assets and liabilities.

- Onerous contracts, where losses from unprofitable contracts are recognised when onerous contract testing shows that the fulfilment cash flows of a group of insurance contracts is likely to be greater than the carrying value of the liability for remaining coverage (LRC).

- Liability for remaining coverage, which reflects the insurance coverage expected to be provided by Tower after the reporting date.

- Liability for incurred claims, which reflects the remaining liability for insurance claims that occured prior to the reporting date, adjusted for the time value of money. The liability also includes an explicit risk adjustment for non-financial risks.

- Reinsurance asset for remaining coverage, which reflects Tower's reinsurance coverage, adjusted to include a loss-recovery component for expected recoveries over underlying contracts that are considered to be onerous.

1.3 Changes in accounting policies and disclosures (continued)

a. New standards and interpretations (continued)

- Reinsurance asset for incurred claims, which reflects reinsurance recoveries on claims that occurred prior to the reporting date, adjusted for the time value of money. The asset also includes an explicit risk adjustment for non-financial risks.

Tower's accounting policy for recognition, classification, measurement, and derecognition of insurance and reinsurance contracts is explained in note 2.1.

Impact of accounting policy change

NZ IFRS 17 requires insurers to retrospectively apply the standard as if it had always been in effect, unless it is impracticable to do so. Tower has determined that reasonable and supportable information was available for all contracts in force at the transition date. NZ IFRS 17 has been applied using the full retrospective approach in accordance with Appendix C of the standard, and the comparative information for the half year ended 31 March 2023 and the year ended 30 September 2023 has been restated.

As a result of the adoption of NZ IFRS 17, Tower has identified, recognised, and measured each group of insurance contracts as if NZ IFRS 17 had always applied. Premium receivable, reinsurance recoveries, deferred insurance costs, unearned premiums, and outstanding claims are no longer presented on the face of the balance sheet or in the notes. These are now replaced by liability for remaining coverage, liability for incurred claims, and reinsurance contract assets.

Tower has applied the transitional provisions under NZ IFRS 17 and has not disclosed the impact to each financial statement line item and earnings per share. The impact on equity for transitioning to NZ IFRS 17 is shown in the table below.

$ thousands	*Contributed equity*	*Accumulated losses*	*Other reserves*	*Total equity*
Closing balance (30 September 2022)	460,191	(41,212)	(101,451)	317,528
Risk adjustment[1]	-	(4,761)	-	(4,761)
Changes in discounting[2]	-	1,120	-	1,120
Changes in deferred IACF[3]	-	(155)	-	(155)
Tax impact[4]	-	1,066	-	1,066
Opening balance under NZ IFRS 17 (1 October 2022)	**460,191**	**(43,942)**	**(101,451)**	**314,798**

The impact to opening accumulated losses is driven by the following:

[1] The net impact from the derecognition of risk margin under NZ IFRS 4 and the recognition of risk adjustment on liability for incurred claims and reinsurance asset for incurred claims under NZ IFRS 17.

[2] The impact of discounting certain liabilities for incurred claims and reinsurance assets for incurred claims under NZ IFRS 17 which were not discounted under NZ IFRS 4.

[3] The exclusion of non-attributable expenses under NZ IFRS 17 from the deferral of insurance acquisition cash flows (IACF).

[4] The tax impact of the above adjustments against deferred tax assets and liabilities.

1.4 Segmental reporting

a. Operating segments

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

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 and branch operations. 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 Pacific Islands operating segment excludes the disposal groups. Intercompany transactions with the disposal group are eliminated within continuing operations, refer note 7.2.

b. Financial performance of continuing operations

$ thousands	New Zealand	Pacific Islands	Other	Total
Half year ended 31 March 2024				
Insurance revenue	248,280	21,154	-	269,434
Insurance service expense	(169,213)	(14,844)	(262)	(184,319)
Net (expense)/income from reinsurance contracts held	(44,407)	(489)	50	(44,846)
Insurance service result	**34,660**	**5,821**	**(212)**	**40,269**
Net investment income	9,472	489	-	9,961
Net insurance finance expense	(1,705)	-	-	(1,705)
Net insurance and investment result	**42,427**	**6,310**	**(212)**	**48,525**
Other income	616	162	-	778
Other operating expenses	(999)	(22)	-	(1,021)
Finance costs	(409)	(89)	-	(498)
Profit/(loss) before taxation from continuing operations	**41,635**	**6,361**	**(212)**	**47,784**
Tax expense	(11,568)	(3,800)	-	(15,368)
Profit/(loss) after taxation from continuing operations	**30,067**	**2,561**	**(212)**	**32,416**

1.4 Segmental reporting (continued)

b. Financial performance of continuing operations (continued)

$ thousands	New Zealand	Pacific Islands	Other	Total
Half year ended 31 March 2023 (Re-presented)				
Insurance revenue	204,897	21,096	-	225,993
Insurance service (expense)/income	(443,399)	(4,764)	2,495	(445,668)
Net income/(expense) from reinsurance contracts held	229,283	(11,801)	(2,297)	215,185
Insurance service result	(9,219)	4,531	198	(4,490)
Net investment income	6,027	250	-	6,277
Net insurance finance expense	(663)	-	-	(663)
Net insurance and investment result	(3,855)	4,781	198	1,124
Other income	1,409	687	628	2,724
Other operating expenses	(1,228)	(31)	-	(1,259)
Finance costs	(385)	(77)	-	(462)
(Loss)/profit before taxation from continuing operations	(4,059)	5,360	826	2,127
Tax (expense)/benefit	(1,052)	(1,087)	95	(2,044)
(Loss)/profit after taxation from continuing operations	(5,111)	4,273	921	83

c. Financial position of continuing operations

$ thousands	New Zealand	Pacific Islands	Other	Total
Additions to non-current assets 31 March 2024	**8,169**	**38**	**-**	**8,207**
Additions to non-current assets 30 September 2023	24,081	6,319	-	30,400
Total assets 31 March 2024	**578,622**	**64,658**	**(33,539)**	**609,741**
Total assets 30 September 2023	618,213	50,975	(25,349)	643,839
Total liabilities 31 March 2024	**265,720**	**31,727**	**(19,579)**	**277,868**
Total liabilities 30 September 2023	333,896	27,704	(11,599)	350,001

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

Total assets and liabilities exclude assets and liabilities held for sale.

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, with an insurance contract liability recognised on the 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 financial statements, Tower recognises a liability for incurred claims on the 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 reinsurance premiums paid to reinsurers, less any recoveries from reinsurers.

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.

2.1 Insurance contracts accounting policies (continued)

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.

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 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.

2.1 Insurance contracts accounting policies (continued)

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. IACF arising before the recognition of the related group of contracts are recognised as a separate asset. The asset is derecognised when the IACF are included in the measurement of the group of contracts. All IACF assets will be derecognised within 12 months from reporting date as Tower does not issue policies in advance for periods in excess of 12 months.

In each subsequent reporting period, the IACF will be amortised into profit or loss. If facts and circumstances indicate an asset for IACF may be impaired, an impairment loss will be recognised in profit or loss. Tower will reverse impairment losses when there are indications the impairment indicators have improved.

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.

2.1 Insurance contracts accounting policies (continued)

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.

k. Reinsurance contract assets - recognition and measurement

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.

2.1 Insurance contracts accounting policies (continued)

k. Reinsurance contract assets - recognition and measurement (continued)

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. Tower also has profit-share commission arrangement for some proportional reinsurance contracts, where the commission is contingent on claims. Commission from the profit-share arrangements will offset against RI claims recoveries in RI AIC.

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 has elected to discount future cash flows related to insurance liabilities 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 and reinsurance contracts

	As at 31 March 2024					
$ thousands	**Assets**	**Liabilities**	**Net**	**Current portion**	**Non-current portion**	**Total**
Liability for remaining coverage	-	45,941	45,941	45,941	-	45,941
Liability for incurred claims	-	169,299	169,299	137,604	31,695	169,299
Total insurance contracts issued	-	215,240	**215,240**	183,545	31,695	**215,240**
Total reinsurance contracts held	90,224	-	**90,224**	78,707	11,517	**90,224**

	As at 30 September 2023					
$ thousands	Assets	Liabilities	Net	Current portion	Non-current portion	Total
Liability for remaining coverage	-	44,614	44,614	44,614	-	44,614
Liability for incurred claims		241,195	241,195	198,860	42,335	241,195
Total insurance contracts issued	-	285,809	**285,809**	243,474	42,335	**285,809**
Total reinsurance contracts held	147,236	-	**147,236**	125,567	21,669	**147,236**

2.3 Reconciliation of insurance assets and liabilities

a. Reconciliation of insurance assets and liabilities

As at 31 March 2024	Liabilities for remaining coverage		Liabilities for incurred claims		Total
$ thousands	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Opening insurance contract liabilities	43,994	620	223,565	17,630	285,809
Insurance revenue	(269,435)	-	-	-	(269,435)
Insurance service expense:					
Incurred claims and other insurance service expenses	-	-	158,736	5,427	164,163
Amortisation of IACF	30,333	-	-	-	30,333
Changes relating to past service	-	-	(14,451)	(8,265)	(22,716)
Losses and reversals on onerous contracts	-	(26)	-	-	(26)
Finance expense from insurance contracts issued	-	-	3,872	-	3,872
Effect of movements in exchange rates	(15)	(2)	(26)	-	(43)
Amounts included in comprehensive income	**(239,117)**	**(28)**	**148,131**	**(2,838)**	**(93,852)**
Cash flows:					
Premiums received	271,105	-	-	-	271,105
Claims and other other insurance service expenses paid	-	-	(229,973)	-	(229,973)
Insurance acquisition cash flows	(31,715)	-	-	-	(31,715)
Amounts included in statement of cash flow	**239,390**	**-**	**(229,973)**	**-**	**9,417**
Pre-recognition cash flows derecognised and other changes	1,082	-	12,784	-	13,866
Insurance contract liabilities at 31 March 2024	**45,349**	**592**	**154,507**	**14,792**	**215,240**

2.3 Reconciliation of insurance assets and liabilities (continued)

a. Reconciliation of insurance assets and liabilities (continued)

As at 30 September 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total
$ thousands	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Opening insurance contract liabilities	43,343	-	105,321	16,248	164,912
Insurance revenue	(472,611)	-	-	-	(472,611)
Insurance service expense:					
Incurred claims and other insurance service expenses	-	-	516,677	8,064	524,741
Amortisation of IACF	54,000	-	-	-	54,000
Changes relating to past service	-	-	8,887	(6,546)	2,341
Losses and reversals on onerous contracts	-	607	-	-	607
Finance expense from insurance contracts issued	-	-	1,511	-	1,511
Effect of movements in exchange rates	265	13	444	-	722
Amounts included in comprehensive income	**(418,346)**	**620**	**527,519**	**1,518**	**111,311**
Cash flows:					
Premiums received	482,701	-	-	-	482,701
Claims and other other insurance service expenses paid	-	-	(420,279)	-	(420,279)
Insurance acquisition cash flows	(58,441)	-	-	-	(58,441)
Amounts included in statement of cash flow	**424,260**	**-**	**(420,279)**	**-**	**3,981**
Pre-recognition cash flows derecognised and other changes	(5,263)	-	11,004	(136)	5,605
Insurance contract liabilities at 30 September 2023	**43,994**	**620**	**223,565**	**17,630**	**285,809**

b. Critical accounting estimates and judgements

Risk adjustment (RA)

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 uses the cost of capital method to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the value of projected capital relating to non-financial risk. A required return of capital of 12.5%, net of reinsurance, has been used for assessing risk adjustment for LIC and LRC balances. The resulting risk adjustment corresponds to outcomes expected with a 72.5% to 90% confidence level, depending on the class of business. A diversification benefit is included to reflect the diversification of risk across countries, reflecting the compensation that the entity requires.

2.4 Reconciliation of reinsurance assets and liabilities

$ thousands	Assets for remaining coverage: Excluding loss recovery component	Assets for remaining coverage: Loss recovery component	Amounts recoverable on incurred claims: Estimates of the present value of future cash flows	Amounts recoverable on incurred claims: Risk adjustment	Total
Half year ended 31 March 2024					
Opening reinsurance contract assets	(4,229)	-	146,327	5,138	147,236
Reinsurance premiums	(38,220)	-	-	-	(38,220)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims	-	-	6,783	687	7,470
Changes relating to past service	-	-	(10,944)	(3,152)	(14,096)
Finance income from reinsurance contracts held	-	-	2,167	-	2,167
Effect of movements in exchange rates	2	-	1	-	3
Amounts included in comprehensive income	**(38,218)**	**-**	**(1,993)**	**(2,465)**	**(42,676)**
Cash flows:					
Premiums paid net of ceding commissions	47,401	-	-	-	47,401
Reinsurance recoveries (net of profit share commissions)	-	-	(58,623)	-	(58,623)
Amounts included in statement of cash flow	**47,401**	**-**	**(58,623)**	**-**	**(11,222)**
Other changes within balance sheet	(166)	-	(2,948)	-	(3,114)
Reinsurance contract assets at 31 March 2024	**4,788**	**-**	**82,763**	**2,673**	**90,224**
Year ended 30 September 2023					
Opening reinsurance contract assets	4,917	-	21,805	196	26,918
Reinsurance premiums	(79,746)	-	-	-	(79,746)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims	-	-	201,356	5,815	207,171
Changes relating to past service	-	-	(2,198)	(866)	(3,064)
Finance income from reinsurance contracts held	-	-	162	-	162
Effect of movements in exchange rates	(139)	-	(66)	-	(205)
Amounts included in comprehensive income	**(79,885)**	**-**	**199,254**	**4,949**	**124,318**
Cash flows:					
Premiums paid net of ceding commissions	69,508	-	-	-	69,508
Reinsurance recoveries (net of profit share commissions)	-	-	(78,487)	-	(78,487)
Amounts included in statement of cash flow	**69,508**	**-**	**(78,487)**	**-**	**(8,979)**
Other changes within balance sheet	1,231	-	3,755	(7)	4,979
Reinsurance contract assets at 30 September 2023	**(4,229)**	**-**	**146,327**	**5,138**	**147,236**

3 Investments

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 and therefore the majority of its investments are in investment grade supranational and government bonds, and term deposits.

3.1 Investment income

$ thousands	**31-Mar-24**	31-Mar-23
Interest income	8,032	5,589
Net realised gain/(loss)	1,011	(6,196)
Net unrealised gain	989	7,042
Investment income	**10,032**	6,435

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.

$ thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 March 2024				
Fixed interest investments	-	267,902	-	267,902
Property investment	-	34	-	34
Investments	**-**	**267,936**	**-**	**267,936**
As at 30 September 2023				
Fixed interest investments	-	258,764	-	258,764
Property investment	-	34	-	34
Investments	-	258,798	-	258,798

There have been no transfers between levels of the fair value hierarchy during the current period (2023: nil).

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 ensuring that Tower's risks are managed and controlled on a day-to-day basis.

4.1 Capital management risk

a. Regulatory solvency capital

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

$ thousands	**As at 31 March 2024**		As at 30 September 2023	
	Parent	**Group**	Parent	Group
Solvency capital (2023: Actual solvency capital)	307,243	326,770	145,421	174,734
Adjusted prescribed capital requirement (2023: Minimum solvency capital)	190,148	186,286	91,634	99,729
Adjusted solvency margin (2023: Solvency margin)	**117,095**	**140,484**	53,787	75,005
Adjusted solvency ratio (2023: Solvency ratio)	**162%**	**175%**	159%	175%

Tower is required to maintain a solvency margin of at least $15m (2023: $15m), due to a licence condition issued by the RBNZ. This has been included in the adjusted prescribed capital requirement, adjusted solvency margin and adjusted solvency ratio for 31 March 2024.

The 30 September 2023 comparative is per the prior period audited financial statements in accordance with the RBNZ's Non-Life Solvency Standard (NLSS) which was applicable until 30 September 2023.

Tower has applied the RBNZ’s new Interim Solvency Standard (ISS) from 1 October 2023.

Tower has calculated the above solvency position in accordance with the current published ISS. This is the mandatory regulatory solvency position required until any amendments are issued and effective. A second amendment to the ISS is proposed by RBNZ and is not expected to be issued and effective within the current financial year.

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

$ thousands	**31-Mar-24**	30-Sep-23
Opening balance	460,315	460,191
Share rights issued under Tower Long-Term Incentive Plan	74	124
Total contributed equity	**460,389**	460,315
Represented by:		
Opening balance (number of shares)	379,483,987	379,483,987
Total shares on issue	**379,483,987**	379,483,987

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.

5.2 Earnings per share

	31-Mar-24	31-Mar-23
Profit from continuing operations attributable to shareholders ($ thousands)	**32,416**	83
Profit/(loss) from discontinued operations attributable to shareholders ($ thousands)	**3,620**	(5,135)
Total profit/(loss) attributable to shareholders ($ thousands)	**36,036**	(5,052)
Weighted average number of ordinary shares for basic and diluted earnings per share (number of shares)	**379,483,987**	379,483,987
Basic and diluted earnings per share (cents) for continuing operations	8.5	0.0
Basic and diluted earnings per share (cents)	9.5	(1.3)

The basic and diluted average numbers of ordinary shares shown above are used for calculating all earnings per share measures including those for profit after tax from discontinued operations (note 7.2).

6 Other balance sheet items

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

6.1 Intangible assets

As at 31 March 2024

$ thousands	Goodwill	Software	Customer relationships	Total
Composition:				
Cost	17,744	98,613	40,674	157,031
Accumulated amortisation	-	(39,872)	(19,973)	(59,845)
Intangible assets	**17,744**	**58,741**	**20,701**	**97,186**
Reconciliation:				
Opening balance	17,744	57,326	23,454	98,524
Amortisation	-	(6,587)	(2,753)	(9,340)
Additions	-	8,049	-	8,049
Disposals	-	(47)	-	(47)
Closing Balance	**17,744**	**58,741**	**20,701**	**97,186**

During the half year ended 31 March 2024, additions to software assets primarily related to continued investment in Tower's core insurance platform and website, and digitisation of claims processes.

As at 30 September 2023

Composition:				
Cost	17,744	94,215	40,645	152,604
Accumulated amortisation	-	(36,889)	(17,191)	(54,080)
Intangible assets	17,744	57,326	23,454	98,524
Reconciliation:				
Opening balance	17,744	53,458	23,451	94,653
Amortisation	-	(11,430)	(5,897)	(17,327)
Additions	-	17,526	5,900	23,426
Disposals	-	(256)	-	(256)
Transfers to property, plant and equipment	-	(1,972)	-	(1,972)
Closing Balance	17,744	57,326	23,454	98,524

During the year ended 30 September 2023, additions to software assets primarily related to continued investment in Tower's core insurance platform, while additions to customer relationships related to the acquisition of Kiwibank's rights and obligations relating to servicing a portfolio of insurance policies underwritten by Tower.

7 Other information

This section includes additional required disclosures.

7.1 Notes to the Consolidated Statement of Cash Flows

Composition

$ thousands	**31-Mar-24**	30-Sep-23	31-Mar-23
Cash at bank	47,007	42,068	60,522
Deposits at call	32,407	21,941	36,072
Cash and cash equivalents	**79,414**	64,009	96,594

The average interest rate at 31 March 2024 for deposits at call is 4.67% (2023: 4.65%).

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 31 March 2024, this included NZD 8.9m held in Papua New Guinea and NZD 3.5m held in the Solomon Islands following the sales of the disposal groups (2023: NZD 8.9m). This cash is not currently available for use by the Group.

7.2 Assets and liabilities held for sale

On 29 January 2024 Tower completed the sale of its Solomon Islands business to Trans Pacific Assurance Limited for a sale price of SBD 18.2m (NZD 3.3m).

The activities of the business have been reported in the current period, and as at 30 September 2023, as a discontinued operation.

Financial information on this disposal is set out below. The gain on sale in the table below is subject to finalisation of completion accounting.

Details of the sale transaction

$ thousands	**29-Jan-24**
Right-of-use assets	34
Property, plant and equipment	64
Total assets at the date of disposal	**98**
Payables	98
Liability for remaining coverage	220
Lease liabilities	34
Provisions	11
Total liabilities at the date of disposal	**363**
Net liabilities at the date of disposal	**(265)**
Net cash consideration received less costs of disposal	**1,912**
Gain on sale	**(2,177)**

7.2 Assets and liabilities held for sale (continued)

On 16 January 2024 Tower announced the conditional sale of its Vanuatu subsidiary to Capital Insurance Group of Papua New Guinea for the sale price of around NZD 1.6m, subject to adjustment at the completion date for the sale. The transaction is expected to be completed within 12 months from the reporting date.

The Vanuatu operations are classified as discontinued operations and are classified as held for sale as at 31 March 2024. The subsidiary's operations were part of the Pacific operating segment.

The comparatives presented in the table below include the assets and liabilities of the Solomon Islands business and the Vanuatu subsidiary.

Assets and liabilities classified as held for sale

$ thousands	**31-Mar-24**	**30-Sep-23**
Assets classified as held for sale		
Cash and cash equivalents	3,135	1,302
Investments	-	820
Receivables*	73	3,356
Current tax assets	-	147
Reinsurance contract assets	1,993	5,635
Deferred tax assets	-	44
Right-of-use assets	34	110
Property, plant and equipment	14	91
Total assets classified as held for sale	**5,249**	11,505
Liabilities classified as held for sale		
Payables*	528	160
Liability for remaining coverage	747	2,054
Liability for incurred claims	1,994	5,121
Provisions	70	155
Lease liabilities	34	119
Total liabilities classified as held for sale	**3,373**	7,609
Net assets classified as held for sale	**1,876**	3,896

* As at 31 March 2024, other members of the Tower Group owed disposal groups $0.2m (30 September 2023: $3.2m). The assets and liabilities from discontinued operations disclosed above are stated without adjustment for these intercompany transactions.

The currency translation reserve in relation to the discontinued operations as at 31 March 2024 held a gain of $0.2m (30 September 2023: nil).

7.2 Assets and liabilities held for sale (continued)

The comparatives presented in the table below include the profit or losses of the Solomon Islands business, the Vanuatu subsidiary and the Papua New Guinea subsidiary (sale completed during the half-year ended 31 March 2023) .

Profit/(loss) from discontinued operations

$ thousands	**31-Mar-24**	31-Mar-23
Insurance revenue	4,107	5,353
Insurance service expense	902	(41,070)
Insurance result before reinsurance contracts held	**5,009**	(35,717)
Net (expense)/income from reinsurance contracts held	(3,593)	25,580
Insurance service result	**1,416**	(10,137)
Investment income	9	11
Net Insurance and investment result	**1,425**	(10,126)
Other income	342	2
Other operating expenses	(48)	(24)
Finance costs	(2)	(5)
Profit/(loss) before taxation	**1,717**	(10,153)
Tax expense	(274)	2,806
Profit/(loss) after taxation from discontinued operation	**1,443**	(7,347)
Gain on sale of the subsidiary	2,177	2,212
Profit/(loss) from discontinued operations	**3,620**	(5,135)

Disposal groups paid fees to other members of the Tower Group of $1.1m during the half year ended 31 March 2024 (2023: $1.4m), relating to the provision of reinsurance, management and other services. These amounts are included within the net expense from reinsurance contracts held and insurance service expense lines above, and are then eliminated within continuing operations.

Insurance service expense includes $1.1m claims income (2023: $8.4m claims expense) incurred by the parent company under an internal reinsurance treaty with its Vanuatu subsidiary.

Earnings per share

	31-Mar-24	31-Mar-23
Basic and diluted earnings per share (cents) for discontinued operations	1.0	(1.4)

The currency translation differences recognised in other comprehensive income during the half year ended 31 March 2024 in relation to the discontinued operations, including reclassification adjustments, were nil (2023: nil).

7.3 Contingent liabilities

Claims and disputes

The Group is occasionally subject to claims and disputes as a commercial outcome of conducting insurance business. Provisions are recorded for these claims or disputes 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.

The Group has no other contingent liabilities.

7.4 Capital commitments

As at 31 March 2024, Tower has nil capital commitments (2023: nil).

7.5 Subsequent events

On 28 May 2024, the Board approved an interim dividend of 3.0 cents per share, with the dividend being payable on 27 June 2024. The anticipated cash impact of the interim dividend is approximately $11.4m. There were no other subsequent events.

Independent auditor's review report

To the shareholders of Tower Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Tower Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date, and notes, comprising material accounting policy information and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 March 2024, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as auditor and providers of assurance services over solvency and regulatory returns, we have no relationship with, or interests in, the Group. Certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. These services and this matter have not impaired our independence as auditor of the Group.

Responsibilities of the Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

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

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

For and on behalf of

PricewaterhouseCoopers

Chartered Accountants
28 May 2024

Auckland

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	6 months to March 2024	
Previous Reporting Period	12 months to September 2023	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$269,434	19%
Total Revenue	$273,541	18%
Net profit/(loss) from continuing operations	$32,416	39055%
Total net profit/(loss)	$36,036	N/a – prior year was a loss
Interim/Final Dividend		
Amount per Quoted Equity Security	3.0 cents	
Imputed amount per Quoted Equity Security	Not Applicable.	
Record Date	13 June 2024	
Dividend Payment Date	27 June 2024	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.62	$0.46
A brief explanation of any of the figures above necessary to enable the figures to be understood	Growth in revenue from continuing operations was predominantly driven by prior period rating increases designed to mitigate the impacts of inflation, crime and increased reinsurance costs following the 2023 catastrophe events. The growth in profit reflected premium growth and improvements in the management expense ratio; along with the absence of large events, which had impacted the prior year's profit. Please refer to the 2024 interim results announcement presentation for further information.	

Authority for this announcement	
Name of person authorised to make this announcement	Tania Pearson, 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	28 May 2024

Tower

2024 Half Year Results

1 October 2023 to
31 March 2024

28 May 2024

Agenda

Chairman’s update
Michael Stiassny, Chairman

Business update
Blair Turnbull, Chief Executive Officer

HY24 financial performance
Paul Johnston, Chief Financial Officer

Looking forward
Blair Turnbull, Chief Executive Officer

Chairman’s update

Strong business performance driven by focus on strategy and operational delivery

1. Delivering shareholder value

- Improved capital position; interim 3 cent per share dividend declared
- Any unused portion of the large events allowance at year end will increase underlying NPAT, and improve the full year result
- Strategic review remains ongoing with a range of options being considered to maximise shareholder value

2. Insurance remains critical

- $4b claims cost for 2023 catastrophe events reinforces importance of insurance to NZ communities
- Tower will continue to develop innovative offerings in response to climate change and affordability

3. Tower is well positioned

- Risk-based pricing underpins competitive positioning and enhanced underwriting capability
- Continued improvement in digital and operational efficiency, and enhanced expense control

TOWER

Business update

Blair Turnbull,
Chief Executive Officer

Results summary

- Continued targeted premium growth
- Continued improvement in MER, achieved through operational and digital efficiencies
- Claims ratio reduced due to lower claims frequency and operational improvements
- No large events
- Solvency position improved
- 3 cent per share interim dividend

Our performance

Positive operational and business performance

GWP growth
(Gross written premium)

20%[1] | $291m
vs $245m in HY23

Customers[1]

309,000
vs 312,000 in HY23

BAU claims ratio
(Business as usual)

49.7%
vs 51.1% in HY23

MER
(Management expense ratio)

31.3%
vs 35.0% in HY23

Large event costs[2]
(including reinsurance reinstatement)

-$1.9m
vs $37.3m in HY23

Underlying profit[3]

$36.6m
vs $3.7m loss in HY23

Reported profit

$36.0m
vs $5.1m loss in HY23

Dividend
Interim FY24 dividend

3 cents per share
vs no dividend in HY23

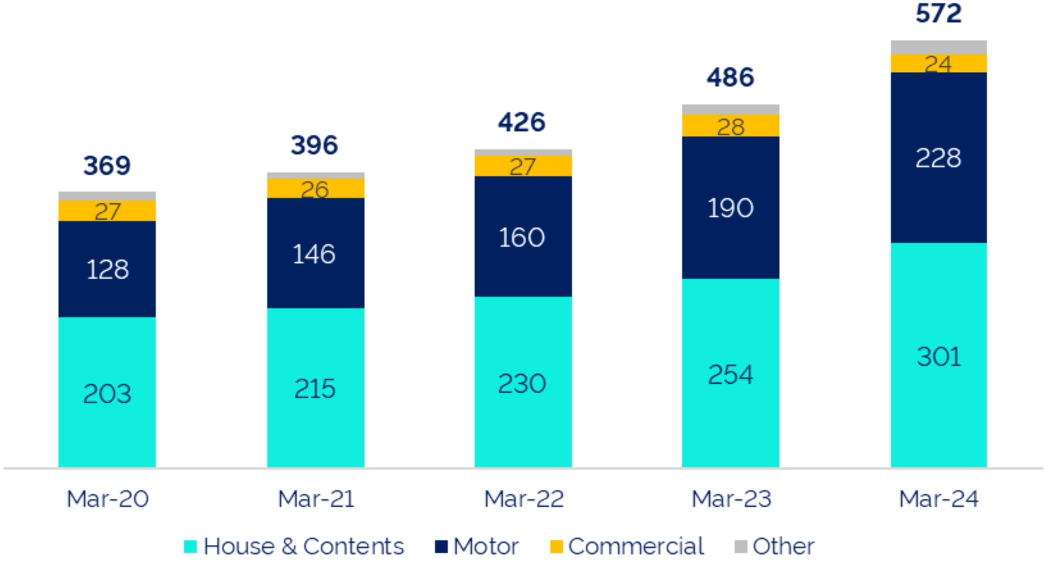
Prior year metrics have been restated to align to IFRS 17 for consistent comparisons
Note 1: Adjusted to exclude sold/held for sale portfolios: Papua New Guinea, Solomon Islands, Vanuatu, and NZ Rural
Note 2: Large event costs are a negative in HY24 due to a release of prior year events. No events incurred in the reporting period
Note 3: Definition of underlying profit and a reconciliation to reported profit is included in the appendix

TOWER

Continued premium growth

- 20% GWP growth vs same period prior year[1]
- House and Contents product mix at 50% (HY23: 48%)
- House GWP growth; 83% rate, 17% volume
- 55% of motor cancellations are single policy motor
- NZ retention stable at 77% (78% Mar 2023)[2]
- 50% of customers have multiple policies

GROSS WRITTEN PREMIUM ($m) ROLLING 12 MONTHS



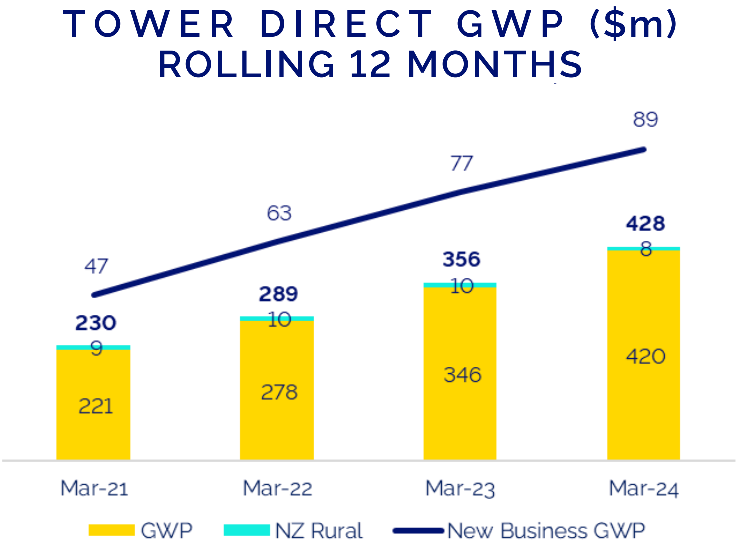
Note 1: Adjusted to exclude sold/held for sale portfolios: Papua New Guinea, Solomon Islands, Vanuatu, and NZ Rural
Note 2: Excludes sale of rural portfolio
Other products include Marine, Travel, Pet, Liability, and Workers Compensation

TOWER

Business unit distribution

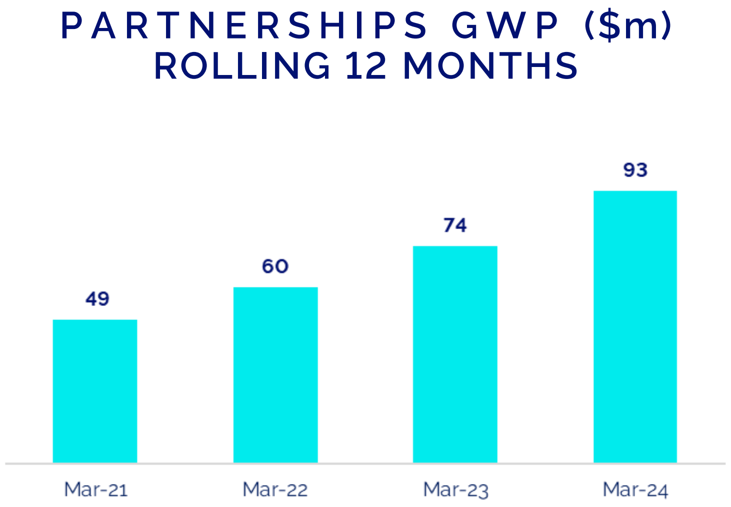
TOWER DIRECT

- House new risks sold +14% vs HY23
- 54% of Tower Direct customers hold multiple policies (HY23: 52%)



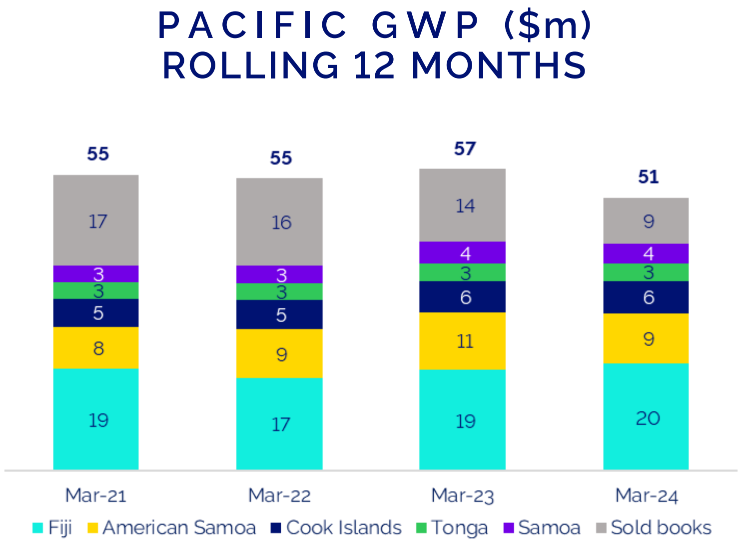
PARTNERSHIPS

- Total in force risks increased 6% to 106,000
- Advisor network grew 36% to 3,000



PACIFIC

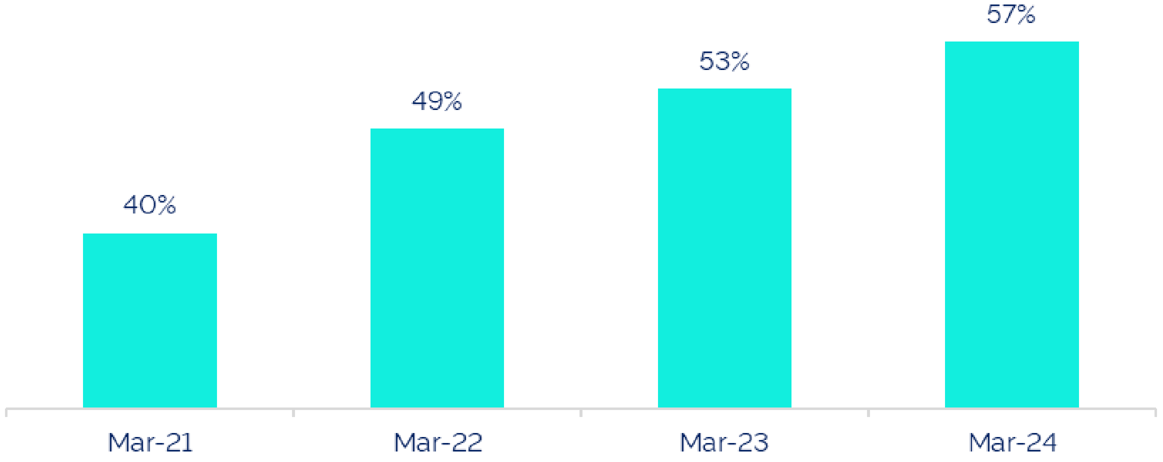
- Solomon Islands business sale completed in HY24, Vanuatu sale expected to complete in FY24
- Parametric insurance live in Fiji, Tonga and Samoa



Customer experience improves

- NPS improved to 31% (Sep-23: 28%); NZ sales online NPS at 52%
- Sales & service abandonment rate improved to 7% (HY23: 16%)
- Digital service transactions up to 57%
- Active users of My Tower increased by 10% to 156k
- Substantial progress made in multi-policy discount customer remediation. $8.6m excl GST paid as at 30 April 2024

NZ SERVICE & CLAIMS TASKS ONLINE[1]



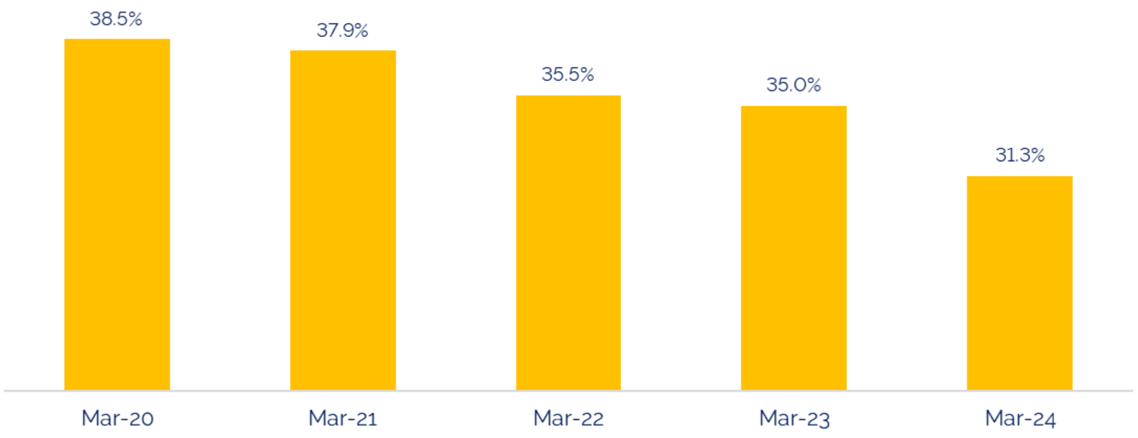
Note: 1: Rolling 12 months

TOWER

Continued improvement in MER

- MER further improved to 31.3%
- Achieving scale with targeted premium growth and lower than inflation increase in expenses
- Suva hub answering 50% of NZ sales and service calls
- Streamlining the business; sale of Solomon Islands and NZ rural, sale of Vanuatu pending regulatory approval
- Commission ratio at 1.6% down from 2.5%, partly due to legacy portfolio purchases and transition to referral arrangements [2]

MANAGEMENT EXPENSE RATIO [1]



Note: 1: Rolling 6 months. Calculated using management expenses and net commission expense divided by net insurance revenue
Note 2: Commission ratio for the comparative period has been restated due to adoption of IFRS17 which treats a portion of commission revenue as insurance revenue

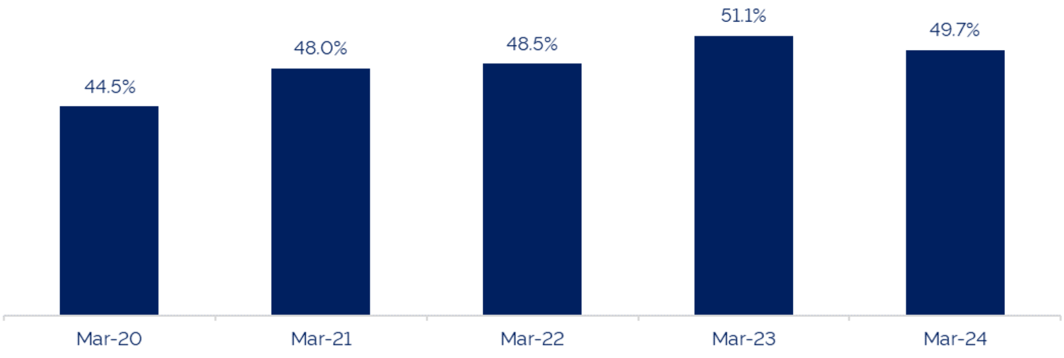
TOWER

BAU claims ratio back within target range

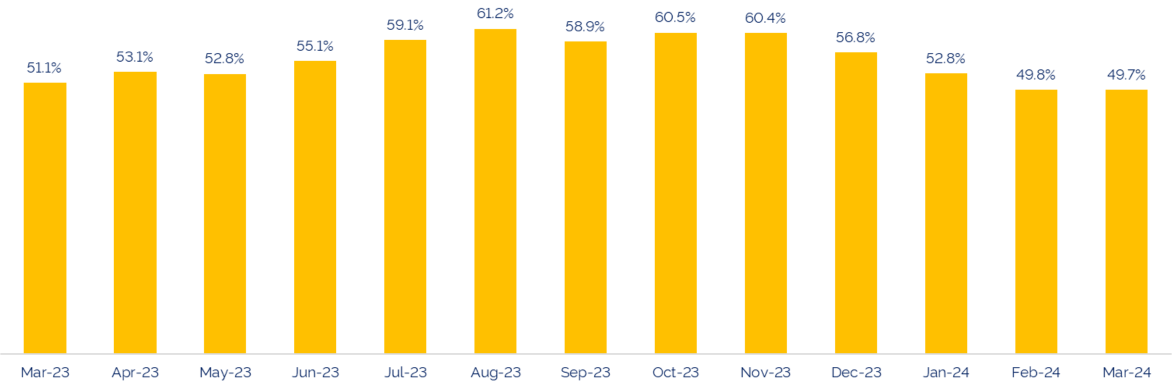
Key drivers have improved BAU claims from second half 2023 peak

- **Effective pricing and underwriting**
  - Targeted rating reduced claims from high-risk assets
  - Rating for inflation and reinsurance earning through
- **Faster and more efficient claims management**
  - Digital journey - 50% of motor claims automatically allocated to repair network (H2 23: 10%)
  - Increasing internal assessing – 80% across motor and house (vs 60% in H2 23) [2]
- **External factors improved**
  - Calmer weather reduced house and Pacific claims
  - Motor theft frequency reduced

BAU CLAIMS RATIO [1]



BAU CLAIMS RATIO [1]



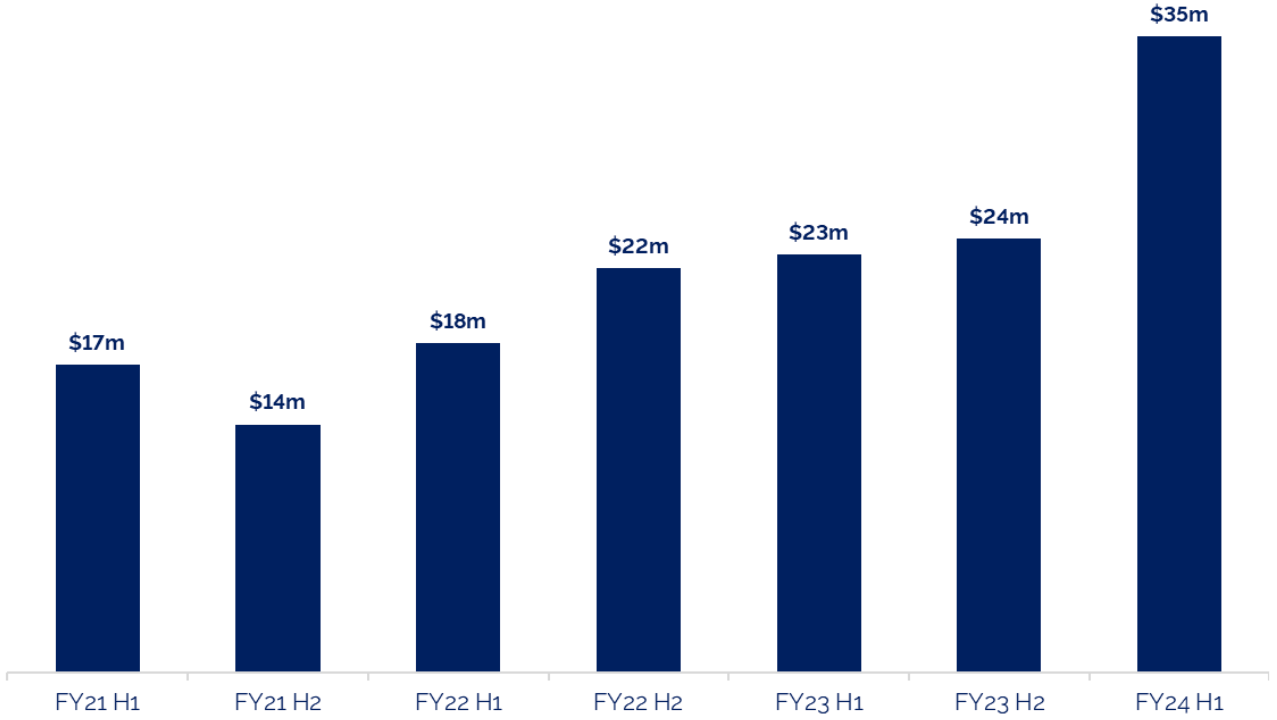
Note: 1: Rolling 6 months. BAU claims defined as those not a large event (large events are defined as having a cost to Tower of $2m or more, with lodged claims from two or more policyholders).
BAU claims is calculated using BAU claims expense divided by net insurance revenue
Note 2: Internal assessing includes straight through to repairer/builder, where no external assessing fee is applied

TOWER

Business performance continues to improve

- Underlying NPAT excluding large events was $35m for HY24
- Underlying business performing well and improving year on year
- Investment income benefiting from higher interest rates

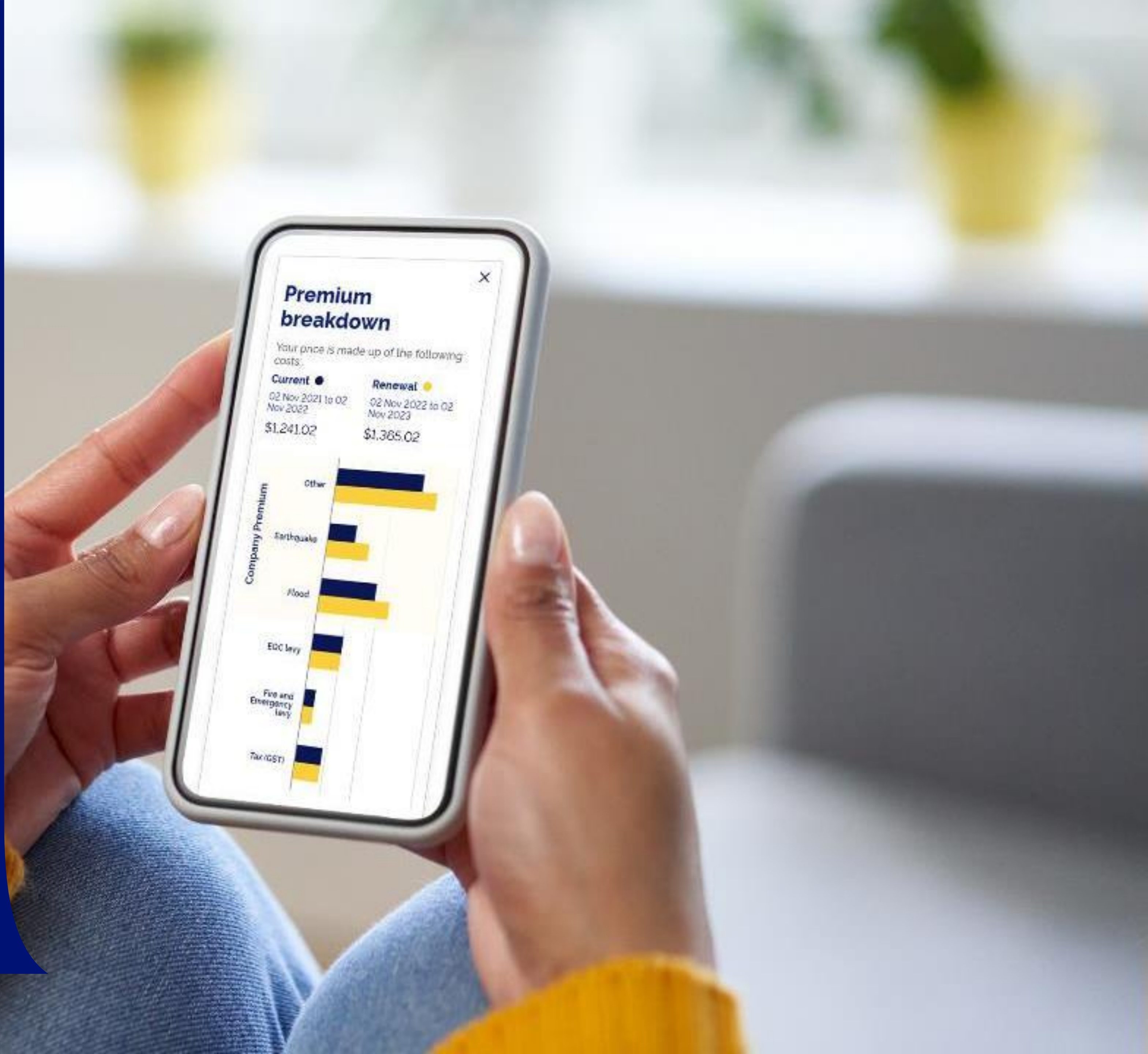
UNDERLYING NPAT
EXCLUDING LARGE EVENTS ($m)



TOWER

Financial performance

Paul Johnston,
Chief Financial Officer



Group underlying financial performance

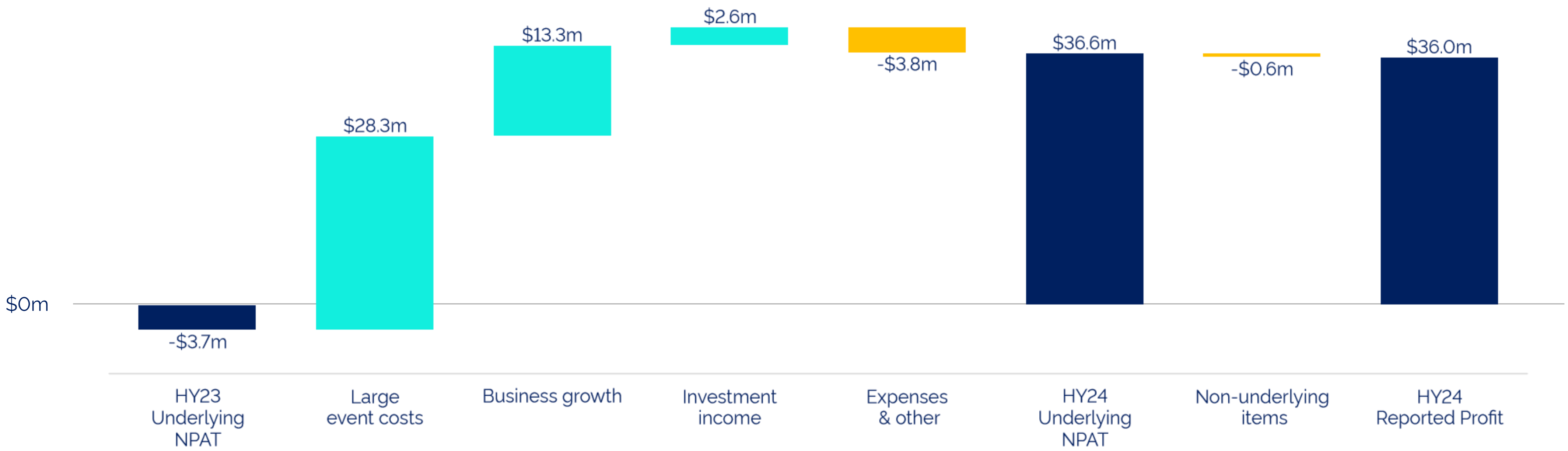
- Premium growth of 20% [1]
- BAU loss ratio of 49.7% reduced due to targeted rate increases and operational improvements
- No FY24 large events in HY24; favourable release of $1.9m on FY23 Vanuatu Cyclones
- Management expense ratio improved to 31.3% as a result of business growth and expense efficiencies
- Net investment income increased $3.7m due to higher yields
- HY24 Underlying NPAT including large events of $36.6m [2]
- Reported profit of $36.0m

$ million	HY24	HY23	Change
Gross written premium	290.6	245.0	45.6
Insurance revenue	**274.6**	**233.8**	**40.8**
Reinsurance	(41.8)	(32.2)	(9.6)
Net insurance revenue	**232.8**	**201.7**	**31.1**
BAU claims expense	(115.8)	(103.0)	(12.8)
Large event claims expense	1.9	(33.9)	35.8
Large event reinsurance reinstatement	0.0	(3.4)	3.4
Management expenses	(68.3)	(64.7)	(3.6)
Net commission expense	(4.5)	(5.8)	1.3
Insurance service expense	**(186.7)**	**(210.8)**	**24.1**
Insurance service result	**46.1**	**(9.1)**	**55.2**
Net investment income	10.0	6.3	3.7
Net insurance finance expense	(1.7)	(0.7)	(1.0)
Other income and expenses	(0.9)	(0.9)	(0.0)
Underlying profit/(loss) before tax	**53.5**	**(4.4)**	**57.9**
Income tax expense	(16.8)	0.8	(17.6)
Underlying profit/(loss) after tax	**36.6**	**(3.7)**	**40.3**
Non-underlying items	(0.6)	(1.4)	0.8
Reported profit/(loss) after tax	**36.0**	**(5.1)**	**41.1**

Key ratios (% of NEP)	HY24	HY23	Change
Claims ratio excluding large events	49.7%	51.1%	(1.4)%
Large event costs ratio	(0.8)%	18.5%	(19.3)%
Management expense ratio	31.3%	35.0%	(3.7)%
Combined ratio	**80.2%**	**104.5%**	**(24.3)%**

Note 1: Adjusted to exclude sold/held for sale portfolios: Papua New Guinea, Solomon Islands, Vanuatu, and NZ Rural
Note 2: Definition of underlying profit and a reconciliation to reported profit is included in the appendix

Movement in underlying NPAT



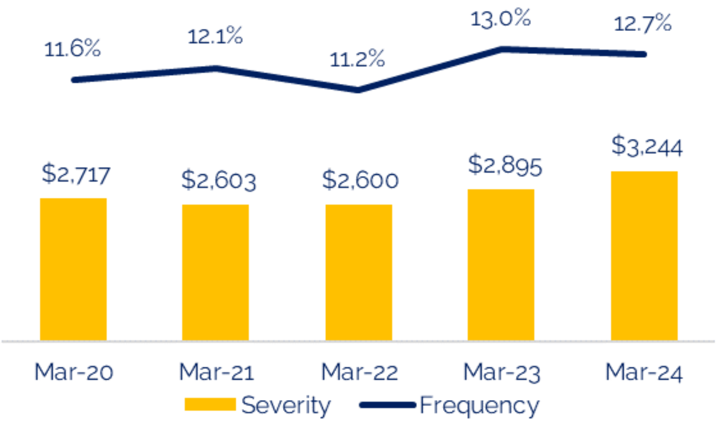
- Underlying NPAT[1] of $36.6m, vs loss of $3.7m HY23
- No large events in HY24 vs $37.3m in HY23
- Business growth includes higher gross written premium and a lower BAU loss ratio from reduced motor theft frequency, calmer weather, and reduction in open claims
- Increase in expenses driven by inflationary increases partially offset by cost efficiencies
- Reported profit impacted by change in CEQ valuation, increased customer remediation provision, and other non-underlying costs partially offset by the gain on sale of Solomon Islands business

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

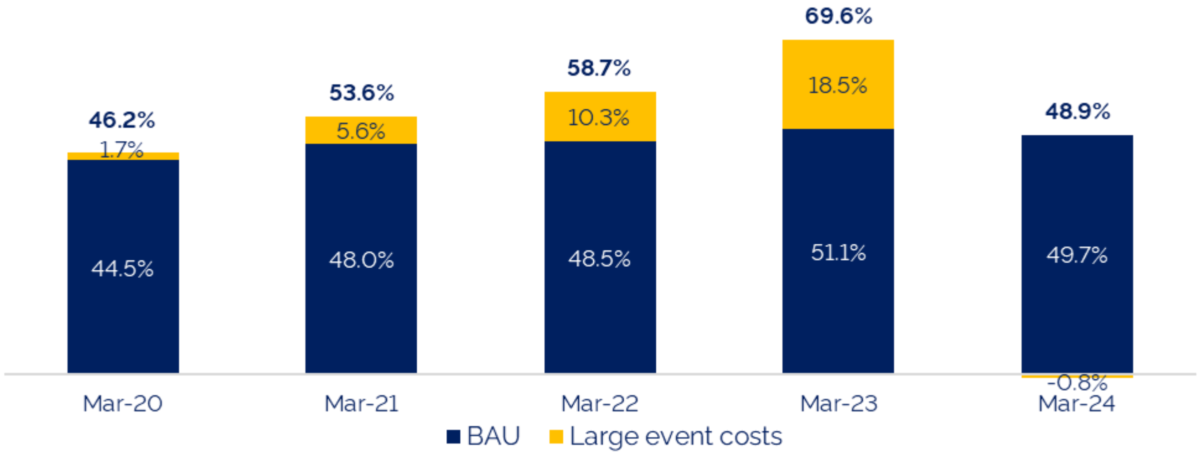
BAU claims ratio reduced

- High inflation and supply chain capacity constraints continuing to impact cost of claims (severity)
- Motor theft frequency starting to reduce from peak in FY23
- Calmer weather in comparison to HY23 lowered house frequency

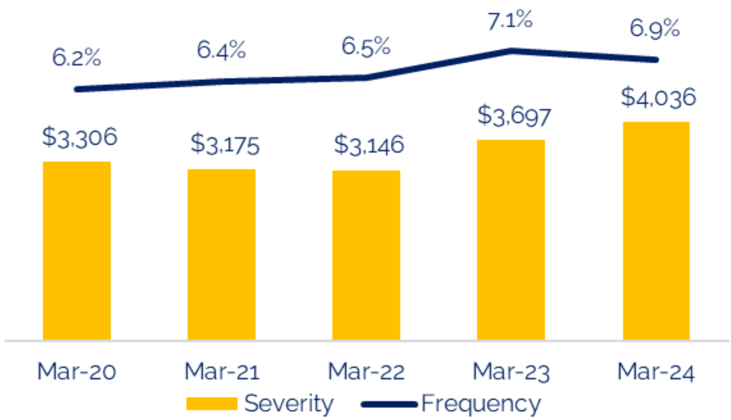
NZ MOTOR SEVERITY[1] & FREQUENCY[2]



TOTAL CLAIMS RATIO



NZ HOUSE SEVERITY & FREQUENCY



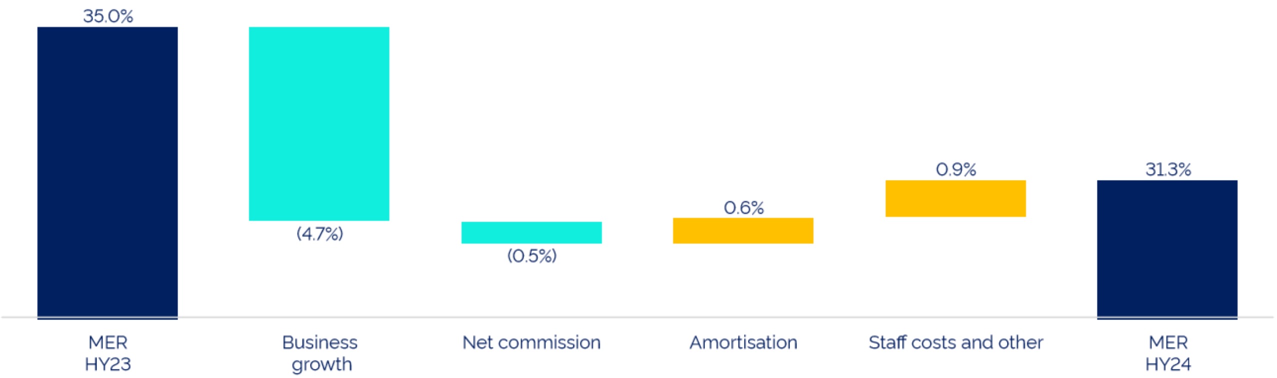
Note 1: Severity is defined as the cost of claims (excluding large events, large house, windscreen) divided by the count of claims
Note 2: Frequency is defined as the number of claims (same exclusions as above) divided by risks in force
The historical severity and frequency numbers are updated to the current estimates as at 31 March 2024 reflecting development of prior year claims in their respective incurred periods

TOWER

Continued improvement in management expense ratio

- MER reduced 3.7% to 31.3%
- Business growth contributes 4.7% reduction in MER
- Net commission contributed 0.5% decrease in MER due to the purchase of legacy portfolios
- Amortisation increases from investment spend and legacy portfolio purchases
- Inflation impact on staff and other costs are partially offset by cost efficiencies

MOVEMENT IN MANAGEMENT EXPENSE RATIO (MER)

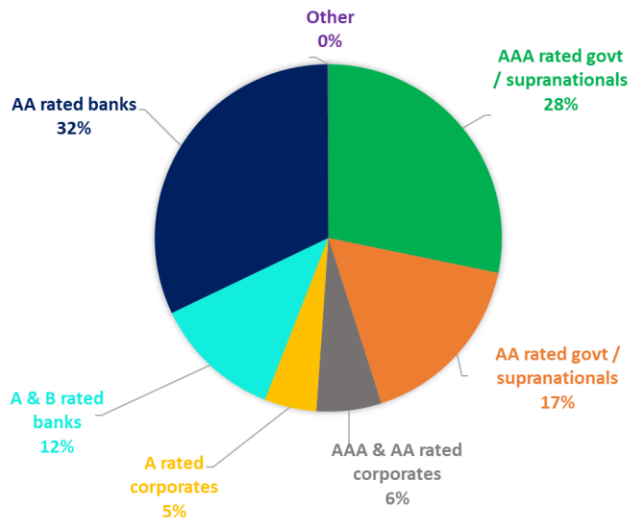


Higher investment returns as yields have increased

- Net investment income (NII) $10.0m in HY24, $3.7m higher than same period last year
- Running yield on the core investment portfolio is 5.67% as at 31 March 2024
- Conservative investment strategy with low duration (target of 0.5 years)
- Outlook for investment income is to remain stable across second half

CORE INVESTMENT PORTFOLIO YIELD[1]

INVESTMENT ASSET PROFILE



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

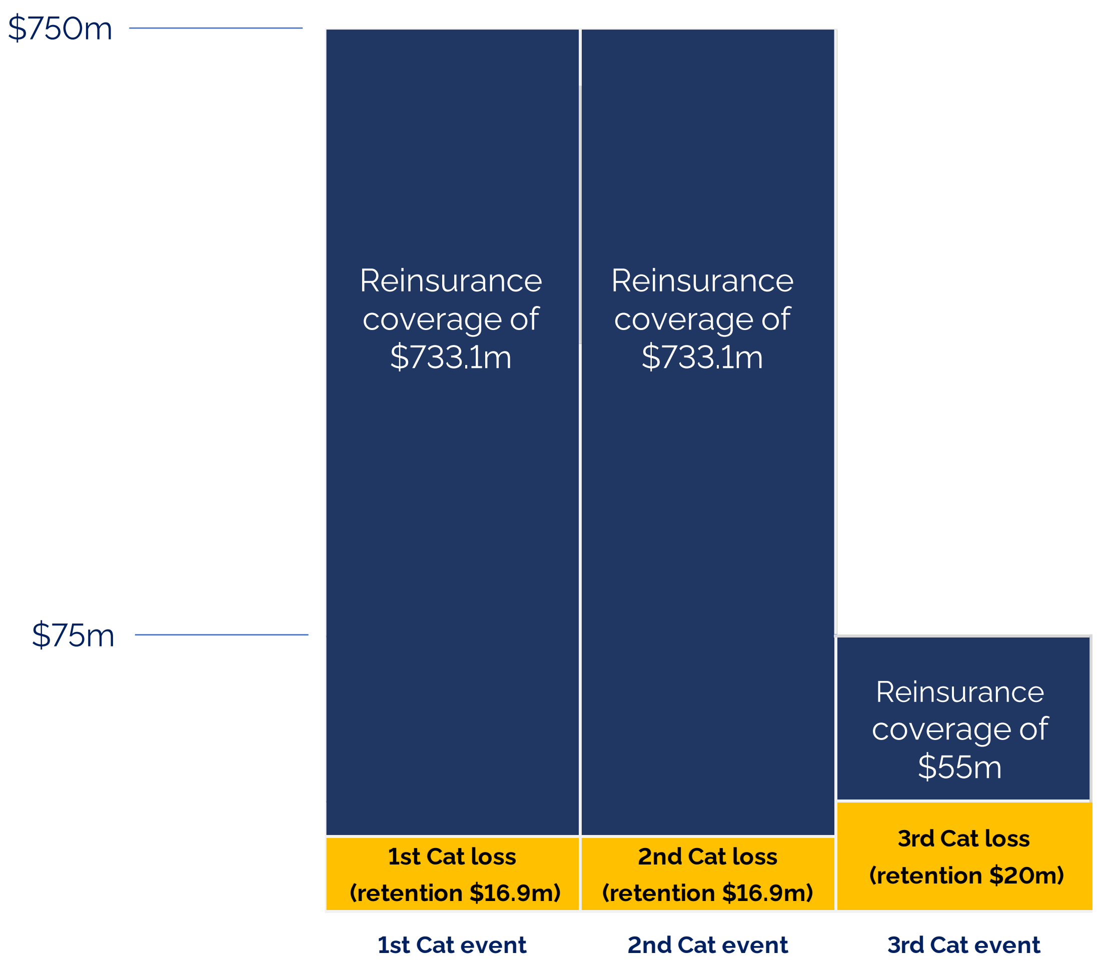
Reinsurance programme supports resilience

HY24

- No large events recorded in HY24

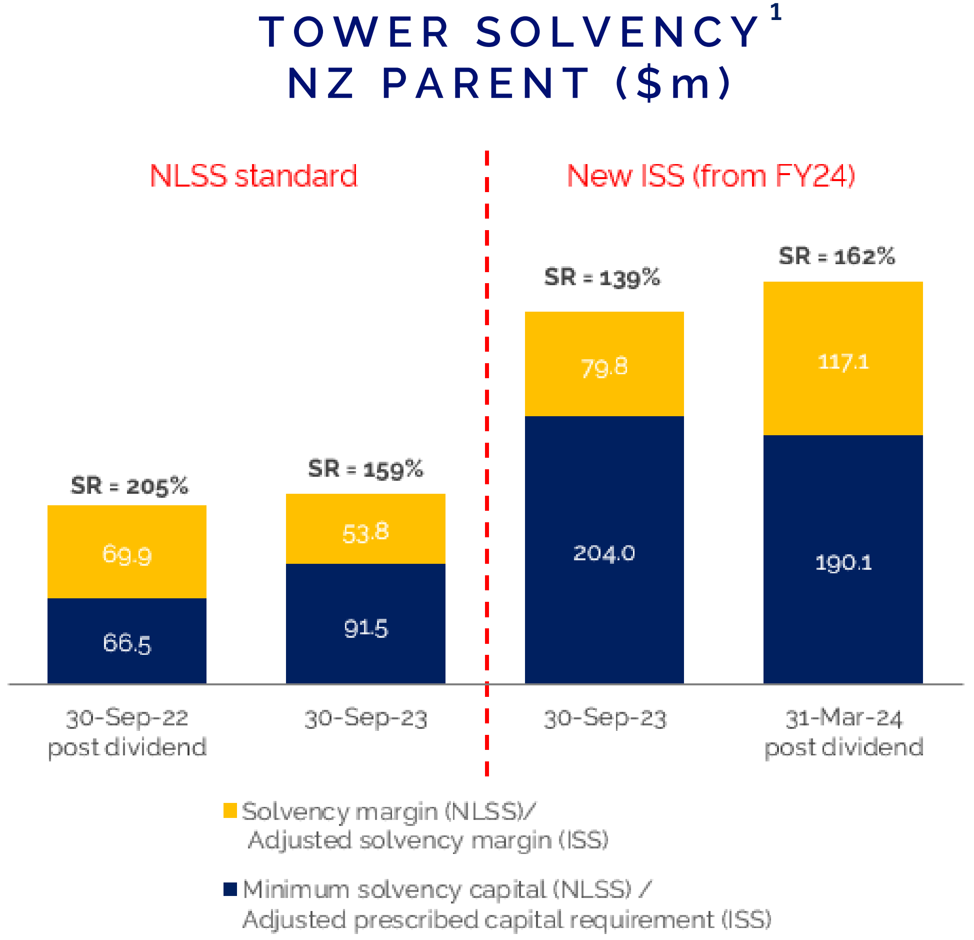
FY24

- Catastrophe reinsurance of up to $750m for two events. Reinsurance cover was reduced from $889m in FY23 following EQC cap change
- Additional prepaid third event catastrophe cover up to $75m with $20m retention
- FY24 retention limits and programme premium increases mitigated due to 3 year rolling contracts
- Full utilisation of $45m large event allowance for FY24 events assumed in guidance



Capital and solvency position

- Solvency ratio of 162% (139% as at 30 Sep 23)
- Adjusted solvency margin is $117.1m, an increase from $79.8m as at 30 Sep 2023
- Tower's regulatory solvency position is now calculated under the new Interim Solvency Standard (ISS) effective 1 Oct 2023
- The RBNZ is consulting on a proposed second amendment to the ISS, which is not expected to be issued and effective until Tower's 2025 financial year
- The proposed changes to the ISS are likely have a material impact on Tower's regulatory solvency position, and will reduce the solvency margin
- A- credit rating reaffirmed in April 2024 by AM Best
- 3 cents per share interim dividend declared



Note 1: SR = Solvency ratio – the ratio of actual solvency capital to minimum solvency capital (NLSS), the ratio of solvency capital to adjusted prescribed capital (ISS)

Looking forward

Blair Turnbull,
Chief Executive Officer

Second half priorities

- Continue to invest in customer experience and initiatives to support affordability
- Expanding risk-based pricing to include landslips and sea surge
- Multi-policy discount remediation and FMA proceedings, and other customer remediations
- Continue to drive efficiency, digitisation, and process improvements
- Invest in products and initiatives that foster future climate change resilience and sustainability

TOWER

FY24 guidance and future targets

- Combined operating ratio updated to be less than 93%, down from previous guidance of between 95% and 97%
- FY24 assumes full utilisation of $45m large event allowance. Any unused portion of the large events allowance at year end will increase underlying NPAT, and improve the full year result
- The benefit to underlying NPAT from no large events in FY24 would be an additional $32m ($45m less tax)
- HY24 release of $1.9m for prior year event reduces FY24 large events expense guidance from $45m to $43m

	FY23 Actual	FY24 Guidance	FY25 Target	FY26 Target
GWP growth (excluding operations sold)	17%	10% - 15%	10% - 15%	10% - 15%
Large events allowance	$56m	**$43m**	$50m	$55m
Management expense ratio	32%	30% - 32%	< 28%	< 26%
Combined operating ratio	100%	**< 93%**	< 91%	< 87%
Underlying NPAT (assuming full utilisation of large events allowance)	$7.1m	**>$35m**	$40m - $60m	$60m - $80m
Return on equity [1]			12% - 15%	> 15%

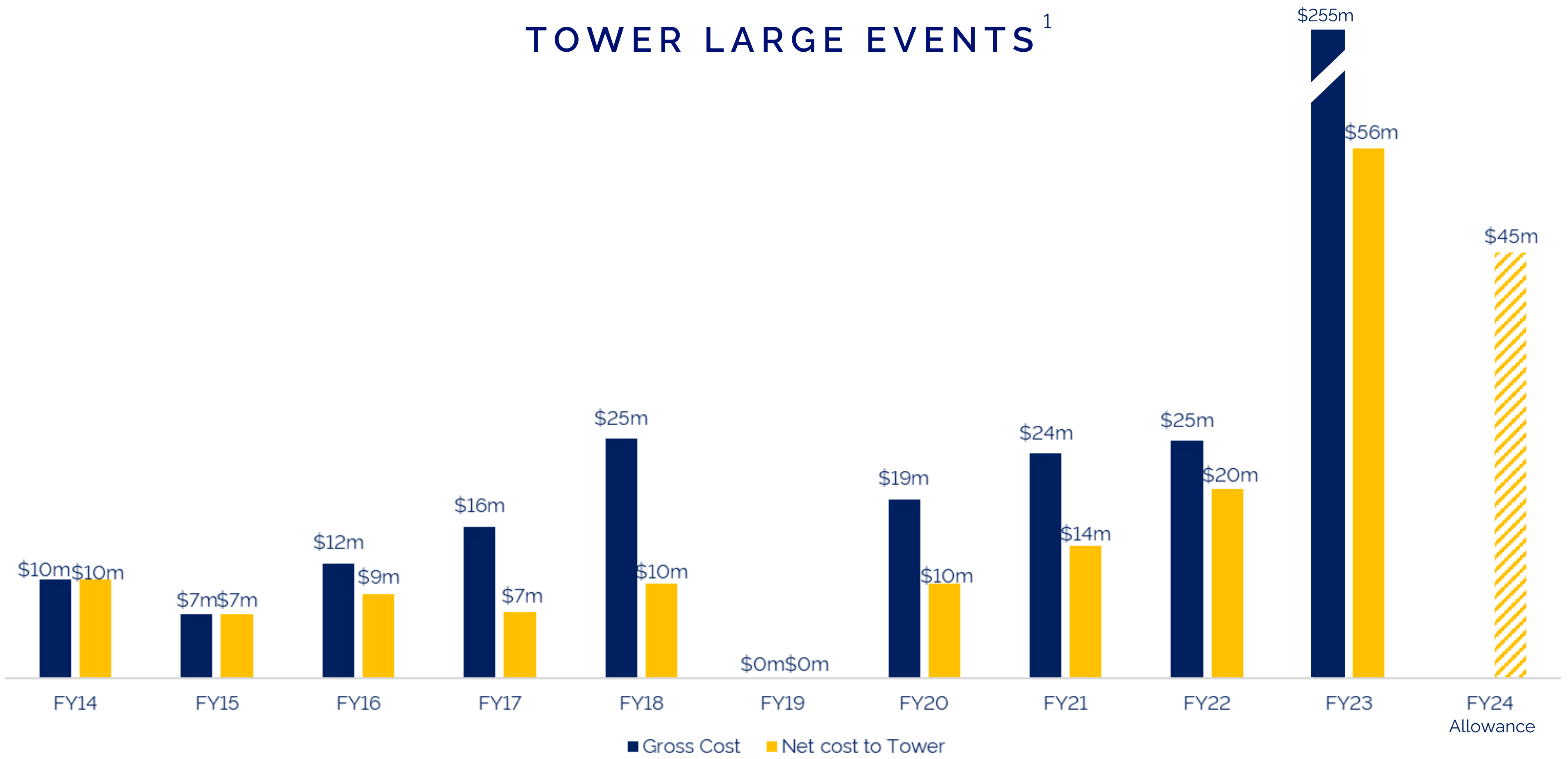
Note 1: Return on equity is defined as reported net profit after tax divided by average closing book equity

Questions?

Appendices


TOWER
37 Komai Street, Hamilton
House Plus
Policy details
Billing
$151.70
Risk profile
People

Historical large events



- 5 year average of 3.8 events per annum and 10 year average of 3.6 events per annum
- No large events incurred in HY24; $45m large event allowance still conservatively included within FY24 guidance

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 gross cost is before reinsurance and third party recoveries

TOWER

Canterbury earthquake claims reducing

- Half year charge of $0.8m after tax as a non-underlying item
- 21 properties open as at 31 March 2024
- Remaining gross outstanding claims provision is $21.4m down from $23.4m at 30 September 2023[1]
- Due to the low level of open properties and outstanding provision, this will be the last period CEQ is reported in detail

Note 1: On implementation of IFRS 17 the provision for Canterbury earthquake claims was increased from $20.7m to $23.4m retrospectively as a result of increasing the probability of adequacy to 90% (up from 75%).

TOWER

Reconciliation between underlying profit after tax and reported profit after tax

$ million	FY24 underlying profit	Non-underlying items (1)	Management expense reclasses (2)	Discontinued operations (3)	Reclass of reinsurance expenses (4)	Reclass of reinsurance & other recovery revenues (5)	FY24 reported profit
Gross written premium	290.6						
Insurance revenue	**274.6**	(1.0)		(4.1)			**269.4**
Reinsurance expense	(41.8)				41.8		
Net insurance revenue	**232.8**	**(1.0)**	**0.0**	**(4.1)**	**41.8**	**0.0**	
BAU claims expense	(115.8)	(1.1)	(12.1)	(0.9)		9.1	
Large event claims expense	1.9						
Large event reinsurance reinstatement	0.0						
Management expenses	(68.3)	(2.2)	11.9				
Net commission expense	(4.5)					(2.4)	
Insurance service expense	**(186.7)**	**(3.3)**	**(0.2)**	**(0.9)**	**0.0**	**6.7**	**(184.3)**
Net expense from reinsurance contracts held				3.6	(41.8)	(6.7)	(44.8)
Insurance service result	**46.1**	**(4.3)**	**(0.2)**	**(1.4)**	**0.0**	**0.0**	**40.3**
Net investment income	10.0						10.0
Net insurance finance expense	(1.7)						(1.7)
Other income and expenses	(0.9)	0.3	0.2	(0.3)			(0.7)
Underlying profit before tax	**53.5**						
Income tax expense	(16.8)	1.2		0.3			(15.4)
Profit after tax from discontinued operations	0.0	2.2		1.4			3.6
Underlying profit after tax	**36.6**						
Canterbury impact	(0.8)	0.8					
Other non-underlying costs	0.2	(0.2)					
Reported profit after tax	**36.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**36.0**

Underlying and reported profit/(loss):

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

(1) Non-underlying items include net impact of Canterbury earthquake valuation update, regulatory and compliance projects (such as the adoption of IFRS-17), and gain on sale of operations

(2) Reclassification of claims handling expenses from management expenses to claims expense; and FX gains/losses from other income to management expenses

(3) Operations sold during HY24 and held for sale at 31 March 2024 are treated as discontinued operations for statutory purposes

(4) Reclassification of reinsurance expenses to present as net income from reinsurance contracts held for statutory purposes

(5) Reclassification of reinsurance and other recoveries to present as net income from reinsurance contracts held for statutory purposes

TOWER

Disclaimer

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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 HY24 Results Announcement Investor Presentation Script

Slide 1 – 2024 Half Year Results

Michael Stiassny

Mōrena, good morning and thank you for making the time to join us for this investor call and presentation of our 2024 half year results.

Slide 2 - Agenda

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

Slide 3 – Chairman's update

After the tumultuous weather events of 2023, it is a welcome shift to be delivering good news today. Remaining focused on implementing strategy and solid operational delivery – coupled with benign weather patterns – has resulted in considerably improved business performance.

In addition, enhanced profitability and the comparatively swift resolution of catastrophe event claims has significantly improved Tower's capital position.

Consequently, I am pleased to announce that based on Tower's ordinary dividend policy of paying 60-80% of cash earnings where it is prudent to do so, the Board has declared an interim dividend of 3 cents per share, to be paid on the 27th of June.

[pause]

As you will recall, at the end of FY23 following the significant weather events in February 2023, Tower set a prudent large events allowance of $45m which remains intact.

Should the weather gods continue to look favourably upon us between now and 30 September, any unused portion of that $45m, which is $32m after tax, will directly increase underlying NPAT to improve the full year result.

Our year end underlying NPAT guidance of greater than $35m assumes full use of the $45m allowance, so the potential upside could be significant.

[pause]

The strategic review Tower announced late last year is continuing to progress, with a range of options being considered to maximise shareholder value and optimise our capital structure to support our market competitiveness. No decisions have been made and we will update the market at the appropriate time.

Suffice to say that the Tower executive remains fully focused on strategy and business delivery.

[pause]

While we are all enjoying calmer weather this year, insurers paid out some $4b to New Zealand customers following last year's catastrophic events. This underscores the critical role insurance continues to play in New Zealand's resilience, both economic and societal.

Ensuring insurance remains available and cost-effective will necessarily be our focus going forward. That will require Tower to develop new and innovative offerings that not only identify and manage risk, and support customers and communities through climate change, but are affordable.

As I have said previously, this is a particularly difficult sum to balance and regrettably, Tower and other insurers will not be able to continue to provide insurance for everyone.

[pause]

Tower has led the way in New Zealand with our early adoption of risk-based pricing and underwriting. Our view was – and remains – that risk-based pricing is in the best interests of policy-holders, shareholders and New Zealand Inc.

There is no question that risk-based pricing gives Tower a competitive advantage by enabling more accurate risk selection and pricing, but importantly it also clearly signals to the market where to buy and invest. And these signals are absolutely crucial if New Zealand is to successfully manage and avoid some of the financial risks posed by climate change.

Despite this – what I would call common sense – for the longest time it felt like we were a lone voice and there were plenty of detractors.

Happily, for the future of this country, it appears the tide is turning.

To quote recent comments from the Reserve Bank of New Zealand (RBNZ): "Risk-based pricing can provide a strong signal to encourage the proactive mitigation and lowering of exposure to risks, which can be beneficial for society's overall risk management".

The RBNZ then went further in its most recent Financial Stability Report, calling on other insurers and – more notably – the banks to, "take action to improve their understanding of natural hazards to proactively manage affordability challenges”.

We couldn’t agree more. The banks have been missing in action... Seemingly reluctant to actively embed climate-related risks in their business operations and risk management frameworks, but nevertheless content to continue making record profits.

I look forward to seeing how the banks choose to respond to RBNZ’s challenge because insurers can’t – and shouldn’t – be shouldering the burden alone.

[pause]

In closing, risk-based pricing will continue to underpin Tower’s competitive position and underwriting capability. And, together with improvements in digital and operational efficiencies and better expense control, will ensure that Tower remains well positioned to both support customers and deliver shareholder value.

[pause]

I’ll now hand over to Blair and Paul, who will take you through the results and outlook before we take questions.

Blair Turnbull

Slide 4 – Business update

Kia ora, thank you Michael and good morning, everyone.

Thank you for joining us for our 2024 half year financial results.

Slide 5 - Results summary

Here is a summary of our results, which overall demonstrate Tower's positive operational and business performance.

On the tail of last year's events, we've never been clearer about our strategy of being a leading direct player in our New Zealand and Pacific markets and leveraging digital technology and data to drive efficiencies and excellent customer experiences and outcomes.

I will talk through these points in more detail shortly, but first, an overview of our performance this year.

Slide 6 – Our performance - positive operational and business performance

Gross written premium for the half year to 31 March increased to $291 million, up 20% on the same period last year, excluding divested portfolios. This was predominantly driven by prior period rating increases designed to mitigate the impacts of inflation, crime and increased reinsurance costs following the 2023 catastrophe events.

Customer numbers decreased to 309,000, down from 312,000 in HY23 partly due to our tightened risk appetite for high-theft motor vehicle models. Tower reduced high-risk motor policies by 3,500 policies in the half.

Enhanced processes, a reduction in motor theft claims and calmer weather have led to a decrease in the BAU claims ratio to 49.7% compared to 51.1% in HY23.

We are pleased to see our management expense ratio improve again to 31.3% versus 35% in HY23, thanks to our GWP growth combined with disciplined cost control and improved efficiencies from investments in digitisation and streamlining the business.

Large events costs for the half were negative $1.9m, due to a favourable revision to the most recent estimate for Vanuatu cyclone claims incurred in the prior year. There have been no large events in the half, compared to $37.3m of large event costs in HY23.

Reflecting our positive operational and business performance we are reporting an underlying profit after tax of $36.6 million, up from an underlying loss of $3.7m in HY23.

Reported HY24 profit is $36.0m compared to a loss of $5.1m at the HY23.

On the basis of these results Tower will pay an interim dividend of 3 cents per share.

Slide 7 – Continued premium growth

The prior period rating increases that were designed to mitigate the impacts of inflation, crime and increased reinsurance costs following the 2023 catastrophe events have taken effect and were the predominant driver of the 20% GWP growth in the half.

We continually review premiums to ensure we provide good value and competitive prices for our customers, while ensuring that the premiums we collect cover the costs of the claims we pay out.

This year Canstar announced Tower as the winner of its Home and Contents Insurer of the Year Award. The independent research panel noted the outstanding value offered by Tower's insurance products, especially its

Standard and Plus policy options, which feature comprehensive insurance cover at affordable prices.

Our dynamic rating ability enables us to respond quickly to market conditions. Inflation and reinsurance markets are currently looking to be more favourable in the second half of the year, and providing this eventuates, we will review premiums accordingly. Noting, of course, that our approach to risk-based pricing means that pricing for individual customers will always reflect their individual risks.

We are particularly pleased to see our proportion of house policies start to increase as we focus more on the home insurance market. We know that our home insurance customers hold more policies and stay longer than motor customers.

Reflecting this is the fact that 55% of policy cancellations in the half were customers who held just one motor policy with Tower. We offer more favourable pricing to lower risk vehicles and apply higher premiums to those that our data shows will potentially incur higher claims costs.

Our retention rate for our New Zealand risk portfolio remains stable at 77%. Half of our customers hold multiple policies with us and these customers stay with us for an average of eight years.

Slide 8 – Business unit distribution

Our strategy is underpinned by our three distribution channels - Tower Direct, Partnerships and our Pacific operation.

Tower Direct

Over the half year, we've continued to build rewarding and engaging relationships with customers.

Our flagship Tower Direct business now comprises 75% of our total GWP, up from 58% three years ago, in line with our strategy to focus on direct to consumer business.

A key contributor to this was a 14% increase in new home policies sold compared to HY23.

Partnerships

Our partnership channel continues to provide positive growth opportunities. In line with our strategy, our group referral model customer journey looks and feels like our Tower Direct experience and is focussed on one-off referral commissions at the point of policy sale.

This increases the benefit to Tower from customers who stay with us after the first year of business, compared to traditional, annual commission models.

In the half year, partnerships in force risks increased 6% to 106,000, driven in part by the 36% increase to 3,000 active advisors now referring customers to Tower over the year.

Pacific

This year marks 150 years in operation in the Pacific and we are continuing to digitise and simplify our offering in the region, aligning our New Zealand and Pacific activities more closely to deliver growth and efficiencies.

With this simplification in mind, we completed the sale of our Solomon Islands business in HY24, following on from the sale of our Papua New Guinea subsidiary in FY23. We expect the sale of our Vanuatu subsidiary to complete in the second half of FY24, pending regulatory approval.

Tower's first parametric product is now live in Fiji, Tonga and Samoa, following a successful trial launched in Fiji in FY22.

Slide 9 – Customer experience improves

Our digital platform is improving the overall Tower experience for our customers as they increasingly adopt our online sales and service channels.

In HY24 the proportion of New Zealand service and claims tasks completed online over the last 12 months increased to 57% and active My Tower users increased 10% to 156,000.

This uptake comes as we have released new features in My Tower such as our Ways to Save advice and the ability to change payment frequency online. We also completed the rollout of My Tower across our Pacific operations in FY23.

Customer satisfaction for New Zealand online sales engagements is positive - our combined New Zealand net promoter score for online experiences remains steady at 52%. Our overall NPS score has improved to 31%, up from 28% in September 2023.

With our core platform now live across the Tower group and our Suva Hub officially opened in February 2024, we are able to flex resource across Fiji and New Zealand, our two biggest markets.

The benefits of our 300-strong Suva Hub team continue to be realised, contributing to a decrease in our sales and service abandonment rate, now at 12% versus 20% in HY23.

An important part of delivering a positive customer experience is fixing things when we don't get them right. As we've shared previously, Tower is focused on putting things right for customers who have received incorrect discounts or benefits.

The most significant part of our remediation programme has been refunding customers who have not received correct multi policy discounts. We have made substantial progress towards remediating these customers and as of 30 April 2024, we had paid over $8.6m excluding GST to these customers.

Slide 10 – Continued improvement in MER

We are pleased to have achieved yet another reduction in MER to 31.3%, down from 35% in HY23.

Contributing to this MER improvement are Tower's GWP growth, combined with disciplined cost control, which has seen expenses rise at a lower rate than inflation, as well as business efficiencies from investments in digitisation and streamlining the business.

The expansion of our Suva hub has also delivered operational efficiencies. In the half year our Suva team answered 50% of all New Zealand sales and service calls to Tower, up from 16% in FY23.

Pleasingly, these improvements have also seen our management expenses increase at below the rate of inflation.

Our commission ratio continues to improve, reducing to 1.6% in the half from 2.5% in HY23 thanks to legacy portfolio purchases and referral arrangements that have reduced total commission.

Slide 11 – BAU claims ratio back within target range

Throughout FY23, BAU claims costs were challenged by large events, the frequency of motor claims, rapidly increasing inflationary pressures and supply chain capacity constraints, which impacted the severity, or cost of claims.

In the half year 2024 a number of key drivers have improved our BAU claims ratio from a peak of 59% in the second half of 2023 back to within our target range at 49.7%.

First, underwriting changes combined with targeted premium increases across motor and home have been effective in reducing claims from higher risk assets. General rating increases implemented to offset inflation and increased reinsurance costs are also now earning through.

Following record claims volumes due to the FY23 catastrophe events, Tower improved processes and implemented new technology to deliver faster and more efficient claims management. This has resulted in 50% of motor claims now being automatically allocated to our repair network via our digital journey, compared to 10% in the second half of FY23.

We have also reduced our reliance on third-party assessors and now more than 80% of house and motor claims are either assessed internally or sent straight through to builders and repairers. This has reduced both assessing costs and complexity.

External factors have also played a part with calmer weather in the half reducing both the frequency of house claims in New Zealand and across all claims from the Pacific region. The frequency of motor vehicle thefts has also reduced in the half.

Consequently, BAU open claims are now tracking closer to historical averages.

As at 27 May 2024 Tower had closed 97% of FY23 catastrophe event claims.

Slide 12 – Business performance continues to improve

Underlying NPAT excluding large events for HY24 was $35m.

As you can see from this chart, we are steadily improving our underlying business performance.

The fundamentals of our business are performing well, and investment income is also benefiting from higher interest rates.

Slide 13 - Financial performance title slide – Paul Johnston

I will now hand you over to our chief financial officer Paul Johnston who will take you through the details of our financial performance this year.

Slide 14 – Group underlying financial performance

Thank you, Blair.

Looking at the consolidated results, we can see that growth in GWP has been strong, increasing by $46m, or 20% - excluding divested portfolios - compared to HY23. This growth was driven by an appropriate mix of rating and underwriting actions, alongside modest volume growth in the house portfolio.

Motor theft and claims volumes continue to reduce following decisive underwriting actions.

Organisational efficiencies through the likes of our Suva Hub and digital journey improvements have helped reduce our BAU loss ratio to 49.7%.

No large weather events have been experienced in the half year.

Pleasingly, the MER improved to 31.3% as a result of expense efficiencies and scale.

Higher yields have seen net investment income increase by $3.7m to $10m.

Underlying NPAT including large events is $36.6m up from a $3.7m loss in HY23, reflecting Tower's financial resilience following catastrophic weather events experienced in FY23.

Towers' HY24 reported profit after tax is $36.0m.

Slide 15 – Movement in underlying NPAT

Here is the bridge between underlying NPAT in HY23 of minus $3.7m and underlying NPAT of $36.6m in HY24.

You can see that calmer weather with no large event costs, coupled with business growth, the BAU loss ratio falling back into target range, improved MER and investment income have helped support this result.

Reported profit was impacted by an increase to the CEQ valuation, and an increased customer remediation provision, as well as other non-underlying costs partially offset by the gain on sale of Solomon Islands business.

Due to the low level of open properties and outstanding provision, this will be the last period in which Canterbury Earthquake claims are reported in detail. You can find a slide with the HY24 detail in the appendix of this presentation.

Slide 16 – BAU claims ratio reduced

Over the past two and half years the insurance industry has been impacted by rapidly increasing inflationary pressures, the increasing frequency of motor claims and motor theft, as well as supply chain capacity constraints which have impacted the severity, or cost of claims.

Throughout FY23, these continued to track above historical norms in New Zealand, following a more subdued period due to Covid lockdowns in previous periods. Coupled with weather events, these factors led to our BAU loss ratio increasing.

Throughout FY23 and HY24, Tower applied targeted premium increases across motor and home to offset inflation, higher reinsurance costs and other increases. We also continue to work closely with supply chain partners while focusing on internal efficiencies and streamlining our business to moderate the impact on customers as much as possible.

These actions, combined with motor theft frequency beginning to reduce from its FY23 peak and calmer weather, which have lessened the frequency and severity of house claims have led to a reduction in our BAU claims ratio.

Our BAU claims ratio is now within the target range at 49.7%.

Slide 17 – Continued improvement in management expense ratio

We are pleased to see our management expense ratio continue to reduce with an improvement over the half year of 3.7% to 31.3%.

The effects of inflation were partially offset by cost efficiencies in the year.

Increased scale from business growth also enabled efficiencies and a 4.7% reduction in MER with a further 0.5% decrease in net commission expenses due to the legacy portfolio purchases.

Staff and other costs accounted for a 0.9% increase and a 0.6% increase in amortisation was due to legacy portfolio purchases and continued spend on investments to drive growth and efficiency automations.

Slide 18 – Higher investment returns as yields have increased

In HY24 net investment income increased to $10m before tax, this was $3.7m higher than the same period last year.

This increased income reflects interest rates stabilising, resulting in higher running yields.

Tower maintains a conservative investment policy with a focus on high credit quality and liquidity bonds, and a target duration for the core investment portfolio of six months.

Our strategy has mitigated the impact on our profit from macroeconomic factors and mark to market movements in the past. Throughout FY23 and HY24 this has allowed us to benefit from higher interest rates, as evidenced by the running yield on the core investment portfolio remaining stable at 5.67%, as at 31 March 2024.

The outlook for investment income is to remain stable across the second half of FY24.

Slide 19 – Reinsurance programme supports resilience

Tower's reinsurance strategy provides protection from volatility caused by large events and maintains financial flexibility to support growth, while underpinning strong solvency.

Our reinsurance arrangements for FY24 include catastrophe reinsurance of up to $750m for two events with an excess of $16.9m for each event. This was down from $889m in FY23 due to the EQC cap change which reduced the amount of coverage needed.

We also purchased coverage for a third event of up to $75m with a $20m excess.

Our FY24 retention limits and programme premium increases were mitigated by our three-year rolling contracts. Tower's FY24 large event allowance is $45m, we have not recorded any large events in the half. Full utilisation of the large events allowance is assumed in our guidance for the year.

Slide 20 - Capital and solvency position

Increased profits and the progress we have made in settling catastrophe event claims and collecting the recoveries from reinsurers in the half have further improved our solvency position compared to 139% at the 2023 full year. With a solvency ratio of 162%, we are now holding $117.1m above the minimum capital required for solvency, which accounts for the dividend payment. This is an increase from $79.8m as at 30 September 2023.

Tower's regulatory solvency position is calculated under the new Reserve Bank of New Zealand (RBNZ) Interim Solvency Standard (ISS), which applies from the current financial year.

On 15 May 2024 Tower uploaded a presentation to the NZX and ASX detailing the impacts of these new regimes. While the presentation and disclosure of information in Tower's financial statements from the half year 2024 will change, the standards will not affect Tower's strategy, profitability and dividend policy.

We note that the RBNZ is proposing a second amendment to the ISS, which is not expected to be issued and effective until Tower's 2025 financial year.

The proposed changes to the ISS are likely to have a material impact on Tower's regulatory solvency position and will reduce the solvency margin.

We were pleased that Tower's A- credit rating was reaffirmed in April 2024 by AM Best.

The Board has declared an interim dividend of 3 cents per share.

Slide 21 – Looking forward

Thank you. I will now hand back to Blair who will provide an update on our guidance and priorities for FY24.

Blair Turnbull

Thank you, Paul.

Slide 22 – Second half priorities

In line with our strategy our priorities for the remainder of the year are clear.

We will continue to invest in creating leading customer experiences and initiatives to support affordability, while targeting the right risks at the right price.

This includes adding landslide and sea surge risk ratings to our automated customer-facing quote-to-buy tool, where customers can already see their home's risk ratings for earthquake and flood hazards.

In the second half we will continue to focus on offering competitive pricing. Should inflation and the reinsurance market soften near the end of the year as we are currently expecting, then we'll see lower levels of premium increases coming through.

In the coming year, we anticipate the proportion of new business from home insurance policy sales to grow as we target high quality risks.

And we will continue to grow organically through our existing partnerships.

An important priority is addressing the multi-policy discount remediation and other customer remediations while also ensuring we address the root causes of errors that have led to these remediations.

In the second half, we will continue to focus on delivering efficiency, digitisation and process improvements.

We will launch new house and motor assessing systems to reduce assessment times and repair costs. And we will continue to leverage our Suva hub to increase efficiency and customer benefits. Our claims transformation project is already delivering benefits and we expect this to further accelerate in the coming 12 months as key assessment and workflow initiatives are delivered.

We will also continue to invest in products and initiatives that foster future climate change resilience and sustainability.

Slide 23 – FY24 guidance and future targets

In FY24 Tower expects GWP growth - excluding revenue from sales of subsidiary operations - of between 10% and 15%.

We have set a conservative large events allowance of $45m for FY24 versus $56m in the prior year. The half year release of $1.9m due to a favourable revision to the most recent estimate for Vanuatu cyclone claims in FY23 has reduced the FY24 large events guidance expense to $43m.

Consistent with FY23, we measure large events as those which have a total cost of more than $2m.

We expect further improvements to our management expense ratio which we anticipate will be between 30% and 32%. We are on track to meet this target with a current MER of 31.3%.

As the rating and other actions that we have in place to address inflation continue to improve our BAU loss ratio, we expect our combined operating ratio to reduce to less than 93%, down from previous guidance of between 95% and 97%.

Assuming full utilisation of the $45m large events allowance Tower anticipates underlying NPAT to be greater than $35m.

However, any unused portion of the large events allowance at year end will increase underlying NPAT and improve the full year result. If there are no large events this would represent an additional $32m of underlying NPAT (or $45m less tax).

Our FY25 medium-term targets will see our focus in the next financial year on delivering another 10% to 15% GWP growth, a management expense ratio of less than 28% and, a combined operating ratio of less than 91%. We are targeting a return on equity of between 12% and 15%.

In FY26 we plan to deliver another 10% to 15% GWP growth, a management expense ratio of less than 26% and, a combined operating ratio of less than 87%. We will be targeting a return on equity greater than 15%.

Thank you for your time this morning, I will now hand back to the operator to ask 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		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	13/06/2024			
Ex-Date (one business day before the Record Date)	12/06/2024			
Payment date (and allotment date for DRP)	27/06/2024			
Total monies associated with the distribution[1]	$11,384,520			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			

Section 2: Distribution amounts per financial product	
Gross distribution[2]	$0.03000000
Gross taxable amount [3]	$0.03000000
Total cash distribution[4]	$0.03000000
Excluded amount (applicable to listed PIEs)	N/A
Supplementary distribution amount	$0.00000000

Section 3: Imputation credits and Resident Withholding Tax[5]	
Is the distribution imputed	No imputation

[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]	N/A	
Imputation tax credits per financial product	N/A	
Resident Withholding Tax per financial product	$0.00990000	
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	Blair Turnbull	
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	28/05/2024	

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