Caribbean Utilities Company, Ltd.

# 2025 Third Quarter Report

September 30, 2025

2025

35 YEARS TRADING

TMX

SEPTEMBER 1990 – SEPTEMBER 2025

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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, 2025

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, 2024 ("Fiscal 2024"). 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 2024 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 U.S. 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. Canadian securities laws allow a reporting issuer to prepare and file its financial statements in accordance with U.S. GAAP by qualifying as a U.S. Securities and Exchange Commission ("SEC") registrant. Without the OSC relief order, the Company would be required to become an SEC registrant in order to continue reporting under U.S. GAAP, or adopt IFRS. The Company is currently reviewing the implications of this order.

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.

**November 6, 2025**

## 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 129.5 MW was experienced on July 31, 2025. CUC is committed to providing a safe and reliable supply of electricity to over 34,000 customers. The Company has been through many challenging and exciting periods but has kept pace with Grand Cayman's development for over the past 59 years.

## About the Cayman Islands

The Cayman Islands, a British Overseas Territory with a population of approximately 88,000, 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 2025, 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 ("URCO"), formerly referred to as OfReg, which has the overall responsibility of regulating the electricity, information and communications technology, and the petroleum industries in the Cayman Islands. URCO assesses CUC's performance against the performance standard expectations in accordance with the Utility Regulation and Competition Office Act (2024 Revision). 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 licence fee of $2.9 million per annum and a regulatory fee of $1.4 million per annum are payable to the Government and URCO in quarterly instalments. Both fees apply exclusively to customer billings with monthly consumption exceeding 1,000 kWh and are charged as pass-through rates. Pass-through rates are charges collected on behalf of third parties, with no markup by the Company. In February 2025, URCO authorized a reduction in license and regulatory fees from $0.0185 to $0.0011 per kWh.

## Customer Rates

The Licences 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 2024 was 7.92% (2023: 7.76%). CUC's RORB for 2025 is targeted in the 8.50% to 10.50% range (2024: 8.25% to 10.25%).

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.

Following review by URCO, the Company increased base rates by 4% effective June 1, 2025. This increase is a result of the applicable RORB and the combined changes in the United States of America and the Cayman Islands consumer price indices, adjusted to exclude food and fuel.

The T&D Licence also contains the provision for the Z-Factor mechanism designed to recover expenses and investments that are outside of the T&D Licence regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge, expressed in cents per kWh, subject to approval by URCO.

In addition to the RORB requirements of the T&D Licence, CUC may periodically, but at least every five years, propose rebalanced and restructured rates. These proposals will consider the results of any cost of service study ("COSS") completed prior to the proposed rate adjustment. Any such adjustments must be revenue-neutral to the base rate adjustment as determined by the RCAM. The last COSS conducted by an independent consultant was completed and submitted to the regulators for review in November 2023 where the proposed rate rebalancing recommended was not approved.

In the event of a natural disaster, as defined in the T&D Licence, the actual increase in base rates will be capped for the year at 60% of the change in the Price Level Index and the difference between the calculated rate increase and the actual increase expressed as a percentage, shall be carried over and applied in addition to the normal RCAM adjustment in either of the two following years if the Company's RORB is below the target range. In the event of a disaster, the Company would also write-off destroyed assets over the remaining life of the asset that existed at the time of destruction. Z-Factor rate changes will be required for insurance deductibles and other extraordinary expenses.

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

## 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 URCO, on March 28, 2012. DataLink is subject to regulation by URCO 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, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 | YTD Change | YTD Change % |
|---|---|---|---|---|---|---|
| Electricity Sales Revenues | 35,661 | 34,129 | 96,453 | 92,446 | 4,007 | 4% |
| Fuel Factor[1] | 37,420 | 44,847 | 103,377 | 122,921 | (19,544) | -16% |
| Renewables[2] | 1,701 | 1,700 | 4,500 | 4,785 | (285) | -6% |
| Z-Factor[3] | 1,155 | - | 4,119 | - | 4,119 | 100% |
| Total Operating Revenues | 75,937 | 80,676 | 208,449 | 220,152 | (11,703) | -5% |
| Power Generation | 40,551 | 47,849 | 112,025 | 131,579 | (19,554) | -15% |
| Depreciation | 12,071 | 10,581 | 37,473 | 32,903 | 4,570 | 14% |
| Other Expenses | 7,809 | 8,428 | 25,801 | 26,313 | (512) | -2% |
| Total Operating Expenses | 60,431 | 66,858 | 175,299 | 190,795 | (15,496) | -8% |
| Net Earnings for the Period | 16,120 | 14,446 | 35,178 | 30,714 | 4,464 | 15% |
| Cash Flow related to Operating Activities | 25,529 | 26,471 | 66,186 | 71,110 | (4,924) | -7% |
| *Per Class A Ordinary Share:* | | | | | | |
| Earnings Per Share (EPS) | 0.38 | 0.38 | 0.83 | 0.80 | 0.03 | 4% |
| Dividends Paid | 0.190 | 0.185 | 0.565 | 0.550 | 0.02 | 3% |
| Total Customers | 34,797 | 34,028 | 34,797 | 34,028 | 769 | 2% |
| Total Full-Time Employees | 286 | 277 | 286 | 277 | 9 | 3% |
| Customers per Employee (#) | 122 | 123 | 122 | 123 | (1) | -1% |
| System Availability (%) | 99.97 | 99.97 | 99.97 | 99.97 | - | - |
| Peak Load Gross (MW) | 129.5 | 128.0 | 129.5 | 128.0 | 1.5 | 1% |
| *Millions of kWh:* | | | | | | |
| Net Generation | 214.4 | 211.0 | 588.4 | 578.5 | 9.9 | 2% |
| Renewable Energy Generation | 5.7 | 5.7 | 16.5 | 17.6 | (1.1) | -6% |
| Total Energy Supplied | 218.5 | 215.6 | 600.6 | 592.4 | 8.2 | 1% |
| Kilowatt-Hour Sales | 210.8 | 208.0 | 578.9 | 570.9 | 8.0 | 1% |
| Sales per Employee | 0.75 | 0.75 | 2.05 | 2.06 | (0.01) | - |

[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] The renewables revenues are a combination of charges from the Customer Owned Renewable Energy ("CORE") programme, Distributed Energy Resources ("DER") and Bodden Town Solar 1, Ltd. The Company has a Power Purchase Agreement ("PPA") with Bodden Town Solar 1, Ltd. for a 25-year term.

[3] The Z-Factor mechanism is designed to recover expenses and investments that are outside of the T&D Licence regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge. During 2024, projects with approved Z-Factor mechanism were completed and applicable revenue was accrued to Regulatory Assets pending approval of the Z-Factor Rate by the regulator.

## Share Performance

The Company continued to demonstrate strong shareholder value and market resilience. In May 2025, the Board of Directors approved a 3.0% increase in the quarterly dividend, raising it from $0.185 to $0.190 per Class A Ordinary Share. The Class A Ordinary Shares (CUP.U), traded on the Toronto Stock Exchange ("TSX"), closed at $13.80 per share for the three months ended September 30, 2025, reflecting a dividend yield of 5.7%.

On September 11, 2025, the Company celebrated 35 years of trading on the TSX, having been listed since September 11, 1990. The TSX listing has provided ongoing access to international capital markets and offered global investors the opportunity to participate in the Company's growth as Grand Cayman's provider of safe, reliable electricity.  Reaching this milestone underscores the Company's financial resilience and the continued confidence of shareholders, customers, and business partners.


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Looking ahead, the Company remains focused on enhancing shareholder value through disciplined capital management, strategic investment, and sustainable shareholder returns, reinforcing confidence in the Company's long-term growth and operational performance.

## Results of Operations

**Operating Revenues**

Sales in kilowatt-hours ("kWh") for the three months ended September 30, 2025 ("Third Quarter 2025" or "Q3 2025") were 210.8 million kWh, an increase of 2.8 million kWh or 1% compared to 208.0 million kWh for the three months ended September 30, 2024 ("Third Quarter 2024" or "Q3 2024"). Sales in kWh for the nine months ended September 30, 2025 totalled 578.9 million kWh, an increase of 8.0 million kWh or 1% when compared to 570.9 million kWh for the nine months ended September 30, 2024.

The increases were driven by the 2% growth in overall customer numbers and the kWh sales increase in large commercial customers which was driven by new developments and expanding commercial operations in the health care and hospitality sectors. The growth was partially offset by a decline in the average consumption for residential customers.

Total customers as of September 30, 2025, were 34,797, an increase of 769 or 2% compared to 34,028 customers as of September 30, 2024. During Q3 2025, residential customers accounted for 86% of the total base and constitute approximately 56% of total kWh sales.

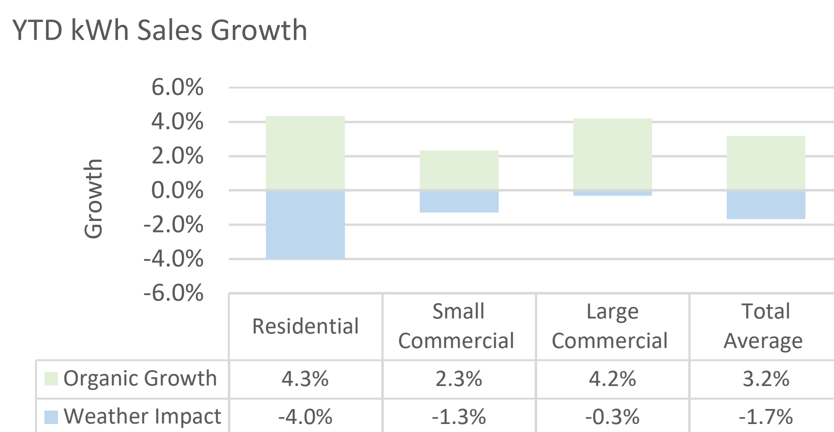
## Average Monthly Consumption per Customer

*(in kwh)*

| | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | % Change | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 | % Change |
|---|---|---|---|---|---|---|
| Residential | 1,314 | 1,336 | -2% | 1,172 | 1,193 | -2% |
| General Commercial | 2,969 | 2,912 | 2% | 2,780 | 2,792 | 0% |
| Large Commercial | 149,252 | 146,156 | 2% | 146,372 | 140,047 | 5% |

Operating revenues for Q3 2025 totalled $75.9 million, a decrease of $4.8 million or 6% from $80.7 million for Q3 2024. Operating revenues for the nine months ended September 30, 2025 were $208.4 million, a decrease of $11.7 million or 5% from $220.2 million for the nine months ended September 30, 2024. The declines were primarily driven by lower fuel factor and renewables revenues, partially offset by higher electricity sales and Z-Factor revenues during the period.

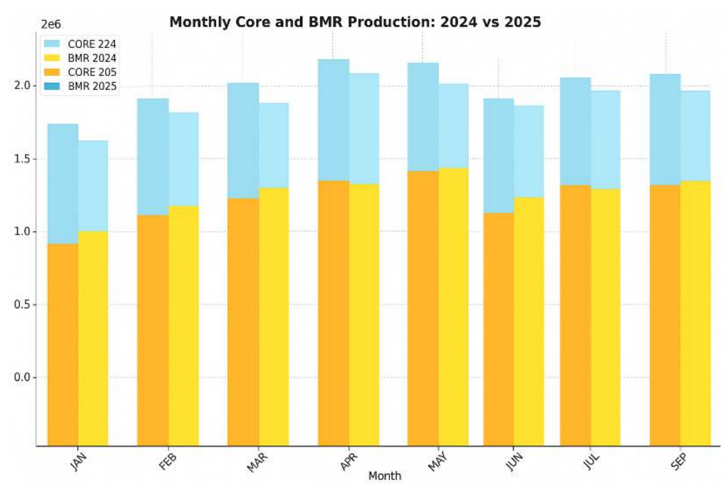
Electricity sales revenues increased by $1.6 million, or 5%, to $35.7 million in Q3 2025, compared with $34.1 million in Q3 2024. For the nine months ended September 30, 2025, electricity sales revenues rose $4.0 million or 4%, to $96.5 million, up from $92.4 million in the same period of 2024. The increase was driven by a 1% growth in kWh sales and base rate increases of 4% and 3.2%, effective June 1, 2025, and June 1, 2024, respectively.




Z-Factor revenue relates to the completion of the Battery Energy Storage System ("BESS") and portions of the L2 Resiliency projects in 2024. During Q3 2025, additional segments of the Resiliency Project were completed. These projects were approved for the Z-Factor Mechanism by the regulator. Z-Factor revenues associated with these assets will be recognized over their respective useful lives—10 years for the BESS and 40 years for the Resiliency projects. The applicable revenue was accrued to Regulatory Assets pending approval of the Z-Factor Billing Rate by URCO. Z-Factor revenue recognized in Q3 2025 totalled $1.2 million, bringing the total recognized revenue for the nine months ended September 30, 2025 to $4.1 million.

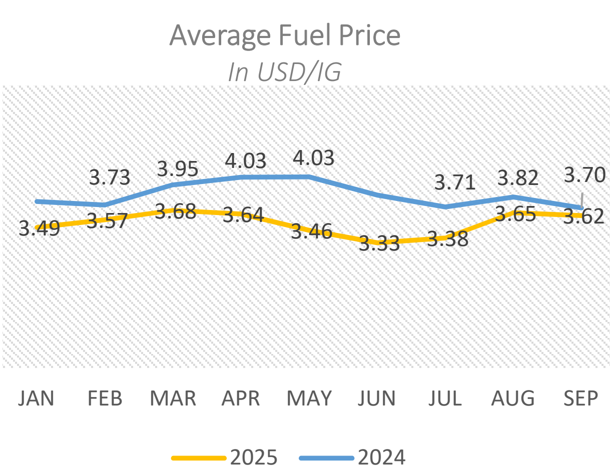
Fuel factor revenues for Q3 2025 totalled $37.4 million, a $7.4 million or 17% decrease from the $44.8 million in fuel factor revenues for Q3 2024. This decline was driven by a 17% reduction in the fuel cost charged to customers. The average Fuel Cost Charge rate for Q3 2025 was $0.19 per kWh, compared with $0.23 per kWh in Q3 2024. The average fuel price per imperial gallon ("IG") used to determine the fuel cost charge rate to consumers for Q3 2025 was $3.39 compared to $3.86 for Q3 2024.

For the nine months ended September 30, 2025, fuel factor revenues decreased by $19.6 million, or 15%, compared to the same period in 2024. The decline primarily reflected the 17% reduction in the average Fuel Cost Charge rate, partially offset by a 1% increase in kWh sales. The average Fuel Cost Charge rate for the nine-month period was $0.19 per kWh, compared with $0.23 per kWh in 2024. The average fuel price per IG used to determine the fuel cost charge rate to consumers for the nine months ended September 30, 2025 was $3.51 compared to $3.97 for the nine months ended September 30, 2024. Fuel factor revenues consist of diesel fuel and lubricating oil costs, which are passed through to consumers on a two-month lag with no markup.




Renewables revenues for Q3 2025 totalled $1.7 million, comparable to renewables revenues for Q3 2024. For the nine months ended September 30, 2025, renewables revenues totalled $4.5 million, a $0.3 million decrease when compared to $4.8 million for the nine months ended September 30, 2024. During Q3 2025, renewable energy generation decreased slightly compared to Q3 2024 due to a reduced output from the Bodden Town Solar Farm. For the nine months ended September 30, 2025, renewable production both from CORE customers and the Bodden Town Solar decreased by 6%. This decrease is largely attributable to variations in weather conditions, which directly affect solar output, highlighting the inherent variability and intermittency of solar power as a renewable energy source.

The average monthly temperature for Q3 2025 was 86.3°F, slightly below the 87.0°F recorded in Q3 2024. For the nine months ended September 30, 2025, the average temperature was 83.9°F, compared to 84.2°F for the same period in 2024. The marginally cooler weather in 2025 contributed to moderate electricity demand growth, tempering kWh sales volumes relative to what would typically be expected during warmer periods.




### Operating Expenses

Operating expenses for Q3 2025 totalled $60.4 million, a decrease of $6.5 million, or 10%, from $66.9 million in Q3 2024. The reduction primarily reflected lower power generation costs resulting from reduced fuel prices and efficiency gains, partially offset by higher depreciation associated with new capital assets placed in service.

For the nine months ended September 30, 2025, operating expenses declined by $15.5 million to $175.3 million, compared with $190.8 million for the same period in 2024. The decrease was driven by lower power generation and maintenance costs, partially offset by higher depreciation and general and administrative expenses. The Company's average price per IG of fuel for the quarter ended September 30, 2025 decreased by 5% to $3.55 in comparison to $3.74 for the quarter ended September 30, 2024. The Company's average price per IG of fuel for the nine months ended September 30, 2025 decreased by 8% to $3.54 in comparison to $3.84 for the nine months ended September 30, 2024.

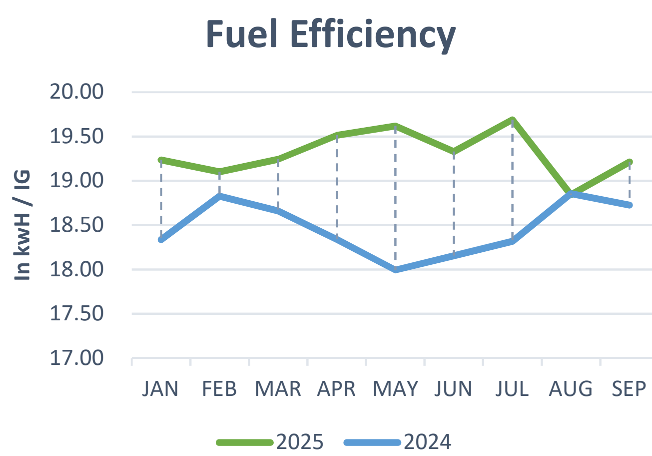
## Significant Changes in Operating Expenses

*($ in thousands)*

| Item | Three Months Ended September 30, 2025 | Nine Months Ended September 30, 2025 | Explanation |
|---|---|---|---|
| Power Generation | -7,298 | -19,554 | The decreases were primarily driven by a reduction in average fuel costs of 5% and 8% for the three-month and nine-month periods ended September 30, 2025, respectively. These decreases were partially offset by higher fuel consumption resulting from a 1% increase in kWh sales. |
| Depreciation | 1,490 | 4,570 | The increases were driven by capital projects completed in prior periods, partially offset by the 25-year life extension resulting from life cycle upgrades—two generating units completed in 2024 and three additional units completed as of the third quarter of 2025. |
| Maintenance | -362 | -1,332 | The decreases were driven by higher capitalized labor resulting from increased capital works during Q3 2025 and the nine months ended September 30, 2025, as well as a reduction in material costs. |
| General & Administration | 233 | 788 | The increase in Q3 2025 was mainly due to higher legal fees and IT maintenance costs.<br><br>For the nine months ended September 30, 2025, the increase was driven by higher IT maintenance and cybersecurity costs, partially offset by lower PSU compensation expenses and a greater portion of general expenses being capitalized. |

*Fuel Efficiency and Customer Affordability*

Fuel efficiency improved in Q3 2025 by 3%, with average Net Fuel Efficiency increasing to 19.25 kWh/IG compared to 18.63 kWh/IG in Q3 2024. This improvement is attributable to the implementation of the BESS and Life Cycle Upgrade ("LCU") projects, which enabled the Company to reduce thermal spinning reserve requirements by up to 50% and restore generating units to their original performance, thereby lowering overall fuel consumption. While the decline in total fuel cost was primarily driven by lower fuel prices, these operational efficiency initiatives also contributed positively to the improvement.




As a result of the improved efficiency, the Company realized an estimated fuel savings during Third Quarter 2025 of approximately 0.6 million IG or 5%, equivalent to a reduction of an estimated amount of $2.1 million in fuel cost. For the nine months ending September 30, 2025, estimated fuel savings amounted to approximately 1.9 million IG or about $6.7 million. The fuel savings are directly passed on to the customers, reducing their fuel cost and advancing the Company's initiative to provide more affordable and reliable energy.

In July 2025, the Company announced an overall annual cost reduction for its customers. The net reduction was driven by fuel savings from ongoing efficiency measures, lower average fuel prices compared to the previous year, and a reduction in the License & Regulatory Rate. These gains were partially offset by the 4% rate base adjustment (RCAM) effective June 1, 2025.

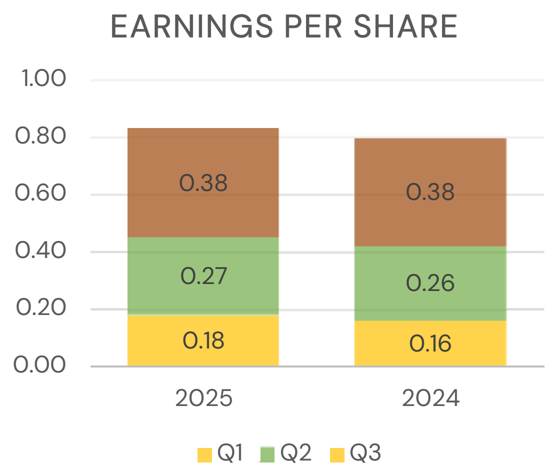
In October 2025, the Cayman Islands Economics and Statistics Office ("ESO") released the Second Quarter 2025 Consumer Price Index ("CPI") Report, highlighting Housing and Utilities as the only division to record a decline. The 1.6% decrease, driven by a 9.7% drop in electricity prices among others, reflects early progress toward greater customer affordability. This trend is supported by CUC's ongoing capital investments in efficiency initiatives, which are beginning to shield consumers from global fuel volatility and help moderate electricity costs, reinforcing CUC's commitment to delivering stable, sustainable, and affordable energy.

## Operating Income and Net Earnings

Operating income for the Third Quarter 2025 totalled $15.5 million, an increase of $1.7 million, or 12%, compared to $13.8 million in the Third Quarter 2024. The improvement was driven by a 1% increase in kWh sales, base rate adjustments of 4% and 3.2% effective June 1, 2025, and June 1, 2024, respectively, Z-Factor revenues from approved projects, and lower power generation, transmission and distribution ("T&D"), and maintenance costs. These gains were partially offset by higher depreciation spend associated with capital projects completed in prior periods.

For the nine months ended September 30, 2025, operating income increased by $3.8 million, or 13%, to $33.2 million compared with $29.4 million for the same period in 2024. The year-to-date increase reflected higher kWh sales, base rate adjustments, and Z-Factor revenues, as well as reduced generation and maintenance costs. These benefits were partially offset by higher depreciation and general and administrative expenses.

Net earnings for Q3 2025 were $16.1 million, a $1.7 million increase from net earnings of $14.4 million for Q3 2024. This increase was primarily attributed to higher operating income. After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q3 2025 were $16.0 million, or $0.38 per Class A Ordinary Share, compared to $14.3 million, or $0.38 per Class A Ordinary Share for Q3 2024.




Net earnings for the nine months ended September 30, 2025 were $35.2 million, a $4.5 million increase from net earnings of $30.7 million for the nine months ended September 30, 2024. This increase was primarily attributable to higher operating income and lower finance changes. After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the nine months ended September 30, 2025 were $34.8 million, or $0.83 per Class A Ordinary Share, as compared to $30.4 million, or $0.80 per Class A Ordinary Shares for the nine months ended September 30, 2024.

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 42,230,886 and 38,160,606 for the quarters ended September 30, 2025 and September 30, 2024, respectively. This increase was due to the Company issuing a total of 3,822,298 Class A Ordinary Shares through a Rights Offering during Fourth Quarter 2024.

### Quarterly Results

The following table summarises unaudited quarterly information for each of the eight quarters ended December 31, 2023 through September 30, 2025. 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)*

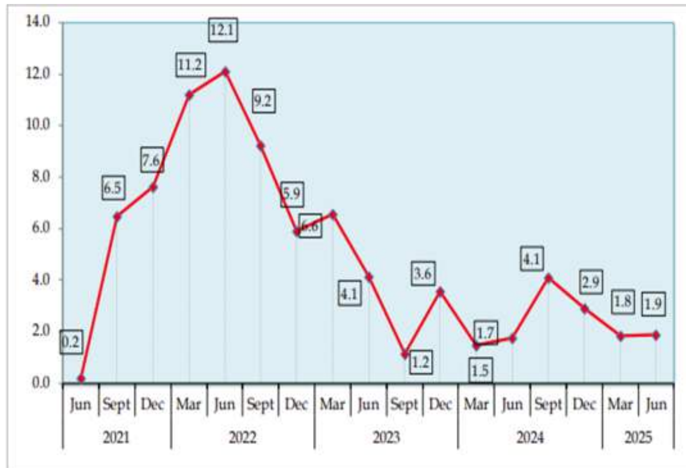
| | Operating Revenue | Net Earnings | Earnings on Class A Ordinary Shares | Earnings per Class A Ordinary Share | Diluted Earnings per Class A Ordinary Share |
|---|---|---|---|---|---|
| September 30, 2025 | 75,937 | 16,120 | 16,008 | 0.38 | 0.38 |
| June 30, 2025 | 69,431 | 11,454 | 11,342 | 0.27 | 0.27 |
| March 31, 2025 | 63,082 | 7,605 | 7,493 | 0.18 | 0.18 |
| December 31, 2024 | 73,531 | 11,970 | 11,304 | 0.28 | 0.28 |
| September 30, 2024 | 80,676 | 14,446 | 14,334 | 0.38 | 0.38 |
| June 30, 2024 | 70,763 | 10,113 | 10,001 | 0.26 | 0.26 |
| March 31, 2024 | 68,712 | 6,158 | 6,046 | 0.16 | 0.16 |
| December 31, 2023 | 74,702 | 9,523 | 8,890 | 0.24 | 0.24 |

On September 20, 2024, the Company announced the commencement of a rights offering (the "Rights Offering"). Under the Rights Offering, the Company issued rights (“Rights”) to eligible holders of record of outstanding Class A Ordinary Shares (“Eligible Shareholders”) at the close of business on September 27, 2024 (the “Record Date”) to subscribe for additional Class A Ordinary Shares. Each Eligible Shareholder was entitled to receive one right for each Class A Ordinary Share held on the Record Date. Every 10 Rights entitled the holder to acquire one Class A Ordinary Share of the Company upon payment of the subscription price of $13.41 per Class A Ordinary Share prior to the expiration of the Rights on October 31, 2024. Eligible Shareholders who exercised all of their Rights were entitled to acquire additional Class A Ordinary Shares, if any, which were not subscribed for by other holders of Rights pursuant to an additional subscription privilege (the “Additional Subscription Privilege”). The Company entered into a standby commitment agreement (the “Standby Agreement”) with Fortis Energy Caribbean Inc. (“FECI”) (formerly known as Fortis Energy Bermuda Ltd.), a wholly-owned subsidiary of Fortis Inc. and the Company’s controlling shareholder, pursuant to which FECI agreed, subject to the terms and conditions of the Standby Agreement, to purchase all Class A Ordinary Shares issuable on the exercise of Rights which were not acquired by other holders of Rights or pursuant to the Additional Subscription Privilege, such that the maximum number of Class A Ordinary Shares to be issued under the Rights Offering were issued.

The Rights Offering closed on November 4, 2024. The Company raised gross proceeds of approximately $51.3 million through the issuance of a total of 3,822,298 Class A Ordinary Shares and FECI purchased 3,147,201 Class A Ordinary Shares under the Rights Offering and Standby Agreement. Following completion of the Rights Offering, FECI owns approximately 60% of the issued and outstanding Class A Ordinary Shares on a non-diluted basis, which percentage holding increased by approximately 2% as a result of the Rights Offering. The proceeds of the Rights Offering were used to finance alternative energy projects, ongoing additions and upgrades to CUC’s generation, transmission, and distribution systems, and for general corporate purposes.

## The Economy

In October 2025, the Cayman Islands ESO released the Second Quarter 2025 CPI Report. The average CPI for Q2 2025 stood at 135.2, reflecting a 1.9% increase compared to the same quarter in 2024. The increase was broad-based, with eleven of twelve divisions recording increases. The most significant contributors were restaurants and hotels (+8.4%), communication (+8.0%), and education (+7.2%). The Housing and Utilities division was the only sector to record a decline, falling 1.6%, primarily due to lower prices in water supply, materials for maintenance and repair of dwellings, and electricity.




Quarterly Cayman Islands Inflation Rates, June 2021 – June 2025
Source: https://www.eso.ky/

On a quarter-over-quarter basis, the CPI rose slightly by 0.1% compared to the First Quarter 2025, reflecting overall price stability amid modest inflationary pressures.

The financial services industry remains the backbone of the Cayman Islands economy in 2025, continuing to drive national revenue, employment, and international competitiveness. The sector maintained steady momentum reflecting global investor confidence in Cayman's robust regulatory framework. The jurisdiction continues to dominate in investment funds, hedge funds, captive insurance, reinsurance, banking, and trust services, drawing international capital and enabling global investment flows. The table below itemises trends in some of the key financial sectors:

| Indicators for the Financial Services Industry | | |
|---|---|---|
| | As at September 30, 2025 | As at December 31, 2024 |
| Bank Licenses | 79 | 79 |
| Mutual Funds | 13,119 | 12,858 |
| Mutual Fund Administrators | 68 | 69 |
| Private Funds | 17,741 | 17,292 |
| Registered Companies* | 122,733 | 118,443 |
| Captive Insurance Companies* | 687 | 621 |
| Reinsurance Companies* | 107 | 100 |

**As at June 30, 2025*

The tourism sector is the second main pillar of the Cayman Islands economy. In Q3 2025, the Cayman Islands experienced a mixed tourism performance compared to Q3 2024, reflecting evolving market dynamics, shifting traveller behaviour, and broader economic headwinds. While early-year momentum in stayover arrivals remained solid, the summer months saw softening in both air and cruise volumes, which tempered overall progress.

The following table presents statistics for tourist arrivals in the Cayman Islands for the nine months ended September 30:

| Tourist Arrivals to the Cayman Islands | | | | | |
|---|---|---|---|---|---|
| *(for the Nine months ended September 30)* | | | | | |
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| By Air | 325,456* | 330,514 | 323,038 | 180,624 | 6,634 |
| By Sea | 739,979* | 792,880 | 936,754 | 429,536 | - |
| Total | 1,065,435 | 1,123,394 | 1,259,792 | 610,160 | 6,634 |

**As of August 31, 2025*

*All data 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 comparative cash flow:

| Cash Flows | | | | | | |
|---|---|---|---|---|---|---|
| ($ thousands) | | | | | | |
| | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 | Change | % Change |
| Beginning Cash | 4,908 | 5,032 | 20,200 | 3,987 | 16,213 | 407% |
| Cash Provided By/ (Used In): | | | | | | |
| Operating Activities | 25,529 | 26,471 | 66,186 | 71,110 | (4,924) | -7% |
| Investing Activities | (20,786) | (29,292) | (67,606) | (73,035) | 5,429 | -7% |
| Financing Activities | (7,205) | 2,002 | (16,334) | 2,151 | (18,485) | -859% |
| Ending Cash | 2,446 | 4,213 | 2,446 | 4,213 | (1,767) | -42% |

*Operating Activities:*
Cash flow provided by operations, after working capital adjustments, was $25.5 million for Q3 2025, a decrease of $1.0 million from $26.5 million in Q3 2024. This decline was primarily driven by movements in working capital, including higher regulatory balances and prepayments, partially offset by increases in accounts payable and accrued expenses. For the nine months ended September 30, 2025, cash flow from operations, after working capital adjustments, totalled $66.2 million, down $4.9 million from $71.1 million in the same period of 2024, largely due to higher regulatory assets and accounts receivable, partially offset by increased accounts payable and accrued expenses.

*Investing Activities:*
Cash used in investing activities was $20.8 million for Q3 2025, a decrease of $8.5 million from $29.3 million in Q3 2024. For the nine months ended September 30, 2025, cash used in investing activities totalled $67.6 million, down $5.4 million from $73.0 million in the same period of 2024. These decreases primarily reflect lower capital expenditures in 2025 compared to 2024.

*Financing Activities:*
Cash used in financing activities totalled $7.2 million for Q3 2025, a decrease of $9.2 million compared to $2.0 million provided in Q3 2024, reflecting the net impact of repayments of long-term debt and proceeds from short-term debt in Q3 2024. For the nine months ended September 30, 2025, cash used in financing activities totalled $16.3 million, a decrease of $18.5 million compared to $2.2 million provided in the same period of 2024. The change reflects the combined impact of principal payments of long term debt, refinancing of short-term debt from proceeds of the inaugural Green Notes issued in 2024, dividend payments, and short-term debt proceeds.

*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 2025 capital expenditure programme.

## Contractual Obligations

As at September 30, 2025, the contractual obligations of the Company over the next five years and periods thereafter are outlined in the following table:

| Contractual Obligations<br>*($ thousands)* | Total | < 1 year | 1 to 3 years | 4 to 5 years | > 5 years |
|---|---|---|---|---|---|
| Total Debt | **405,130** | 34,935 | 35,584 | 57,078 | 277,533 |
| Long-Term Debt Interest | **224,482** | 23,729 | 35,462 | 31,975 | 133,316 |
| **Total** | **629,612** | 58,664 | 71,046 | 89,053 | 410,849 |

## Financial Position

The following table is a summary of significant changes to the Company's balance sheet, when comparing December 31, 2024 to September 30, 2025.

**Significant Changes in Balance Sheet** *(from December 31, 2024 to September 30, 2025)*
*($ thousands)*

| Balance Sheet Account | Increase/ (Decrease) | Explanation |
|---|---|---|
| Cash and Cash Equivalents | (17,754) | Net decrease due to cash provided by operating activities of $66.3 million offset by cash used in investing activities of $67.7 million and cash used in financing activities of $16.3 million. |
| Property, Plant and Equipment | 28,998 | Increase due to capital expenditures for the period partially offset by an increase in depreciation expense. |
| Accounts Receivables | 2,534 | Increase due to the kwh sales growth and the base rate increase of 4% effective June 1, 2025. |

| Significant Changes in Balance Sheet *(from December 31, 2024 to September 30, 2025)* | | |
|---|---|---|
| *($ thousands)* | | |
| Regulatory Assets | 11,979 | Increase due to deferral of temporary generation cost and accrued Z-Factor revenues partially offset by the rate reduction of license and regulatory fees effective February 2025. |
| Long-Term Debt | (9,394) | Decrease due to principal payment of Senior Unsecured Notes. |
| Short Term Debt | 15,000 | Drawdown on short-term credit facility during Q2 2025. |
| Retained Earnings | 10,991 | Increase due to net earnings for the nine months ended September 30, 2025 of $35.2 million, partially offset by dividend payments on the Class A Ordinary Shares of $23.9 million and Class B Preference Shares of $0.3 million. |
| Share Premium | 2,875 | Increase due to the issuance of 215,179 Class A Ordinary Shares through the share purchase plans. |

## Capital Expenditures

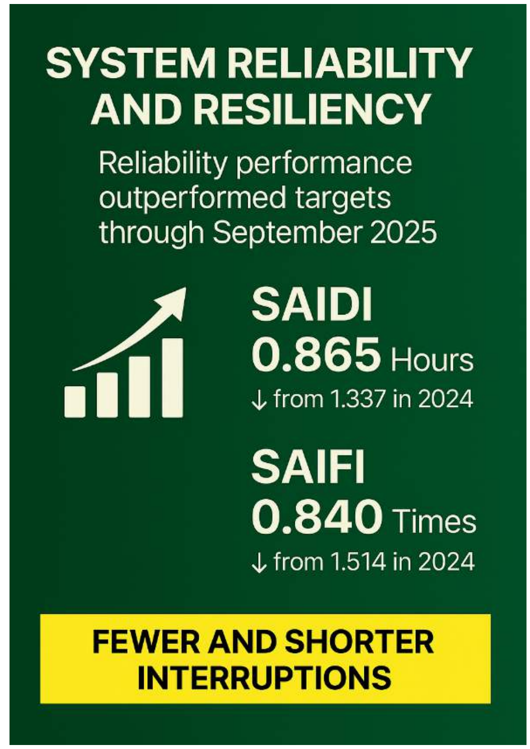
During Third Quarter 2025, capital expenditures totalled $20.4 million, an $8.7 million decrease compared to capital expenditures of $29.1 million for Third Quarter 2024. Capital expenditures for the nine months ended September 30, 2025, were $66.9 million, a decrease of $5.9 million, or 8% in comparison to the $72.8 million in capital expenditures for the nine months ended September 30, 2024. These decreases were due to the completion of the BESS project and Lifecycle Upgrade where significant amount of capital spend was recorded in 2024. AFUDC of $11.4 million was capitalised in Q3 2025. The capital expenditures for the nine months ended September 30, 2025, primarily relate to:

- Distribution System Extension and Upgrades - $20.9 million
- Generation Replacement - $11.4 million
- Lifecycle Upgrade - $9.1 million
- Resiliency Project - $6.2 million
- Buildings, Facilities & Auxiliary Asset Replacements & Upgrades - $3.9 million
- Substation Assets Replacements & Upgrade - $3.4 million
- Battery Energy Storage System - $2.3 million

In 2022, the Company received regulatory approval for lifecycle upgrades to five MAN generating units totaling 68 MW of capacity. These upgrades were designed to modernize the engines to the latest specifications, extend their operational life by an additional 25 years, and prepare them for future dual-fuel capability—allowing operation on both natural gas and diesel.

As of September 30, 2025, all five generating units have successfully completed their lifecycle upgrades, marking a major milestone in the Company's generation modernization program. The completion of these upgrades enhances reliability, improves fuel efficiency, and positions the Company to transition toward cleaner, more flexible generation in alignment with its long-term energy strategy.

The Company continues its focus on enhancing grid resiliency. This involves strengthening the power system's ability to withstand and recover from disruptions, particularly those caused by climate change. Throughout the period, the Company continued to advance key resiliency projects, including the undergrounding of critical transmission lines. During Q3 2025, two segments of the Resiliency Project—estimated to cover approximately one mile of transmission line and slightly more than one mile of distribution lines—were completed at a total cost of $7.8 million.




System reliability performance for the nine months ended September 30, 2025 continued to exceed targets and reflect the positive impact of ongoing capital investments. The System Average Interruption Duration Index ("SAIDI")[4] for the year to date was 0.865 hours, significantly better than prior year's 1.337 hours, while the System Average Interruption Frequency Index ("SAIFI")[5] was 0.840 times, outperforming prior year of 1.514 times. These results represent sustained year-over-year improvement, with fewer and shorter interruptions compared to 2024. Specifically, the number of outages declined by nearly 8%, and total customer interruption hours were reduced by more than 33%, indicating meaningful operational progress.

Overall, the combination of disciplined capital expenditure execution, proactive maintenance strategies, and data-driven asset management continues to deliver measurable benefits in reliability, customer satisfaction and long-term system resiliency.

### Sustainability Report Update

On November 3, 2025, CUC released its 2025 Sustainability Report Update, reaffirming the Company's ongoing commitment to advancing its environmental, social, and governance initiatives. This comprehensive report details achievements and strategic progress during the period from January 1 to December 31, 2024.

Looking forward, CUC remains deeply aligned with the Cayman Islands National Energy Policy, which targets a 60% reduction in carbon emissions by 2030 and 70% renewable energy generation by 2037. The Company's sustainability strategy continues to emphasize two core pillars:

- Energy Transformation and Affordability: Expanding renewable energy capacity, improving grid efficiency, and maintaining affordability for customers.
- System Reliability and Resilience: Strengthening critical infrastructure, enhancing energy security, and ensuring consistent, high-quality service delivery.

[4] SAIDI is calculated by dividing the total customer-hours of service interruption by the total number of customers served
[5] SAIFI is calculated by dividing the total number of customer interruptions by the total number of customers served.

CUC's long-term vision is to deliver an energy future that is sustainable, resilient, and accessible to all—balancing innovation, reliability, and affordability in equal measure. The Company remains committed to collaborating with regulators, investors, and stakeholders to advance the Cayman Islands' energy transition while maintaining financial strength and operational integrity.

The report can be accessed via the Company's website at: [www.cuc-cayman.com.](http://www.cuc-cayman.com)


### 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 of share issuances.

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

**Capital Structure**
*(in$ thousands)*

| | As at September 30, 2025 | % | As at December 31, 2024 | % |
|---|---|---|---|---|
| Total Debt | 403,556 | 50 | 397,950 | 50 |
| Shareholder's Equity | 407,252 | 50 | 393,374 | 50 |
| **Total** | 810,808 | 100 | 791,324 | 100 |

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+/ Negative |

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.

In February 2025, DBRS Morningstar affirmed the Company's "A" credit rating while maintaining the categorization of low with a stable trend. The current rating reflects (1) CUC's key credit metrics for 2023 and the first nine months of 2024 being strong within the current rating category; (2) cash flow stability that continues to benefit from CUC having no exposure to fuel price risk and only reasonable regulatory lag associated with the recovery of non-fuel and non-regulatory costs as well as capital spending; and (3) the

Company's liquidity that remains solid, reflecting sizable credit facilities, and minimal long-term debt due in the near term.

In June 2025, reflecting the outlook for Fortis Inc., S&P affirmed CUC's negative rating due to physical risks for a relatively small, island-based utility that is vulnerable to natural disasters following its risk assessment in the wake of Hawaiian wildfires. S&P has assessed the elevated exposure to physical events, including storms, hurricanes and flooding as an effect of climate change.

To strengthen resilience and enhance climate risk preparedness, CUC continues to focus on its mitigation efforts, including the development of its Wildfire Mitigation Plan in 2024, which details initiatives around outage management systems, asset upgrades and enhancements in higher risk areas, undergrounding of critical transmission lines, vegetation management programs, and wildfire response trainings for staff. Key initiatives scheduled for implementation in 2025 include the development of a wildfire risk zoning map, deployment of wildfire suppression tools for field crews, and targeted wildfire risk management training. In addition, CUC will assess the feasibility of using non-venting current-limiting fuses and upgrading reclosers for high impedance fault detection to minimize ignition risks. These measures support CUC's broader objectives of operational safety, infrastructure reliability, and long-term climate resilience.

**Green Finance Report 2025**

On November 3, 2025, the Company published the inaugural 2025 Green Finance Report ("Report") which provides a comprehensive account of how the funds raised through CUC's green financing initiatives in May 2024 have been allocated to eligible green projects across the Company's operations. The publication of this Report reflects CUC's commitment to transparency, accountability, and measurable impact in its sustainability journey. By detailing how proceeds from green financing are applied, CUC ensures that stakeholders can clearly trace the link between investment and environmental outcomes.


CUC's Green Financing Framework (the "Framework"), which was independently assessed by Sustainable Finch as Excellent, serves as the foundation for this transparency. Developed in accordance with international best practices, the Framework sets out the principles and guidelines for the issuance of Green Bonds, Green Loans, Green Commercial Paper, and other financial instruments. Each issuance is designed to channel capital into projects that advance environmental sustainability, such as renewable energy expansion, climate adaptation, energy efficiency and clean transportation initiatives.

Highlights from the 2025 Green Finance Report include:

- US$50 Million allocated to green projects from May 15, 2022 to May 31, 2025.

- Estimated reduction of 8,512 metric tons of $CO_2$ through funded initiatives.
- Alignment with international standards such as the International Capital Market Association's Green Bond Principles and United Nations Sustainable Development Goals.

The 2025 Green Finance Report also includes third-party verification on the allocation of net proceeds from the US$40 Million 2024-A series and US$10 Million 2024-B series Green Notes that was raised in May 2024. The Report also underscores CUC's leadership in sustainable finance within the Caribbean region. By aligning its funding strategy with environmental priorities, the Company continues to deliver value to shareholders, customers, and the wider community—while driving meaningful progress toward a cleaner, more resilient energy future.

### 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 2024 annual audited consolidated financial statements. The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board. Any ASUs not included below 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.

New Accounting Policies

The Company adopted ASU No. 2023-07, Improvements to Reportable Segment Disclosures, for the year ended December 31, 2024, and adopted the required modifications for interim periods beginning in 2025. This update requires disclosure of incremental segment information, including significant segment expenses and other items that are included in segment profit or loss. This adoption of this standard did not materially impact the Company's disclosures.

Future Accounting Pronouncements

*Expense Disaggregation*: ASU No. 2024-03, Disaggregation of Income Statement Expenses, is effective for CUC starting on January 1, 2027, for annual periods and on January 1, 2028, for interim periods, on a prospective basis, with retrospective application and early adoption permitted. The ASU requires detailed disclosure of certain expense categories included on the consolidated statements of earnings, including energy supply costs, operating expenses, and depreciation and amortization expenses. CUC is assessing the impact on its disclosures.

*Credit Losses:* ASU No. 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, is effective for CUC on January 1, 2026 on a prospective basis with early adoption permitted. The ASU provides entities with an option to use a practical expedient to estimate credit losses which would use existing conditions as of the balance sheet date, rather than forecast conditions for the contractual term of the asset. CUC is assessing the impact on its consolidated financial statements.

*Internal-Use Software:* ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, is effective for CUC on January 1, 2028. The ASU may be adopted prospectively, retrospectively, or using a modified transition approach, and early adoption permitted. The ASU removes references to development stages and requires capitalization of software costs once funding is authorized and project completion is probable, including assessment of whether significant development uncertainty exists. The guidance also clarifies that all capitalized internal-use software costs must follow the disclosure requirements in Subtopic 360-10, *Property, Plant and Equipment*. CUC is assessing the impact on its consolidated financial statements and 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 quarter ending September 30, 2025; 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, 2025.

## 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, 2025.

There have been no changes in the Company's ICFR that occurred during the three months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Outlook

Looking forward, the Company is well-positioned to deliver stable performance and long-term value, driven by targeted investments and constructive regulatory frameworks. Strong economic momentum and increasing electricity demand in the Cayman Islands continue to support the Company's mission to provide safe, reliable, and affordable energy while enhancing grid resilience. Regulatory decisions will remain a key factor in advancing strategic initiatives and sustaining financial stability.

A dynamic shift toward renewable energy has gained a tangible momentum in the Cayman Islands. On July 3, 2025, URCO issued the Final Request for Proposal ("RFP") for a 22.5 MW Dispatchable Photovoltaic ("DPV") plant in Grand Cayman, marking a pivotal step in advancing the country's energy transition. The DPV facility will incorporate battery storage to ensure dispatchability and grid stability, supporting the National Energy Policy target of 30% renewable penetration by 2030, 70% by 2037, and 100% by 2045. The Company's participation in the RFP process, with a bid submitted on October 2, 2025, reflects its ongoing commitment to sustainable growth, carbon reduction, and customer affordability. This initiative complements the Company's capital investment strategy and aligns with key regulatory milestones that strengthen its strategic position within the Cayman Islands' evolving energy landscape.

On August 1, 2025, the Company and URCO agreed on an approach to address the urgent need for additional generating capacity requirements for Grand Cayman. As part of this agreement, CUC voluntarily withdrew its Certificate of Need ("CON") originally submitted on June 7, 2024. Concurrently, URCO rescinded its Final Determination issued on April 24, 2025.

On September 19, 2025, CUC submitted a new CON to URCO in alignment with the recently established agreement. The updated filing outlines the generation resource requirements essential to meet Grand Cayman's projected energy demand with a need for additional generation capacity to be in place by 2027. CUC's submission includes a comprehensive system analysis, detailed load forecasts, and operational benchmarking designed to ensure sufficient capacity and energy availability by June 2027. The timeframe for supply of the needed capacity is very short, and it is likely that interim measures may need to be taken to fulfil the needs of the grid in the short term.

On October 15, 2025, the Company submitted its 2026-2030 Capital Investment Plan ("CIP") in the amount of $484.8 million to URCO for approval. The CIP is focused on grid modernization and infrastructure resilience. OfReg's decision on the proposed CIP is expected in December 2025.

### *Temporary Generation and Regulatory Developments*

In 2022, the Company contracted to lease 5 MW ("Block 1") of temporary generation to maintain adequate reserve margins and ensure reliable service, aligned with regulatory license conditions. URCO approved the recognition of rental fees and associated non-fuel, non-lube O&M costs as a Regulatory Asset, to be amortized as an expense over 10 years.

In response to increasing domestic and commercial energy demand, the Company proposed the addition of 5 MW ("Block 2") and 10 MW ("Block 3") of temporary generation capacity to URCO. These units were subsequently leased in 2023 and 2024, respectively, bringing the total installed temporary generation capacity to 20 MW as of December 31, 2024. The Company anticipates a regulatory decision regarding the treatment of amortization for Blocks 2 and 3 during the fourth quarter of 2025.

Management continues to engage proactively with the regulator to achieve a fair and consistent approach to cost recovery that aligns with ASC 980 – Regulated Operations and established regulatory precedents. Looking ahead, the Company remains focused on securing new firm generation capacity through the competitive solicitation process, reducing reliance on temporary generation, and advancing the transition toward cleaner, more efficient, and resilient energy solutions.

### Subsequent Events: Outstanding Share Data

At November 6, 2025, the Company had issued and outstanding 42,337,201 Class A Ordinary Shares and 249,001, 9% cumulative Participating Class B Preference Shares.

# Condensed Consolidated Interim Balance Sheets

*(expressed in thousands of United States Dollars)*

| | Note | As at September 30, 2025 | As at December 31, 2024 |
|---|---|---|---|
| **Assets** | | | |
| *Current Assets* | | | |
| Cash | | 2,446 | 20,200 |
| Accounts Receivable (Net of Allowance for Credit Losses of $2,393 and $2,058) | 4 | 26,930 | 24,396 |
| Regulatory Assets | 5 | 45,150 | 33,171 |
| Inventories | | 5,553 | 6,452 |
| Prepayments | | 5,792 | 4,641 |
| **Total Current Assets** | | 85,871 | 88,860 |
| Property, Plant and Equipment, net | | 779,644 | 750,646 |
| Other Assets | | 5,245 | 6,820 |
| Intangible Assets, net | | 5,139 | 4,419 |
| Defined Benefit Pension Asset | | 221 | 217 |
| **Total Assets** | | 876,120 | 850,962 |
| | | | |
| **Liabilities and Shareholders' Equity** | | | |
| *Current Liabilities* | | | |
| Accounts Payable and Accrued Expenses | | 39,215 | 32,530 |
| Regulatory Liabilities | 5 | 3,425 | 3,803 |
| Short Term Debt | 8 | 15,000 | - |
| Current Portion of Long-Term Debt | 7 | 19,935 | 19,935 |
| Consumers' Deposits and Advances for Construction | | 15,609 | 14,970 |
| Current Portion Lease Liability | | 3,517 | 3,513 |
| **Total Current Liabilities** | | 96,701 | 74,751 |
| Long-Term Debt | 7 | 368,621 | 378,015 |
| Other Long-Term Liabilities | | 3,546 | 4,822 |
| **Total Liabilities** | | 468,868 | 457,588 |
| | | | |
| **Shareholders' Equity** | | | |
| Share Capital[6] | | 2,769 | 2,756 |
| Share Premium | | 251,950 | 249,075 |
| Retained Earnings | | 152,203 | 141,213 |
| Accumulated Other Comprehensive Gain | | 330 | 330 |
| **Total Shareholders' Equity** | | 407,252 | 393,374 |
| **Total Liabilities and Shareholders' Equity** | | 876,120 | 850,962 |

*See accompanying Notes to Condensed Consolidated Interim Financial Statements*

[6] Consists of Class A Ordinary Shares of 42,337,201 and 42,122,022 issued and outstanding as at September 30, 2025 and December 31, 2024, respectively and Class B Preference Shares of 249,001 and 249,021 issued and outstanding as at September 30, 2025 and December 31, 2024, respectively.

CUC
You've got the power

## 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, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|---|---|---|
| **Operating Revenues** | | | | | |
| Electricity Sales | 3 | 35,661 | 34,129 | 96,453 | 92,446 |
| Fuel Factor | 3 | 37,420 | 44,847 | 103,377 | 122,921 |
| Renewables | 3 | 1,701 | 1,700 | 4,500 | 4,785 |
| Z-Factor Revenues | 3 | 1,155 | – | 4,119 | – |
| *Total Operating Revenues* | | 75,937 | 80,676 | 208,449 | 220,152 |
| **Operating Expenses** | | | | | |
| Power Generation | | 40,551 | 47,849 | 112,025 | 131,579 |
| Depreciation | | 12,071 | 10,581 | 37,473 | 32,903 |
| General and Administration | | 3,695 | 3,462 | 11,875 | 11,087 |
| Transmission and Distribution | | 1,380 | 1,776 | 5,491 | 5,305 |
| Consumer Services | | 1,266 | 1,335 | 3,841 | 3,921 |
| Maintenance | | 1,213 | 1,575 | 3,827 | 5,159 |
| Amortisation of Intangible Assets | | 255 | 280 | 767 | 841 |
| *Total Operating Expenses* | | 60,431 | 66,858 | 175,299 | 190,795 |
| **Operating Income** | | 15,506 | 13,818 | 33,150 | 29,357 |
| **Other (Expenses)/Income:** | | | | | |
| Finance Charges | 9 | (1,261) | (1,335) | (3,588) | (4,794) |
| Foreign Exchange Gain | | 631 | 663 | 1,616 | 1,731 |
| Other Income | | 1,244 | 1,300 | 4,000 | 4,420 |
| *Total Net Other Income* | | 614 | 628 | 2,028 | 1,357 |
| **Net Earnings for the Period** | | 16,120 | 14,446 | 35,178 | 30,714 |
| ***Preference Dividends Paid- Class B*** | | (112) | (112) | (336) | (337) |
| ***Earnings on Class A Ordinary Shares*** | | 16,008 | 14,334 | 34,842 | 30,377 |
| Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid (in thousands) | | 42,273 | 38,161 | 42,231 | 38,119 |
| ***Earnings per Class A Ordinary Share*** | | 0.38 | 0.38 | 0.83 | 0.80 |
| Diluted Earnings per Class A Ordinary Share | | 0.38 | 0.38 | 0.83 | 0.80 |
| Dividends Declared per Class A Ordinary Share | | 0.190 | 0.185 | 0.565 | 0.550 |

*See accompanying Notes to Condensed Consolidated Interim Financial Statements*

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# Condensed Consolidated Interim Statements of Comprehensive Income

*(expressed in thousands of United States Dollars)*

| | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|---|---|
| **Net Earnings for the Period** | 16,120 | 14,446 | 35,178 | 30,714 |
| Other Comprehensive Loss: | | | | |
| Amortisation of Net Actuarial Loss | – | – | – | – |
| Total Other Comprehensive Income | – | – | – | – |
| **Comprehensive Income** | 16,120 | 14,446 | 35,178 | 30,714 |

*See accompanying Notes to Condensed Consolidated Interim Financial Statements*

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# 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 ($) | Accumulated Other Comprehensive Gain ($) | Retained Earnings ($) | Total Equity ($) |
|---|---|---|---|---|---|---|---|
| **As at December 31, 2024** | 42,122 | 2,507 | 249 | 249,075 | 330 | 141,213 | 393,374 |
| Net earnings | – | – | – | – | – | 35,178 | 35,178 |
| Common share issuance and stock options plans & redemption | 215 | 13 | – | 2,875 | – | – | 2,888 |
| Dividends on common shares | – | – | – | – | – | (23,852) | (23,852) |
| Dividends on preference shares | – | – | – | – | – | (336) | (336) |
| **As at September 30, 2025** | 42,337 | 2,520 | 249 | 251,950 | 330 | 152,203 | 407,252 |
| | | | | | | | |
| As at December 31, 2023 | 38,008 | 2,262 | 250 | 194,299 | (324) | 128,255 | 324,742 |
| Net earnings | – | – | – | – | – | 30,714 | 30,714 |
| Common share issuance and stock options plans & redemption | 215 | 13 | (1) | 2,968 | – | – | 2,980 |
| Dividends on common shares | – | – | – | – | – | (20,948) | (20,948) |
| Dividends on preference shares | – | – | – | – | – | (337) | (337) |
| As at September 30, 2024 | 38,223 | 2,275 | 249 | 197,267 | (324) | 137,684 | 337,151 |

*See accompanying Notes to Condensed Consolidated Interim Financial Statements*

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# Condensed Consolidated Interim Statements of Cash Flows

*(expressed in thousands of United States Dollars)*

| | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|---|---|
| *Operating Activities* | | | | |
| Net Earnings for the period | 16,120 | 14,446 | 35,178 | 30,714 |
| Items not affecting cash: | | | | |
| Depreciation | 12,071 | 10,581 | 37,473 | 32,903 |
| Amortisation of Intangible Assets | 255 | 280 | 767 | 841 |
| Amortisation of Deferred Financing Costs | 26 | 30 | 86 | 90 |
| | 28,472 | 25,337 | 73,504 | 64,548 |
| Net changes in working capital balances related to operations | 1,699 | 2,999 | 5,039 | 3,476 |
| Net Change in Regulatory Assets and Regulatory Liabilities | (4,642) | (1,865) | (12,357) | 3,086 |
| *Cash flow related to operating activities* | 25,529 | 26,471 | 66,186 | 71,110 |
| *Investing Activities* | | | | |
| Purchase of Property, Plant and Equipment | (20,257) | (28,898) | (66,566) | (72,813) |
| Costs related to Intangible Assets | (744) | (394) | (1,484) | (807) |
| Proceeds on Disposed Asset | 215 | – | 444 | 559 |
| Contribution in Aid of Construction | – | – | – | 26 |
| *Cash flow related to investing activities* | (20,786) | (29,292) | (67,606) | (73,035) |
| *Financing Activities* | | | | |
| Increase in Bank Overdraft | – | 3,175 | – | 2,186 |
| Proceeds from Short Term Borrowing | – | 5,000 | 15,000 | 5,000 |
| Proceeds from Long Term Borrowing | – | – | – | 80,000 |
| Repayment of Short Term Debt | – | – | – | (51,000) |
| Repayment of Long Term Debt | – | – | (9,480) | (15,195) |
| Dividends Paid | (7,365) | (6,445) | (22,396) | (19,664) |
| Net Proceeds from Share Issuance | 160 | 272 | 542 | 824 |
| *Cash flow related to financing activities* | (7,205) | 2,002 | (16,334) | 2,151 |
| Change in net cash | (2,462) | (819) | (17,754) | 226 |
| Cash, Beginning of the period | 4,908 | 5,032 | 20,200 | 3,987 |
| Cash, End of the period | 2,446 | 4,213 | 2,446 | 4,213 |
| Supplemental disclosure of cash flow information: | | | | |
| Interest paid during the period | 1,064 | 1,006 | 10,963 | 10,463 |

*See accompanying Notes to Condensed Consolidated Interim Financial Statements*

# Notes to Condensed Consolidated Interim Financial Statements

*Unaudited – September 30, 2025 (expressed in thousands of United States dollars unless otherwise stated)*

1. <u>Nature of Operations and Consolidated Financial Statement Presentation</u>

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 "URCO", previously "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 URCO 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 URCO in accordance with the terms and conditions of its Licence which currently extends to March 27, 2027.

The Company is identified as a single reportable segment and evaluates performance based on segment profit or loss, which includes significant expenses directly attributable to the segment. The Chief Operating Decision Maker ("CODM") is the Company's Executive Team comprising of the President & Chief Executive Officer, Vice President for Finance and Corporate Services & Chief Financial Officer, Vice President for Energy Operations and Vice President for Customer Services and Technology. The CODM assesses the performance and allocates resources based on the Company's profit or loss metrics provided by Management on a monthly basis. The CODM also reviews electricity sales revenues based on customer classification. In addition, the monthly capital expenditure report and the consolidated balance sheets are also reported to the CODM.

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") based on published consumer price indices.

Following review by URCO, the Company increased base rates by 4%, with an effective date of June 1, 2025. This increase is a result of the applicable return on rate base ("RORB") and the combined changes in the United States of America and the Cayman Islands consumer price indices, adjusted to exclude food and fuel.

In addition to the RORB requirements of the T&D Licence, CUC may periodically, but at least every five years, propose rebalanced and restructured rates. These proposals will consider the results of any cost of service study ("COSS") completed prior to the proposed rate adjustment. Any such adjustments must be revenue-neutral to the base rate adjustment as determined by the RCAM. The last COSS conducted by an independent consultant was completed and submitted to the regulators for review in November 2023 where the proposed rate rebalancing recommended was not approved.

The T&D Licence also contains the provision for the Z-Factor mechanism designed to recover expenses and investments that are outside of the T&D Licence regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge as approved by URCO.

A licence fee of $2.9 million per annum and a regulatory fee of $1.4 million per annum are payable to the Government and URCO in quarterly instalments. Both fees apply exclusively to customer billings with monthly consumption exceeding 1,000 kWh and are charged as pass-through rates. Pass-through rates are charges collected on behalf of third parties, with no markup by the Company. In February 2025, URCO authorized a reduction in license and regulatory fees from $0.0185 to $0.0011 per kWh.

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, 2024.

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.

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board. Any ASUs not included below 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.

New Accounting Policies

The Company adopted ASU No. 2023-07, Improvements to Reportable Segment Disclosures, for the year ended December 31, 2024, and adopted the required modifications for interim periods beginning in 2025. This update requires disclosure of incremental segment information, including significant segment expenses and other items that are included in segment profit or loss. This adoption of this standard did not materially impact the Company's disclosures.

Future Accounting Pronouncements

*Expense Disaggregation*: ASU No. 2024-03, Disaggregation of Income Statement Expenses, is effective for CUC starting on January 1, 2027, for annual periods and on January 1, 2028, for interim periods, on a prospective basis, with retrospective application and early adoption permitted. The ASU requires detailed disclosure of certain expense categories included on the consolidated statements of earnings, including energy supply costs, operating expenses, and depreciation and amortization expenses. CUC is assessing the impact on its disclosures.

*Credit Losses:* ASU No. 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, is effective for CUC on January 1, 2026 on a prospective basis with early adoption permitted. The ASU provides entities with an option to use a practical expedient to estimate credit losses which would use existing conditions as of the balance sheet date, rather than forecast conditions for the contractual term of the asset. CUC is assessing the impact on its consolidated financial statements.

*Internal-Use Software:* ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, is effective for CUC on January 1, 2028. The ASU may be adopted prospectively, retrospectively, or using a modified transition approach, and early adoption permitted. The ASU removes references to development stages and requires capitalization of software costs once funding is authorized and project completion is probable, including assessment of whether significant development uncertainty exists. The guidance also clarifies that all capitalized internal-use software costs must follow the disclosure requirements in Subtopic 360-10, *Property, Plant and Equipment*. CUC is assessing the impact on its consolidated financial statements and disclosures.

3. <u>Operating Revenues</u>

| Operating Revenues ($ thousands) | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 | Change % |
|---|---|---|---|---|---|
| Electricity Sales Revenues | | | | | |
| Residential | 19,776 | 18,955 | 52,044 | 49,940 | 4% |
| Commercial | 15,568 | 14,889 | 43,498 | 41,643 | 4% |
| Other (street lighting etc.) | 317 | 285 | 911 | 863 | 6% |
| Total Electricity Sales Revenues | 35,661 | 34,129 | 96,453 | 92,446 | 4% |
| Fuel Factor | 37,420 | 44,847 | 103,377 | 122,921 | -16% |
| Renewables | 1,701 | 1,700 | 4,500 | 4,785 | -6% |
| Z-Factor Revenues | 1,155 | - | 4,119 | - | 100% |
| Total Operating Revenues | 75,937 | 80,676 | 208,449 | 220,152 | -5% |

*Electricity Sales*

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 URCO 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.

*Z-Factor*

The Z-Factor mechanism is designed to recover expenses and investments that are outside of the T&D Licence regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge as approved by URCO. During 2024, BESS and Resiliency projects with approved Z-Factor mechanism were completed and applicable revenue was recorded against Regulatory Asset pending approval of the Z-Factor billing rate by URCO. The Z-Factor revenues associated with these assets will be earned over their respective useful lives, which are 10 years for the BESS and 40 years for the Resiliency projects.

## 4. Accounts Receivable, Net

| Accounts Receivable | | |
|---|---|---|
| ($ thousands) | As at September 30, 2025 | As at December 31, 2024 |
| Billings to Consumers* | 28,079 | 24,684 |
| Other Receivables | 1,244 | 1,770 |
| Allowance for Credit Losses | (2,393) | (2,058) |
| **Total Accounts Receivable, net** | 26,930 | 24,396 |

*Includes billings to DataLink customers.*

*Other Receivables*

Other receivables relate to amounts due outside of the normal course of operations.

*Allowance for Credit Losses*

Accounts receivable are recorded net of an allowance for credit losses. The change in the allowance for credit losses balance from December 31, 2024 to September 30, 2025 is listed in the following table.

| Allowance for Credit Losses | | |
|---|---|---|
| ($ thousands) | As at September 30, 2025 | As at December 31, 2024 |
| **Beginning of Period** | (2,058) | (2,817) |
| Credit Loss Expensed net of deferral | (335) | (223) |
| Write-off | - | 386 |
| Recoveries | - | 596 |
| **End of Period** | (2,393) | (2,058) |

## 5. Regulatory Assets and Liabilities

| Regulatory Assets and Liabilities ($ thousands) | | | |
|---|---|---|---|
| **Asset/Liability** | **Description** | **As at September 30, 2025** | **As at December 31, 2024** |
| Regulatory Assets | Fuel Tracker Account | 28,646 | 24,386 |
| Regulatory Assets | Miscellaneous Regulatory Assets | 9 | 29 |
| Regulatory Assets | Temporary Generation Lease 2022 | 3,103 | 2,455 |
| Regulatory Assets | Temporary Generation Lease 2023 | 3,389 | 2,313 |
| Regulatory Assets | Temporary Generation Lease 2024 | 3,884 | 1,989 |
| Regulatory Assets | Z-Factor BESS | 5,496 | 1,900 |
| Regulatory Assets | Z-Factor Resiliency | 623 | 99 |
| **Total Regulatory Assets** | | 45,150 | 33,171 |
| | | | |
| Regulatory Liabilities | Government & Regulatory Tracker Account | (2,094) | (3,803) |
| Regulatory Liabilities | Fuel Tracker Account | (1,331) | - |
| **Total Regulatory Liabilities** | | (3,425) | (3,803) |

## 6. Performance Share Unit ("PSU) Plan

In September 2013, the Board approved a PSU plan under which officers and certain employees would receive PSUs. Each PSU represents a unit with an underlying value which is based on the value of one common share relative to the TSX Utilities Capped Index (TTUT). PSUs outstanding as of September 30, 2025 relate to the 2023 grant totalling 57,513 units, 2024 grants totalling 81,470 units and 2025 grant totalling 72,593 units. The vesting period of the grant is three years, at which time a cash payment may be made to plan participants after evaluation by the Board of Directors of the achievement of certain payment criteria.

For the nine months ended September 30, 2025, an expense of $0.5 million (September 30, 2024: $0.8 million) was recognised in earnings with respect to the PSU plan. As at September 30, 2025, the total liability related to outstanding PSUs is $1.5 million (September 30, 2024: $1.2 million) and is included in Other Long-Term Liabilities.

## 7. 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 September 30, 2025. The estimated fair value of the Company's financial instruments are as follows:

| Financial Instruments | | | | |
|---|---|---|---|---|
| *($ thousands)* | As at September 30, 2025 | | As at December 31, 2024 | |
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Long-Term Debt, including Current Portion | 388,556 | 348,637 | 397,950 | 352,938 |

The fair value of long-term debt is determined by discounting the future cash flows of each debt instrument at an estimated yield to maturity equivalent to benchmark government bonds or treasury bills, with similar terms to maturity, plus a market credit risk premium equal to that of issuers of similar credit quality. Since the Company does not intend to settle the long-term debt prior to maturity, the fair value estimate does not represent an actual liability and, therefore, does not include exchange or settlement costs.

Based on the three levels that distinguish the level of pricing observability utilised in measuring fair value, the Company's long-term debt and fuel option contracts are in accordance with level 2 of the fair value hierarchy. The fair value of other financial instruments, apart from long term debt, are approximately equal to its carrying value.

There were no transfers between levels for the period ended September 30, 2025.

## 8. Short-Term Debt

The Company has unsecured credit financing facilities with the Scotiabank & Trust (Cayman) Limited ("Scotia") and Royal Bank of Canada ("RBC"). In June 2025, the Company drew down $15.0 million against its credit facilities with Scotia to assist with the short term operational and capital investment needs. The total available credit at September 30, 2025 amounted to $67.0 million ($82.0 million at December 31, 2024).

## 9. Finance Charges

The composition of finance charges was as follows:

| Finance Charges<br>($ thousands) | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 |
|---|---|---|---|---|
| Interest Costs - Long-Term Debt | 4,767 | 4,873 | 14,465 | 13,191 |
| Other Interest Costs | 315 | 239 | 521 | 2,006 |
| AFUDC | (3,821) | (3,777) | (11,398) | (10,403) |
| Finance Charges | 1,261 | 1,335 | 3,588 | 4,794 |

## 10. Foreign Exchange

The closing rate of exchange on September 30, 2025 as reported by the Bank of Canada for the conversion of US dollars into Canadian dollars was Cdn$1.3921 per US$1.00 (September 30, 2024: Cdn$1.3499). 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, 2025 for conversion of Cayman Islands dollars into Canadian dollars was Cdn$1.6705 per CI$1.00 (September 30, 2024: Cdn$1.6199).

## 11. Commitments

As at September 30, 2025, the Company's consolidated commitments in each of the next five years and for periods thereafter are as follows:

| Commitments ($thousands) | Total | 2025 | 2026 | 2027 Onward |
|---|---|---|---|---|
| Letter of Guarantee | 1,000 | 1,000 | – | – |
| Lease Liability | 5,856 | 925 | 2,985 | 1,946 |
| **Commitments** | **6,856** | 1,925 | 2,985 | 1,946 |

## 12. Segment Reporting

The Company is identified as a single reportable segment and evaluates performance based on segment profit or loss, which includes significant expenses directly attributable to the segment. The Chief Operating Decision Maker ("CODM") is the Company's Executive Team comprising the of the President & Chief Executive Officer, Vice President for Finance and Corporate Services & Chief Financial Officer, Vice President for Energy Operations and Vice President for Customer Services and Technology. The CODM assesses the performance and allocates resources based on the Company's profit or loss metrics provided by Management on a monthly basis. The CODM also reviews electricity sales revenues based on customer classification. In addition, the monthly capital expenditure report and the consolidated balance sheets are also reported to the CODM. Total assets, the measure of segment assets, are reported on the balance sheet and capital expenditures are reported on the statement of cash flows.

| Single Reportable Segment ($ thousands) | Three Months Ended September 30, 2025 | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2025 | Nine Months Ended September 30, 2024 | Change % |
|---|---|---|---|---|---|
| Electricity sales revenues: | | | | | |
| Residential | **19,776** | 18,955 | **52,044** | 49,940 | 4% |
| General Commercial | **7,352** | 7,763 | **20,823** | 21,827 | -5% |
| Large Commercial | **8,216** | 7,126 | **22,675** | 19,816 | 14% |
| Others (street lights etc.) | **317** | 285 | **911** | 863 | 6% |
| Z-Factor | **1,155** | – | **4,119** | – | 100% |
| Total Segment Revenues* | **36,816** | 34,129 | **100,572** | 92,446 | 9% |
| Significant Expenses: | | | | | |
| Depreciation & Amortisation | **12,326** | 10,861 | **38,240** | 33,744 | 13% |
| Payroll & Other Benefits | **4,930** | 5,899 | **18,377** | 18,136 | 1% |
| Insurance | **1,595** | 1,644 | **4,887** | 4,812 | 2% |
| Maintenance Cost** | **1,010** | 1,017 | **2,447** | 3,221 | -24% |
| General and administrative expenses** | **1,189** | 567 | **2,504** | 2,230 | 12% |
| Other** | **260** | 323 | **967** | 946 | 2% |
| **Segment profit** | **15,506** | **13,818** | **33,150** | **29,357** | **13%** |

**All amounts related to fuel and renewables which are 100% passed through to customers without mark-up are excluded in the presentation above. Fuel Factor and Renewables revenues and related power generation cost expenses totalled $107.8 million and $127.7 million in 2025 and 2024, respectively.*
***The financial information presented above differs from the income statement due to variations in the classification of specific expenses. In particular, the presentation adjustments are attributable to the allocation of insurance and payroll and other benefits costs, which are distributed across multiple functional categories in the income statement. Additionally, certain items classified as "Other" in this presentation are included under different expense line items, such as consumer services and transmission and distribution costs, in the income statement.*

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# 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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**Principal Bankers**
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CAYMAN ISLANDS

**Duplicate Annual Reports**

While every effort is made to avoid duplications, some shareholders may receive extra reports as a result of multiple share registrations. Shareholders wishing to consolidate these accounts should contact the Registrar and Transfer Agents.

**Registrar and Transfer Agents**
**TSX Trust Company**
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**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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