Caribbean Utilities Company, Ltd.

2023 Third Quarter Report

September 30, 2023

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All dollar amounts in this Quarterly Report are stated in United States dollars unless otherwise indicated.

Readers should review the note in the Management Discussion and Analysis section, concerning the use of forward-looking statements, which applies to the entirety of this Quarterly Report.

Interim Management's Discussion and Analysis

For the Quarter Ended September 30, 2023

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Caribbean Utilities Company, Ltd. ("CUC" or "the Company") consolidated financial statements for the twelve months ended December 31, 2022 ("Fiscal 2022"). The material has been prepared in accordance with National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") relating to Management's Discussion and Analysis.

Additional information in this MD&A has been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"), including certain accounting practices unique to rate-regulated entities. These accounting practices, which are disclosed in the notes to the Company's 2022 annual financial statements, result in regulatory assets and liabilities which would not occur in the absence of rate regulation. In the absence of rate regulation, the amount and timing of recovery or refund by the Company of costs of providing services, including a fair return on rate base assets, from customers through appropriate billing rates would not be subject to regulatory approval.

Forward-Looking Statements

Certain statements in this MD&A, other than statements of historical fact, are forward-looking statements concerning anticipated future events, results, circumstances, performance, or expectations with respect to the Company and its operations, including its strategy, financial performance, and condition. Forward-looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "schedules", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward-looking statements are based on underlying assumptions and management's beliefs, estimates and opinions, and are subject to inherent risks and uncertainties surrounding future expectations generally that may cause actual results to vary from plans, targets, and estimates. Some of the important risks and uncertainties that could affect forward-looking statements are described in the MD&A in the sections labelled "Business Risks", "Capital Resources" and "Corporate and Regulatory Overview" and include but are not limited to operational, general economic, market and business conditions, regulatory developments, and weather. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialise, or should underlying assumptions prove incorrect. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

On May 31, 2022, the Ontario Securities Commission issued a relief order which permits the Company to continue to prepare its financial statements in accordance with US GAAP. The relief extends until the earliest of: (i) January 1, 2027; (ii) the first day of the financial year that commences after the Company ceases to have rate-regulated activities; or (iii) the first day of the Company's financial year that commences on or following the later of (a) the effective date prescribed by the International Accounting Standards Board (the "IASB") for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation (the "Mandatory Rate-regulated Standard") and (b) two years after the IASB publishes a final version of the Mandatory Rate-regulated Standard. The Company is currently reviewing the implications of this order and analyzing alternate options to continue to report under US GAAP.

Financial information is presented in United States dollars unless otherwise specified. The condensed consolidated financial statements and MD&A in this interim report were approved by the Audit Committee.

October 27, 2023

About the Company

Caribbean Utilities Company, Ltd., ("CUC" or the "Company"), commenced operations as the only electric utility in Grand Cayman on May 10, 1966. The Company currently has an installed generating capacity of 166 megawatts ("MW"). The record peak load of 124.1 MW was experienced on July 18, 2023. CUC is committed to providing a safe and reliable supply of electricity to over 33,000 customers. The Company has been through many challenging and exciting periods but has kept pace with Grand Cayman's development over the past 57 years.

About the Cayman Islands

The Cayman Islands, a British Overseas Territory with a population of approximately 82,000, are comprised of three islands: Grand Cayman, Cayman Brac, and Little Cayman. Located approximately 150 miles south of Cuba, 460 miles south of Miami and 167 miles northwest of Jamaica, the largest island is Grand Cayman with an area of 76 square miles. A Governor, presently Her Excellency Mrs. Jane Owen, is appointed by His Majesty the King. A democratic society, the Cayman Islands have a House of Parliament comprised of representatives elected from 19 electoral districts. In June 2023, Moody's affirmed the Cayman Islands Government's Aa3 bond issuer rating, Aaa country ceiling rating, and stable economic outlook.

Corporate and Regulatory Overview

The principal activity of the Company is to generate, transmit, and distribute electricity in its licence area of Grand Cayman, Cayman Islands pursuant to a 20-year exclusive Transmission & Distribution ("T&D") Licence and a 25-year non-exclusive Generation Licence (the "Licences") granted by the Cayman Islands Government (the "Government", "CIG"). The T&D Licence, which expires in April 2028, contains provisions for an automatic 20-year renewal and the Company has reasonable expectation of renewal until April 2048. The Generation Licence expires in November 2039.

The Company is regulated by the Cayman Islands Utility Regulation and Competition Office ("OfReg"), which has the overall responsibility of regulating the electricity, information and communications technology, and the petroleum industries in the Cayman Islands. The OfReg assesses CUC's performance against the performance standard expectations in accordance with the Utility Regulation and Competition Office Act (2021). Performance standards provide a balanced framework of potential penalties or rewards compared to historical performance in the areas of planning, reliability, operating and overall performance. Standards include "zones of acceptability" where no penalties or rewards would apply.

A license fee of $2.9 million per annum and a regulatory fee of $1.4 million per annum are payable to the Government in quarterly installments. Both fees apply only to customer billings with consumption over 1,000 kWh per month as a pass-through charge rate.

Customer Rates

The Licenses contain the provision for a rate cap and adjustment mechanism ("RCAM") based on published consumer price indices. CUC's return on rate base ("RORB") for 2022 was 7% (2021: 7%). CUC's RORB for 2023 is targeted in the 7.50% to 9.5% range (2022: 6.25% to 8.25%).

CUC's base rates are designed to recover all non-fuel and non-regulatory costs and include per kilowatt-hour ("kWh") electricity charges and fixed facilities charges. Fuel, lube, and renewables cost charges and regulatory fees are billed as separate line items. Base rates are subject to an annual review and adjustment each June through the RCAM.

In April 2023, the Company submitted its annual rate adjustment to OfReg for review and approval. The required rate increase as confirmed by OfReg was 3.7%, with an effective date of June 1, 2023. This required increase was a result of the applicable RORB and United States ("US") and Cayman Islands consumer price indices, adjusted to exclude food and fuel.

All fuel, lubricating oil, and renewables costs are passed through to customers without mark-up as a per kWh charge.

Deferral Mechanism

In April 2022, the Company submitted its annual rate adjustment to OfReg for review and approval. The required rate increase as confirmed by OfReg was 5.4%, with an effective date of June 1, 2022. Due to economic conditions and rising fuel prices, OfReg approved the Company's proposal to defer billing of the required rate increase until January 1, 2023. For the period June 1, 2022 to December 31, 2022, the Company tracked the difference between billed revenues and revenues that would have been billed from the required rate increase as deferred revenue. The amount recorded as a regulatory asset for the year ended December 31, 2022 was $2.8 million and will be recovered within two years through a recovery rates of $0.0019 per kWh from the effective date of January 1, 2023. During the first nine months of 2023, $1.0 million was recovered from customers related to the base rate increase deferral.

In October 2022, OfReg approved the proposed CUC Fuel Relief Programme applicable to all customers to reduce the fuel cost spike. The Programme capped the amount of the fuel factor paid by customers at $0.24/kWh for consumption effective October 1, 2022 through December 31, 2022. The amount recorded as a regulatory asset for the year ended December 31, 2022 was $6.3 million and will be recovered within one year through future rate at $0.0089 per kWh effective date January 1, 2023. During the first nine months of 2023, $4.8 million was recovered from customers related to deferred fuel cost.

DataLink, Ltd.

CUC's wholly-owned subsidiary, DataLink, Ltd. ("DataLink"), was incorporated under the Companies Act of the Cayman Islands and commenced operations with the granting of its licence to provide fibre optic infrastructure and other information and communication technology ("ICT") services to the ICT industry by the former ICTA, whose regulatory authority was assumed by the OfReg, on March 28, 2012. DataLink is subject to regulation by the OfReg in accordance with the terms and conditions of its licence, which has a term of 15 years, expiring on March 27, 2027. CUC and DataLink have entered into three regulator-approved agreements:

1. The Management and Maintenance agreement;
2. The Pole Attachment agreement; and
3. The Fibre Optic agreement.

Financial and Operational Highlights

($ thousands, except Earnings Per Share, Dividends Paid and where otherwise indicated)

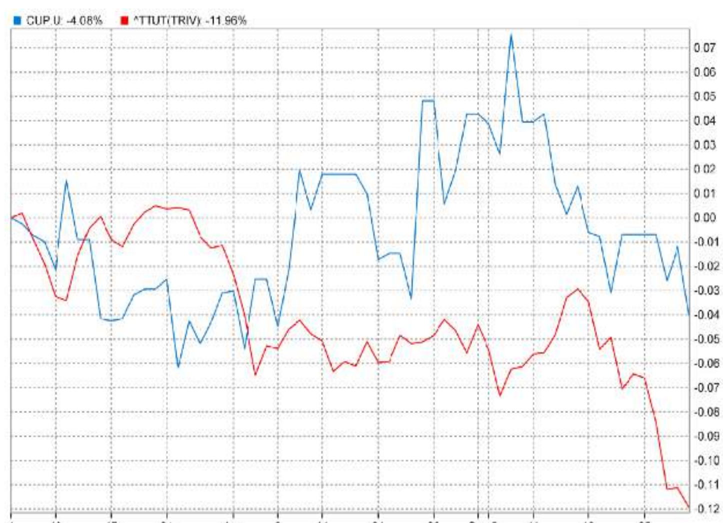
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Electricity Sales Revenues	**32,068**	27,873	**85,456**	75,507	**9,949**	13%
Fuel Factor	**39,738**	49,536	**122,103**	108,830	**13,273**	12%
Renewables	**1,768**	1,622	**4,963**	4,507	**456**	10%
Total Operating Revenues	**73,574**	79,031	**212,522**	188,844	**23,678**	13%
Power Generation[1]	**42,651**	52,388	**130,455**	117,209	**13,246**	11%
Other Expenses	**17,065**	16,406	**53,066**	48,032	**5,034**	10%
Total Operating Expenses	**59,716**	68,794	**183,521**	165,241	**18,280**	11%
Net Earnings for the Period	**13,936**	10,420	**29,136**	24,216	**4,920**	20%
Cash Flow related to Operating Activities	**30,271**	19,339	**65,634**	50,972	**14,662**	29%
Per Class A Ordinary Share:						
Earnings Per Share (EPS)	**0.36**	0.28	**0.76**	0.64	**0.12**	19%
Dividends Paid	**0.180**	0.175	**0.535**	0.525	**0.010**	2%
Total Customers	**33,503**	32,865	**33,503**	32,865	**638**	2%
Total Full-Time Employees	**257**	251	**257**	251	**6**	2%
Customers per Employee (#)	**130**	131	**130**	131	**(1)**	-1%
System Availability (%)	**99.97**	99.97	**99.97**	99.97	**-**	-
Peak Load Gross (MW)	**124.1**	113.6	**124.1**	113.6	**10.5**	9%
Millions of kWh:						
Net Generation	**203.9**	186.0	**550.8**	509.2	**41.6**	8%
Renewable Energy Generation	**6.1**	5.7	**18.0**	16.7	**1.3**	8%
Total Energy Supplied	**210.3**	190.6	**567.6**	522.9	**44.7**	9%
Kilowatt-Hour Sales	**203.2**	184.0	**547.3**	504.6	**42.7**	8%
Sales per Employee	**0.79**	0.73	**2.13**	2.01	**0.12**	6%

Shares Performance

In May 2023, the Board of Directors approved a 3% increase in the quarterly dividend from $0.175 to $0.18 per Class A Ordinary Share. The Class A Ordinary Shares (CUP.U) traded on the Toronto Stock Exchange closing at $11.59 per share on September 30, 2023 with dividend yield of 6.2%.

The Company is trading at 13.0X 2024 estimated EPS, which compares with the average 2024 estimated P/E of 15.7x for the Canadian utilities peer group.[2] Over the last five years, CUC's 12-month trailing P/E multiple has averaged 18.5.[3]

The graph depicts the Company's quarter performance chart in comparison to the TSX Utilities Capped Index ("TTUT", in red) for the period July 1, 2023 to September 30, 2023. *(Source: https://money.tmx.com/en)*



[1] *All amounts from Fuel Factor and Renewables revenues are included within the Power Generation expense as they are passed through to customers without mark-up as a per kWh charge.*

[2] *Equity Research published by TD Securities Inc. on August 11, 2023*

[3] *Equity Research published by TD Securities Inc. on August 11, 2023*

Results of Operations

Operating Revenues

Sales in kilowatt-hours ("kWh") for the three months ended September 30, 2023 ("Third Quarter 2023" or "Q3 2023") were 203.2 million kWh, an increase of 19.2 million kWh or 10% compared to 184.0 million kWh for the three months ended September 30, 2022 ("Third Quarter 2022" or "Q3 2022"). Sales in kWh for the nine months ended September 30, 2023 totalled 547.3 million, an increase of 42.7 million or 8% when compared to 504.6 million for the nine months ended September 30, 2022.

The increase was driven by the 2% growth in overall customer numbers and the increase in the average kWh consumption of residential customers and general commercial customers.

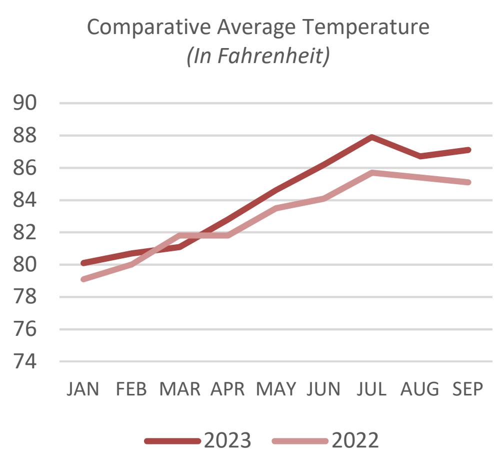
	Q3 2023	Q3 2022
Residential	28,794	28,196
General Commercial	4,602	4,569
Large Commercial	107	100

Total customers as at September 30, 2023 were 33,503, an increase of 638 or 2% compared to 32,865 customers as at September 30, 2022. Approximately 55% of the total kWh sales relates to residential customers.

Average Monthly Consumption per Customer

(in kwh)

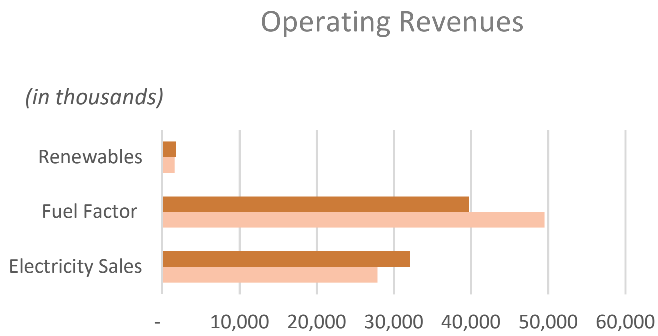
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	% Change	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	% Change
Residential	1,330	1,209	10%	1,163	1,090	7%
General Commercial	3,019	2,955	2%	2,785	2,688	4%
Large Commercial	145,084	146,203	-1%	140,102	139,036	1%



The average monthly temperature for Q3 2023 hit a historic high of 87.2 degrees Fahrenheit (F) compared to 85.4F in Q3 2022. For the nine months ended September 30, 2023, the average temperature was 84.1 compared to 82.9 for the same period in 2022. The average rainfall for Q3 2023 was 7.9 inches compared to 7.2 inches in Q3 2022. For the nine months ended September 30, 2023, the average rainfall is 4.4 inches compared to 4.5 inches for same period in 2022.

Operating revenues for Q3 2023 totalled $73.6 million, a decrease of $5.4 million from $79.0 million for Q3 2022. This decrease in operating revenues was mainly due to lower fuel factor revenues, partially offset by higher electricity sales revenues. Operating revenues for the nine months ended September 30, 2023 were $212.5 million, an increase of $23.7 million from $188.8 million for the nine months ended September 30, 2022. The increase was due primarily to the 8% increase in kWh sales.

Electricity sales revenues increased by $4.2 million for Q3 2023 to $32.1 million when compared to electricity sales revenues of $27.9 million for Q3 2022. Electricity sales revenues for the nine months ended September 30, 2023 were $85.5 million compared to $75.5 million for the nine months ended September 30, 2022. The increases in electricity sales were primarily driven by the kWh sales growth and the base rate increases of 5.4% and 3.7% effective June 1, 2022 and June 1, 2023, respectively.



	Electricity Sales	Fuel Factor	Renewables
Q3 2023	32,068	39,738	1,768
Q3 2022	27,873	49,536	1,622

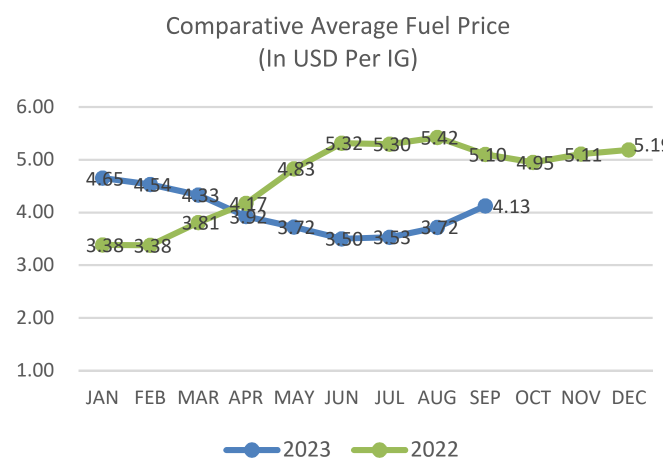
Fuel factor and renewables revenues are a pass-through cost to customers on a two-month lag basis with no mark-up. Fuel Factor decreased by $9.8 million or 20% for Q3 2023 when compared to Q3 2022, driven by the decrease in the average Fuel Cost Charge rate, partially offset by the increase in kWh sales. The average Fuel Cost Charge rate charged to consumers for Q3 2023 was $0.21 per kWh, compared to the Fuel Cost Charge rate of $0.29 per kWh for Q3 2022. This constitutes about 54% and 63% of the total customer bill for Q3 2023 and Q3 2022, respectively.

Fuel Factor increased by $13.3 million or 12% for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. This was driven by the 8% increase in kWh sales. The average Fuel Cost Charge rate charged to consumers for the nine months ended September 2023 was $0.23 per kWh, comparable to the Fuel Cost Charge rate of $0.23 per kWh for the nine months ended September 30, 2022. The average fuel price per imperial gallon ("IG") used to determine the fuel cost charge rate to consumers for the nine months ended September 30, 2023 was $4.12, compared to $4.27 for the nine months ended September 30, 2022. Fuel Factor revenues consist of charges from diesel fuel and lubricating oil costs, which are passed through to consumers on a two-month lag basis with no mark-up.

Operating Expenses

Operating expenses for Q3 2023 were $59.7 million, a decrease of $9.1 million or 13% compared to $68.8 million for Q3 2022. This is due to the lower power generation cost and maintenance cost, offset by higher transmission and distribution cost in 2023.

Operating expenses for the nine months ended September 30, 2023 increased by $18.3 million or 11% to $183.5 million when compared to $165.2 million for the nine months ended September 30, 2022. This is due to higher power generation cost, depreciation and general and administration expenses, and transmission and distribution cost in 2023.



Following the significant increase in fuel price in 2022, a downward trend in fuel prices was seen during the first half of 2023. During Q3 2023, the average fuel price started to trend upward. This can be attributed to the global economic conditions and demand for oil and gas.

The Company's average price per imperial gallon ("IG") of fuel for the three months ended September 30, 2023 decreased by 28% to $3.80 in comparison to $5.27 for the three months ended September 30, 2022. The Company's average price per IG of fuel for the nine months ended September 30, 2023 decreased by 12% to $4.00 in comparison to $4.52 for the nine months ended September 30, 2022.

On July 1, 2023, the Company renewed its annual Property Insurance. With no change in the terms and coverage, the insurance premium has increased by 20% when compared to prior year despite the Company having no claims during the preceding 10 years.

Significant Changes in Operating Expenses

($ in thousands)

Item	Three-Months Ended September 30, 2023	Nine Months Ended September 30, 2023	Explanation
Power Generation	(9,737)	13,246	Decrease of 19% for Q3 2023 compared to Q3 2022 was due to the 28% decrease in average fuel cost partially offset by the 10% increase in kwh sales. Increase of 11% for the nine months ended September 30, 2023 compared to same period in 2022 was due to the 8% increase in kWh sales
Depreciation of Property, Plant and Equipment ("PP&E")	(119)	1,876	Decrease in Q3 2023 compared to Q3 2022 was due to the adjustment of depreciation from prior periods, partially offset by completion of capital projects. Increase for the nine months ended September 30, 2023 compared to same period in 2022 was due to the completion of the Seven Mile Beach and Prospect substations in May 2022 and other capital projects completed during the period.
General and Administration ("G&A")	541	2,721	Increases due to 2% increase in full-time employees, increase in compensation cost and insurance, partially offset by higher General Expenses Capitalized.

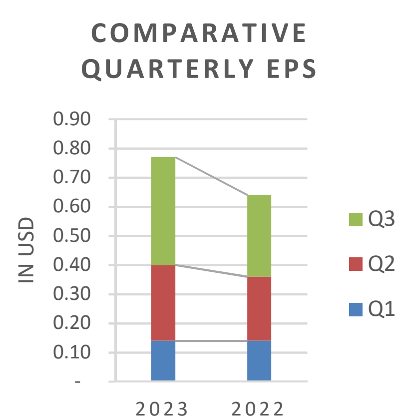
Earnings

Operating income for the Third Quarter 2023 totalled 13.9 million, an increase of $3.7 million compared to operating income of $10.2 million for the Third Quarter of 2022. This increase is primarily attributable to the 10% increase in kWh sales and the 5.4% and 3.7% base rate increases effective June 1, 2022 and June 1, 2023, respectively, partially offset by higher general and administration and transmission and distribution expenses.

Operating income for the nine months ended September 30, 2023 were $29.0 million, an increase of $5.4 million or 23% compared to operating income of $23.6 million for the for the nine months ended September 30, 2022. This increase is primarily attributable to the 8% increase in kWh sales and the 5.4% and 3.7% base rate increase effective June 1, 2022 and June 1, 2023, respectively, partially offset by higher depreciation and general and administration expenses, and transmission and distribution cost.

Net earnings for Q3 2023 were $13.9 million, a $3.5 million or 34% increase from net earnings of $10.4 million for Q3 2022. This increase is primarily attributable to higher operating income partially offset by higher finance charges. After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q3 2023 were $13.8 million, or $0.36 per Class A Ordinary Share, as compared to $10.3 million, or $0.28 per Class A Ordinary Share for Q3 2022.

Net earnings for nine months ended September 30, 2023 were $29.1 million, a $4.9 million increase from net earnings of $24.2 million for Q3 2022. This increase is primarily attributable to higher operating income, partially offset by higher finance charges. After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q3 2023 were $28.8 million, or $0.76 per Class A Ordinary Share, as compared to $23.9 million, or $0.64 per Class A Ordinary Share, for Q3 2022.



The Company calculates earnings per share on the weighted average number of Class A Ordinary Shares outstanding. The weighted average number of Class A Ordinary Shares outstanding were 37,820,812 and 37,524,342 for Q3 2023 and Q3 2022, respectively. The weighted average number of Class A Ordinary Shares outstanding were 37,779,724 and 37,481,959 for the nine months ended September 30, 2023 and September 30, 2022, respectively.

Quarterly Results

The following table summarises unaudited quarterly information for each of the eight quarters ended December 31, 2021 through September 30, 2023. This information has been obtained from CUC's unaudited interim financial statements, which management of the Company prepared in accordance with US GAAP. These operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

Quarterly Results

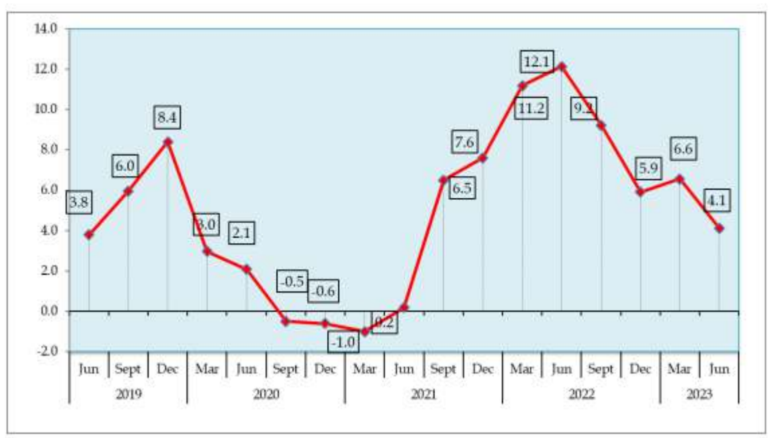
($ thousands, except Earnings per Class A Ordinary Share and Diluted Earnings per Class A Ordinary Share)

	Operating Revenue	Net Earnings	Earnings on Class A Ordinary Shares	Earnings per Class A Ordinary Share	Diluted Earnings per Class A Ordinary Share
September 30, 2023	73,574	13,936	13,824	0.36	0.36
June 30, 2023	67,868	9,988	9,876	0.26	0.26
March 31, 2023	71,081	5,213	5,100	0.14	0.14
December 31, 2022	78,491	8,961	8,329	0.22	0.22
September 30, 2022	79,031	10,420	10,308	0.28	0.28
June 30, 2022	58,167	8,310	8,197	0.22	0.22
March 31, 2022	51,648	5,485	5,372	0.14	0.14
December 31, 2021	55,276	8,330	7,697	0.21	0.21

The Economy

In June 2023, credit rating agency Moody's has affirmed the Cayman Islands' Aaa country ceiling rating and stable economic outlook. Moody's has referenced the Cayman Islands' stable political environment, strong policy continuity, sound financial management and economic growth following the COVID-19 pandemic.

In July 2023, the Cayman Islands Economics and Statistics Office published the Cayman Islands' Consumer Price Index ("CPI") Report for Second Quarter of 2023. The average CPI in the Second Quarter 2023 was 130.4, higher by 4.1% in comparison to Second Quarter 2022. This represents an increase in the overall index, driven mainly by higher prices of furnishing, household equipment and routine maintenance (10.7%), food and non-alcoholic beverages (7%) and housing and utilities (6%). When compared to the previous quarter ended March 2023, the Second Quarter 2023 CPI fell by 0.1% with the following divisions recording declines in their indices: Food and non-alcoholic beverages (1%), Restaurant and hotels (1%) and Housing and utilities (0.9%).



Cayman Islands % Change in CPI for Current Quarterly over same Quarter a year ago, June 2019 – June 2023 Source: https://www.eso.ky/

Financial services is one of the two main industries of the Cayman Islands. The table below itemises trends in some of the key financial sectors:

Indicators for the Financial Services Industry	As at September 30, 2023	As at December 31, 2022
Bank Licenses	94	94
Mutual Funds	13,008	12,995
Private Funds	16, 530	15,854
Registered Companies	119,626	119,128
Captive Insurance Companies	702	686

The tourism sector is the second main pillar of the Cayman Islands economy. The following table presents statistics for tourist arrivals in the Cayman Islands for the period ended September 30, 2023:

Tourist Arrivals to the Cayman Islands *(for the years ended December 31)*	As at September 30, 2023	2022	2021	2020	2019
By Air	308,218*	284,274	17,308	121,819	502,739
By Sea	876,686*	743,394	-	538,140	1,831,011
Total	1,184,904	1,027,668	17,308	659,959	2,333,750

**All data (as at August 2023) is sourced from the Cayman Islands Government, Cayman Islands Economics & Statistics Office, Cayman Islands Monetary Authority and Cayman Islands Department of Tourism (www.gov.ky, www.eso.ky, www.cimoney.com.ky, www.caymanislands.ky).*

Liquidity and Capital Resources

The primary sources of liquidity and capital resources are net funds generated from operations, debt markets, equity issuance, and bank credit facilities. These sources are used primarily to satisfy capital and intangible asset expenditures, service and repay debt, and pay dividends.

The following table outlines the summary of the Company's cash flow:

Cash Flows ($ thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Beginning Cash	9,564	3,312	7,948	7,360	588	8%
Cash Provided By/(Used In):						
Operating Activities	30,271	19,339	65,634	50,972	14,662	29%
Investing Activities	(27,519)	(27,202)	(79,138)	(65,792)	(13,346)	20%
Financing Activities	(5,867)	13,263	12,005	16,172	(4,167)	26%
Ending Cash	6,449	8,712	6,449	8,712	(2,263)	-26%

Operating Activities:
Cash flow provided by operations, after working capital adjustments, for Q3 2023, was $30.3 million, an increase of $11.0 million from $19.3 million for Q3 2022. Cash flow provided by operations for the nine months ended September 30, 2023 increased by $14.7 million compared to nine months ended September 30, 2022. These increases were primarily due to the movement in the working capital balances, particularly in accounts receivable, inventory and the recovery of regulatory deferrals, partially offset by a decrease in accounts payable.

Investing Activities:
Cash used in investing activities for Q3 2023 totalled $27.5 million, an increase of $0.3 million from $27.2 million for Q3 2022. Cash used in investing actives for the nine month ended September 30, 2023 increased by $13.3 million compared to nine months ended September 30, 2022. These increases were primarily due to higher capital expenditures during 2023. Significant projects include generation, transmission, and distribution upgrades and the Battery Energy Storage System.

Financing Activities:
Cash used in financing activities totalled $5.9 million for Q3 2023, a decrease of $19.2 million from $13.3 million of cash provided by financing activities for Q3 2022. Cash provided by financing activities for the nine month ended September 30, 2023 decreased by $4.2 million compared to nine months ended September 30, 2022.These decreases were the net effect of the proceeds from short term debt financing, repayment of long-term debt and payment of dividends.

Cash Flow Requirements:
The Company expects that operating expenses and interest costs will generally be paid from the Company's operating cash flows, with residual cash flows available for capital expenditures and dividend payments. Borrowings under credit facilities may be required from time to time to support seasonal working capital requirements. Cash flows required to complete planned capital expenditures are expected to be financed through a combination of proceeds from operating cash, debt, and equity transactions. The Company expects to be able to source the cash required to fund its 2023 capital expenditure programme.

Contractual Obligations

As at September 30, 2023, the contractual obligations of the Company over the next five years and periods thereafter are outlined in the following table:

Contractual Obligations					
($ thousands)					
	Total	< 1 year	1 to 3 years	4 to 5 years	> 5 years
Total Debt	388,831	64,481	34,156	35,584	254,610
Long-Term Debt Interest	196,656	15,524	28,387	25,430	127,315
Total	585,487	80,005	62,543	61,014	381,925

Financial Position

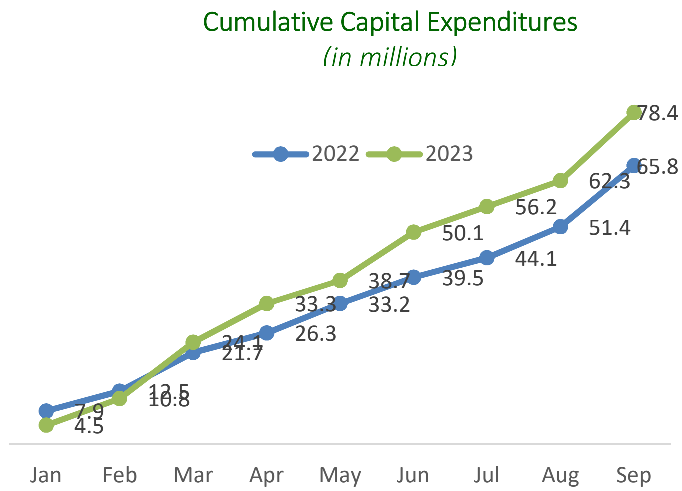
The following table is a summary of significant changes to the Company's balance sheet, when comparing December 31, 2022 to September 30, 2023.

Significant Changes in Balance Sheet *(from December 31, 2022 to September 30, 2023)*		
($ thousands)		
Balance Sheet Account	Increase/ (Decrease)	Explanation
Cash and Cash Equivalents	(1,499)	Net decrease due to cash used in investing activities of $79.1 million offset by cash provided by operating activities of $65.6 million and cash provided by financing activities of $12.0 million.
Accounts Receivable	5,101	Increase due to higher electricity sales.
Property, Plant and Equipment	46,547	Increase due to capital expenditures for the period, partially offset by increase in accumulated depreciation.
Inventories	(3,118)	Decrease due to lower average fuel price in 2023
Regulatory Assets	(8,404)	Decrease due to lower fuel and renewable costs which are passed through to customers without mark-up and the recovery of 2022 deferred revenues.
Short-Term Debt	45,000	Drawdown on short term credit facility to meet obligations.

Significant Changes in Balance Sheet *(from December 31, 2022 to September 30, 2023)*		
($ thousands)		
Long-term Debt	(15,110)	Decrease due to principal repayments.
Retained Earnings	8,606	Increase due to net earnings of $29.1 million, offset by dividend payments on Class A Ordinary Shares of $20.2 million and Class B Preference Shares of $0.3 million.
Share Premium	3,239	Increase due to the issuance of 232,055 Class A Ordinary Shares through the share purchase plans.

Capital expenditures for the nine months ended September 30, 2023, were $78.4 million, an increase of $12.6 million, or 19% in comparison to the $65.8 million in capital expenditures for the nine months ended September 30, 2022. Significant capital expenditures for the nine months ended September 30, 2023 were:

- Distribution system extension and upgrades - $20.0 million
- Generation Replacement - $14.1 million
- Battery Energy Storage System - $9.9 million
- Life Cycle Upgrade - $7.7 million
- Alternate Energy Technologies - $5.0 million



Capital Resources

To ensure access to capital, the Company targets a long-term capital structure of approximately 45% equity, including preference shares, and 55% debt. The Company's objective is to maintain investment-grade credit ratings. The Company sets the amount of capital in proportion to risk. The debt-to-equity ratio is managed through various methods such as the Company's share purchase plans.

The Company's capital structure is presented in the following table:

Capital Structure	September 30, 2023 ($ thousands)	%	September 30, 2022 ($ thousands)	%
Total Debt	387,401	55	317,817	51
Shareholder's Equity	320,162	45	305,568	49
Total	**707,563**	**100**	623,385	100

The change in the Company's capital structure between September 30, 2023 and September 30, 2022 was a net effect of $80.0 million long-term debt acquired in Q4 2022, the $15.0 million short term debt in Q1 2023, the $30.0 million short term debt in Q2 2023, and long-term debt principal repayments.

Certain of the Company's long-term debt obligations have covenants restricting the issuance of additional debt such that consolidated debt cannot exceed 65% of the Company's consolidated capital structure, as defined by short-term and long-term debt agreements. As at September 30, 2023, the Company was in compliance with all debt covenants.

The Company's credit ratings under Standard & Poor's ("S&P") and the DBRS Morningstar ("DBRS") are as follows:

DBRS	A (low)/ Stable
S&P	BBB+/ Stable

The S&P rating is in relation to long-term corporate credit and senior unsecured debt while the DBRS rating relates to senior unsecured debt.

Off Balance-Sheet Arrangements

The Company has no off-balance sheet arrangements such as transactions, agreements, or contractual arrangements with unconsolidated entities, structured finance entities, special purpose entities, or variable interest entities that are reasonably likely to materially affect liquidity of or the availability of, or requirements for capital resources.

Accounting Policies

These Condensed Consolidated Interim Financial Statements have been prepared following the same accounting policies and methods as those used to prepare the Company's 2022 annual audited consolidated financial statements.

Future Accounting Policies

The Company considers the applicability and impact of all Accounting Standards Updates issued by the Financial Accounting Standards Board ("FASB"). ASUs were assessed and determined to be either not applicable to the Company or are not expected to have a material impact on CUC's consolidated financial statements and related disclosures.

Disclosure Controls and Procedures

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management of the Company, have established and maintained the Company's disclosure controls and procedures ("DC&P"), to provide reasonable assurance that material information relating to the Company is made known to them by others, including during the year ending December 31, 2022; and information required to be disclosed by the issuer in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation. Based on the evaluation performed of DC&P, it was concluded that the DC&P of CUC is adequately designed and operating effectively as of September 30, 2023.

Internal Controls over Financial Reporting ("ICFR")

The CEO and CFO of the Company, together with management of the Company, have established and maintained the Company's ICFR, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The design of CUC's internal controls over financial reporting has been established and evaluated using the criteria set forth in the 2013 Internal Control-Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, it was concluded that CUC's internal controls over financial reporting are adequately designed and operating effectively as of September 30, 2023.

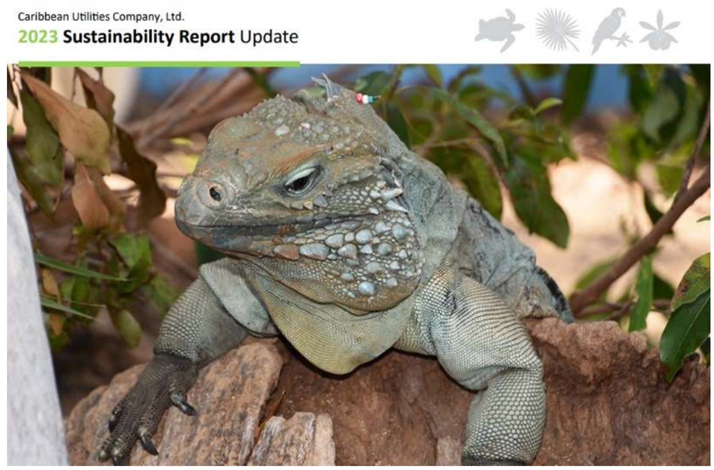
There have been no changes in the Company's ICFR that occurred during the nine months ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Outlook

In September 2023, in its continuous effort to reduce the cost of energy production and carbon emissions, the Company sought qualification submissions from prospective natural gas suppliers. In line with the Cayman Islands National Energy Policy and the Company's Integrated Resource Plan, CUC is committed to increase the use of cleaner energy and reduce greenhouse gas emissions over the long term. In 2022, the Company initiated an infrastructure project for dual-fuel conversion of five generating units totalling 68MW of capacity. This Life Cycle Upgrade project aims to reliably meet base load and capacity needs while the Company continues its focus on integrating additional utility-scale renewable energy projects.

In September 2023, the Company collaborated with a local organization, Resilience Cayman, to implement the Ministry of Sustainability & Climate Resiliency's Cayman Home Energy Efficiency Retrofit (CHEER) Programme. The CHEER Programme provides energy-saving retrofits for lower-income families residing in smaller homes with a specific focus on prioritizing the elderly, families with children, and individuals with diagnosed health conditions. The Company will provide 28 home energy monitors and conduct comprehensive energy audits for selected homes to identify the improvements and provide individualized insight into the homeowners' energy usage.

In September 2023, CUC released its 2023 Sustainability Update Report. This report provides an update on the Company's progress on environmental, social and governance initiatives since the release of the 2022 Sustainability Report. The report can be accessed via the Company's website at*: www.cuc-cayman.com*.



In July 1, 2023, the Company renewed its annual Property Insurance, despite the Caribbean region facing significant insurance premium hikes during the past year. No insurance claims have been made by the Company during the preceding 10 years. The Company continues its efforts in improving the resiliency of its infrastructure to mitigate the increasing risk on property damage due climate change. The Company was able to renew its insurance with no change in coverage from prior years and on favourable rate terms.

In September 2022, the Company signed an Agreement with the technology group Wärtsilä for the supply of two 10-megawatt Battery Energy Storage System ("BESS") to CUC. This project, which will be CUC's first energy storage facility, will allow for increased renewable energy capacity on Grand Cayman. It is also anticipated that this project will lower fuel costs and improved fuel efficiency by up to 5% to 6% and a proportionate reduction of CO_2 emissions. It will also increase CUC's level of reliability and its power quality. The 20-megawatt BESS is expected to be commissioned during the first half of 2024 at the Hydesville and Prospect substations.

In October 2021, following a consultation process, OfReg announced the adoption of a new Renewable Energy Auction Scheme ("REAS") to solicit additional solar and wind power over the next decade. In April 2022, OfReg issued a Request for Qualification ("RFQ") for the REAS Competition Round 1. The REAS Round 1 is intended to select a party, or parties, to operate and maintain Solar Photovoltaic Plants and Energy Storage up to 100MW with 60MW Battery Energy Storage System Facility. OfReg also issued an RFQ for a 23MW Dispatchable Photovoltaic generation plant paired with energy storage facility. CUC prequalified for both opportunities and is preparing to participate in these bid invitations. The Company has been working with OfReg to provide all information required for issuing the Request for Proposal ("RFP").

In October 2023, the Company submitted its 2024-2028 Capital Investment Plan ("CIP") in the amount of $390.1 million to OfReg for approval. OfReg's decision on the proposed 2024-2028 CIP is expected in December 2023.

Subsequent Events: Outstanding Share Data

At October 27, 2023, the Company had issued and outstanding 37,896,779 Class A Ordinary Shares and 249,500, 9% cumulative Participating Class B Preference Shares.

Condensed Consolidated Interim Balance Sheets

(expressed in thousands of United States Dollars)

	Note	As at September 30, 2023	As at December 31, 2022
Assets			
Current Assets			
Cash		6,449	7,948
Accounts Receivable (Net of Allowance for Credit Losses of $2,201 and $2,241)	4	26,736	21,635
Regulatory Assets	5	33,506	41,910
Inventories		4,833	7,951
Prepayments		5,996	4,003
Total Current Assets		77,520	83,447
Property, Plant and Equipment, net		683,499	636,952
Intangible Assets, net		4,400	4,180
Other Assets		1,117	1,960
Total Assets		766,536	726,539
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts Payable and Accrued Expenses		40,754	42,692
Regulatory Liabilities	5	579	913
Short Term Debt	7	45,000	-
Current Portion of Long-Term Debt	6	19,481	19,481
Consumers' Deposits and Advances for Construction		13,824	12,838
Current Portion Lease Liability		1,152	1,092
Total Current Liabilities		120,790	77,016
Defined Benefit Pension Liability		1,896	1,848
Long-Term Debt	6	322,920	338,030
Other Long-Term Liabilities		768	1,411
Total Liabilities		446,374	418,305
Shareholders' Equity			
Share Capital[4]		2,505	2,491
Share Premium		193,262	190,023
Retained Earnings		126,183	117,577
Accumulated Other Comprehensive Loss		(1,788)	(1,857)
Total Shareholders' Equity		320,162	308,234
Total Liabilities and Shareholders' Equity		766,536	726,539

See accompanying Notes to Condensed Consolidated Interim Financial Statements

[4] Consists of Class A Ordinary Shares of 37,896,779 and 37,664,724 issued and outstanding as at September 30, 2023 and December 31, 2022 and Class B Preference Shares of 249,500 and 249,500 issued and outstanding as at September 30, 2023 and December 31, 2022, respectively.

Condensed Consolidated Interim Statements of Earnings

(expressed in thousands of United States Dollars, except basic and diluted earnings per ordinary share)

	Note	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating Revenues					
Electricity Sales	3	32,068	27,873	85,456	75,507
Fuel Factor	3	39,738	49,536	122,103	108,830
Renewables	3	1,768	1,622	4,963	4,507
Total Operating Revenues		73,574	79,031	212,522	188,844
Operating Expenses					
Power Generation		42,651	52,388	130,455	117,209
General and Administration		3,202	2,661	10,446	7,725
Consumer Services		964	1,091	3,227	2,982
Transmission and Distribution		1,474	820	4,358	3,288
Depreciation		9,777	9,896	30,542	28,666
Maintenance		1,423	1,681	3,831	4,654
Amortisation of Intangible Assets		225	257	662	717
Total Operating Expenses		59,716	68,794	183,521	165,241
Operating Income		13,858	10,237	29,001	23,603
Other (Expenses)/Income:					
Finance Charges	8	(1,656)	(1,307)	(4,839)	(3,409)
Foreign Exchange Gain		646	571	1,649	1,359
Other Income		1,088	919	3,325	2,663
Total Net Other Income		78	183	135	613
Net Earnings for the Period		13,936	10,420	29,136	24,216
Preference Dividends Paid- Class B		(112)	(112)	(337)	(337)
Earnings on Class A Ordinary Shares		13,824	10,308	28,799	23,879
Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid (in thousands)		37,821	37,524	37,780	37,482
Earnings per Class A Ordinary Share		0.36	0.28	0.76	0.64
Diluted Earnings per Class A Ordinary Share		0.36	0.28	0.76	0.64
Dividends Declared per Class A Ordinary Share		0.180	0.175	0.535	0.525

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Comprehensive Income

(expressed in thousands of United States Dollars)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net Earnings for the Period	13,936	10,420	29,136	24,216
Other Comprehensive Loss:				
Amortisation of Net Actuarial Loss	23	18	69	55
Total Other Comprehensive Income	23	18	69	55
Comprehensive Income	13,959	10,438	29,205	24,271

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Shareholders' Equity

(expressed in thousands of United States Dollars except Common Shares)

	Class A Ordinary Shares (in thousands)	Class A Ordinary Shares Value ($)	Preference Shares ($)	Share Premium ($)	Accumulated Other Comprehensive Loss ($)	Retained Earnings ($)	Total Equity ($)
As at December 31, 2022	37,665	2,241	250	190,023	(1,857)	117,577	308,234
Net earnings	-	-	-	-	-	29,136	29,136
Common share issuance and stock options plans & redemption	232	14	-	3,239	-	-	3,253
Defined benefit plans	-	-	-	-	69	-	69
Dividends on common shares	-	-	-	-	-	(20,193)	(20,193)
Dividends on preference shares	-	-	-	-	-	(337)	(337)
As at September 30, 2023	37,897	2,255	250	193,262	(1,788)	126,183	320,162
As at December 31, 2021	37,369	2,224	250	185,687	(1,885)	111,602	297,878
Net earnings	-	-	-	-	-	24,216	24,216
Common share issuance and stock options plans	220	13	-	3,398	-	-	3,411
Defined benefit plan	-	-	-	-	55	-	55
Dividends on common shares	-	-	-	-	-	(19,655)	(19,655)
Dividends on preference shares	-	-	-	-	-	(337)	(337)
As at September 30, 2022	37,589	2,237	250	189,085	(1,830)	115,826	305,568

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Cash Flows

(expressed in thousands of United States Dollars)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating Activities				
Net Earnings for the period	13,936	10,420	29,136	24,216
Items not affecting cash:				
Depreciation	9,777	9,896	30,542	28,666
Amortisation of Intangible Assets	225	257	662	717
Amortisation of Deferred Financing Costs	30	24	90	83
	23,968	20,597	60,430	53,682
Net changes in working capital balances related to operations	4,165	(4,002)	(2,866)	5,762
Net Change in Regulatory Assets and Regulatory Liabilities	2,138	2,744	8,070	(8,472)
Cash flow related to operating activities	30,271	19,339	65,634	50,972
Investing Activities				
Purchase of Property, Plant and Equipment	(27,215)	(26,977)	(78,352)	(64,809)
Costs related to Intangible Assets	(304)	(225)	(881)	(1,017)
Proceeds on Disposed Asset	-	-	95	34
Cash flow related to investing activities	(27,519)	(27,202)	(79,138)	(65,792)
Financing Activities				
Proceeds from Short-Term Borrowing	-	10,000	45,000	40,000
Increase in Bank Overdraft	-	8,834	-	8,834
Repayment of Long-Term Debt	-	-	(15,195)	(15,558)
Dividends Paid	(6,195)	(5,998)	(18,860)	(18,480)
Net Proceeds from Share Issuance	328	427	1,060	1,376
Cash flow related to financing activities	(5,867)	13,263	12,005	16,172
Change in net cash	(3,115)	5,400	(1,499)	1,352
Cash, Beginning of the period	9,564	3,312	7,948	7,360
Cash, End of the period	6,449	8,712	6,449	8,712
Supplemental disclosure of cash flow information:				
Interest paid during the period	1,639	1,135	10,466	7,576

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Notes to Condensed Consolidated Interim Financial Statements

Unaudited – September 30, 2023 (expressed in thousands of United States dollars unless otherwise stated)

1. Nature of Operations and Consolidated Financial Statement Presentation

These consolidated financial statements include the regulated operations of Caribbean Utilities Company, Ltd. ("CUC" or the "Company") and the accounts of its wholly-owned subsidiary company DataLink, Ltd. ("DataLink"), and reflect the decisions of the Cayman Islands Utility Regulation and Competition Office (the "OfReg"). These decisions affect the timing of the recognition of certain transactions resulting in the recognition of regulatory assets and liabilities, which the Company considers it is probable to recover or settle subsequently through the rate-setting process.

The principal activity of the Company is to generate, transmit, and distribute electricity in its licence area of Grand Cayman, Cayman Islands pursuant to a 20-year exclusive Transmission & Distribution ("T&D") Licence and a 25-year non-exclusive Generation Licence (the "Licences") granted by the Cayman Islands Government (the "Government", "CIG"). The T&D Licence, which expires in April 2028, contains provisions for an automatic 20-year renewal and the Company has reasonable expectation of renewal until April 2048. The Generation Licence expires in November 2039.

The Company is regulated by the OfReg which has the overall responsibility of regulating the electricity, information and communications technology, and the petroleum industries in the Cayman Islands in accordance with the Utility Regulation and Competition Office Law (2016).

CUC's wholly-owned subsidiary company, DataLink was granted a licence in 2012 to provide fibre optic infrastructure and other information and communication technology ("ICT") services to the ICT industry. DataLink is subject to regulation by the OfReg in accordance with the terms and conditions of its Licence which currently extends to March 27, 2027.

All intercompany balances and transactions have been eliminated on consolidation.

Rate Regulated Operations

CUC's base rates are designed to recover all non-fuel and non-regulatory costs and include per kilowatt-hour ("kWh") electricity charges and fixed facilities charges. Fuel cost charges, renewables costs, and regulatory fees are billed as separate line items. Base rates are subject to an annual review and adjustment each June through the Rate Cap and Adjustment Mechanism ("RCAM").

In April 2022, the Company submitted its annual rate adjustment to OfReg for review and approval. The required rate increase as confirmed by OfReg was 5.4%, with an effective date of June 1, 2022. Due to the economic condition and rising fuel prices, OfReg approved the Company's proposal to defer billing of the required rate increase until January 1, 2023. For the period June 1, 2022 to December 31, 2022, the Company tracked the difference between billed revenues and revenues that would have been billed from the required rate increase as deferred revenue. The amount recorded as a regulatory asset for the year ended December 31, 2022 was $2.8 million and will be recovered within two years through a recovery rates of $0.0019 per kWh from the effective date of January 1, 2023. During the first nine months of 2023, $1.0 million was recovered from customers related to the base rate increase deferral.

In October 2022, OfReg approved the proposed CUC Fuel Relief Programme applicable to all customers to reduce the fuel cost spike. The Programme capped the amount of the fuel factor paid by customers at $0.24/kWh for consumption effective October 1, 2022 through December 31, 2022. The amount recorded as a regulatory asset for the year ended December 31, 2022 was $6.3 million and will be recovered within one year through future rate at $0.0089 per kWh effective date January 1, 2023. During the first nine months of 2023, $4.8 million was recovered from customers related to deferred fuel cost.

In April 2023, the Company submitted its annual rate adjustment to OfReg for review and approval. The required rate increase as confirmed by OfReg was 3.7%, with an effective date of June 1, 2023. This required increase was a result of the applicable RORB and United States ("US") and Cayman Islands consumer price indices, adjusted to exclude food and fuel.

All fuel, lubricating oil, and renewable costs are passed through to customers without mark-up as a per kWh charge.

2. Summary of Significant Accounting Policies

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all information and notes required by US GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements and Notes for the year ended December 31, 2022.

The preparation of financial statements in conformity with US GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Operating Revenues

Operating Revenues ($ thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change %
Electricity Sales Revenues					
Residential	17,938	15,430	46,282	40,521	14%
Commercial	13,843	12,250	38,335	34,380	12%
Other (street lighting etc.)	287	193	839	606	38%
Total Electricity Sales Revenues	32,068	27,873	85,456	75,507	13%
Fuel Factor	39,738	49,536	122,103	108,830	12%
Renewables	1,768	1,622	4,963	4,507	10%
Total Operating Revenues	73,574	79,031	212,522	188,844	13%

Electricity Sales revenue
The Company generates, transmits, and distributes electricity to residential and commercial customers and for street lighting service. Electricity is metered upon delivery to customers and recognised as revenue using OfReg approved rates when consumed. Meters are read on the last day of each month, and bills are subsequently issued to customers based on these readings. As a result, the revenue accruals for each period are based on actual bills-rendered for the reporting period.

Fuel Factor
Fuel Factor revenues consist of charges from diesel fuel and lubricating oil costs, which are passed through to consumers on a two-month lag basis with no mark-up.

Renewables
Renewables revenues are a combination of charges from the Customer Owned Renewable Energy ("CORE") and Distributed Energy Resources ("DER") programmes and Bodden Town Solar 1, Ltd., which are passed through to consumers on a two-month lag basis with no mark-up.

4. Accounts Receivable, Net

Accounts Receivable ($ thousands)	As at September 30, 2023	As at December 31, 2022
Billings to Consumers	25,715	20,997
Other Receivables*	3,222	2,879
Allowance for Credit Losses	(2,201)	(2,241)
Total Accounts Receivable, net	26,736	21,635

* Other Receivables relate to amounts due outside of the normal course of operations and billings to Datalink customers.

Allowance for Credit Losses
Accounts receivable are recorded net of an allowance for credit losses. The change in the allowance for credit losses balance are as follows:

Allowance for Credit Losses		
($ thousands)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Beginning of Period	(2,241)	(1,976)
Credit Loss Expensed/Capitalised	32	(212)
Write-offs	23	-
Recoveries	(15)	(35)
End of Period	(2,201)	(2,223)

5. Regulatory Assets and Liabilities

Regulatory Assets and Liabilities			
($ thousands)			
Asset/Liability	Description	As at September 30, 2023	As at December 31, 2022
Regulatory Assets	Fuel Tracker Account	27,885	31,040
Regulatory Assets	Derivative contract	-	61
Regulatory Assets	Miscellaneous Regulatory Assets	63	83
Regulatory Assets	Government & Regulatory Tracker Account	1,001	1,211
Regulatory Assets	Deferred 2022 Revenues	1,726	2,770
Regulatory Assets	Temporary Generation Lease	1,336	403
Regulatory Assets	Deferred Fuel Revenues	1,495	6,342
Total Regulatory Assets		33,506	41,910
Regulatory Liabilities	Demand Rate Recoveries	(243)	(243)
Regulatory Liabilities	Deferred COVID-19 Costs	(336)	(540)
Regulatory Liabilities	Derivative Contract	-	(130)
Total Regulatory Liabilities		(579)	(913)

6. Fair Value Measurement

Fair value of long-term debt and fuel options are determined in accordance with level 2 of the fair value hierarchy. Fair value is the price at which a market participant could sell an asset or transfer a liability to an unrelated party. A fair value measurement is required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. A fair value hierarchy exists that prioritises the inputs used to measure fair value.

The Company is required to determine the fair value of all derivative instruments in accordance with the following hierarchy.

Level 1: Fair value determined using unadjusted quoted prices in active markets.
Level 2: Fair value determined using pricing inputs that are observable.
Level 3: Fair value determined using unobservable inputs only when relevant observable inputs are not available.

The fair values of the Company's financial instruments, including derivatives, reflect a point-in-time estimate based on current and relevant market information about the instruments as at the balance sheet dates. The estimates cannot be determined with precision as they involve uncertainties and matters of judgment and, therefore, may not be relevant in predicting the Company's future earnings or cash flows.

There have been no changes in the methodologies used as at June 30, 2023. The estimated fair value of the Company's financial instruments are as follows:

Financial Instruments				
($ thousands)	As at September 30, 2023		As at December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-Term Debt, including Current Portion	342,401	302,070	357,511	341,125
Fuel Option Contracts	-	-	(130)	(130)

The Company's long-term debt and fuel derivative contracts, based on the three levels that distinguish the level of pricing observability utilized in measuring fair value, have been classified as Level 2. There were no transfers between levels for the period ended September 30, 2023.

7. Short-Term Debt

In March and May 2023, the Company drew down $15.0 million and $30.0 million respectively, against its credit facilities with Scotia Bank and Trust (Cayman) Limited to assist with the short term operational and capital investment needs.

8. Finance Charges

The composition of finance charges was as follows:

Finance Charges				
($ thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine months Ended September 30, 2023	Nine months Ended September 30, 2022
Interest Costs - Long-Term Debt	3,901	2,931	12,046	9,176
Other Interest Costs	872	363	1,575	562
AFUDC	(3,117)	(1,987)	(8,782)	(6,329)
Finance Charges	1,656	1,307	4,839	3,409

9. Foreign Exchange

The closing rate of exchange on September 30, 2023 as reported by the Bank of Canada for the conversion of US dollars into Canadian dollars was Cdn$1.3520 per US$1.00 (September 30, 2022: Cdn$1.3707). The official exchange rate for the conversion of Cayman Islands dollars into US dollars as determined by the Cayman Islands Monetary Authority is fixed at CI$1.00 per US$1.20. Thus, the rate of exchange as of September 30, 2023 for conversion of Cayman Islands dollars into Canadian dollars was Cdn$1.6224 per CI$1.00 (September 30, 2022: Cdn$1.6448).

10. Commitments

As at September 30, 2023, the Company's consolidated commitments in each of the next five years and for periods thereafter are as follows:

Commitments					
($thousands)	Total	2023	2024-2025	2026-2027	2028 Onward
Letter of Guarantee	1,000	1,000	-	-	-
Lease Liability	1,732	891	841	-	-
Commitments	2,732	1,891	841	-	-

Shareholder and Corporate Information

Dividends

Class A Ordinary Shares:

Quarterly dividends are customarily paid in March, June, September and December. Record dates are normally three weeks prior to payable dates.

Class B Preference Shares:

Quarterly dividends are paid on the last day of January, April, July and October. Record dates are normally three weeks prior to payable dates.

Dividend Reinvestment Plan

The Company offers a Dividend Reinvestment Plan to Class A Ordinary and Class B Preference shareholders. Dividends may be reinvested in additional Class A Ordinary Shares. A copy of the plan and enrolment form may be obtained by writing or calling either of the Company's Registrar and Transfer Agents (addresses and telephone numbers in right column) or through the Company's website at www.cuc-cayman.com.

Customer Share Purchase Plan

The Customer Share Purchase Plan ("CSPP") was launched in January 1995 and provides an opportunity for customers resident in Grand Cayman to acquire Class A Ordinary Shares without paying brokerage commissions or transaction fees. Customers may make cash payments of not less than $30 (CI$25) per purchase and up to a total of $14,400 (CI$12,000) per calendar year for the purchase of Class A Ordinary Shares. Quarterly cash dividends paid on the shares are reinvested in additional Class A Ordinary Shares under the CSPP. Full details of the CSPP may be obtained from CUC's Customer Service Department or through the Company's website at www.cuc-cayman.com.

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Caribbean Utilities Company, Ltd.

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(Acting as principal agent)

Toronto Stock Exchange Listing

The Class A Ordinary Shares are listed for trading in United States funds on the Toronto Stock Exchange. The stock symbol is "CUP.U". There is no income or withholding tax applicable to holders of Class A Ordinary or Class B Preference Shares under the existing laws of the Cayman Islands.

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