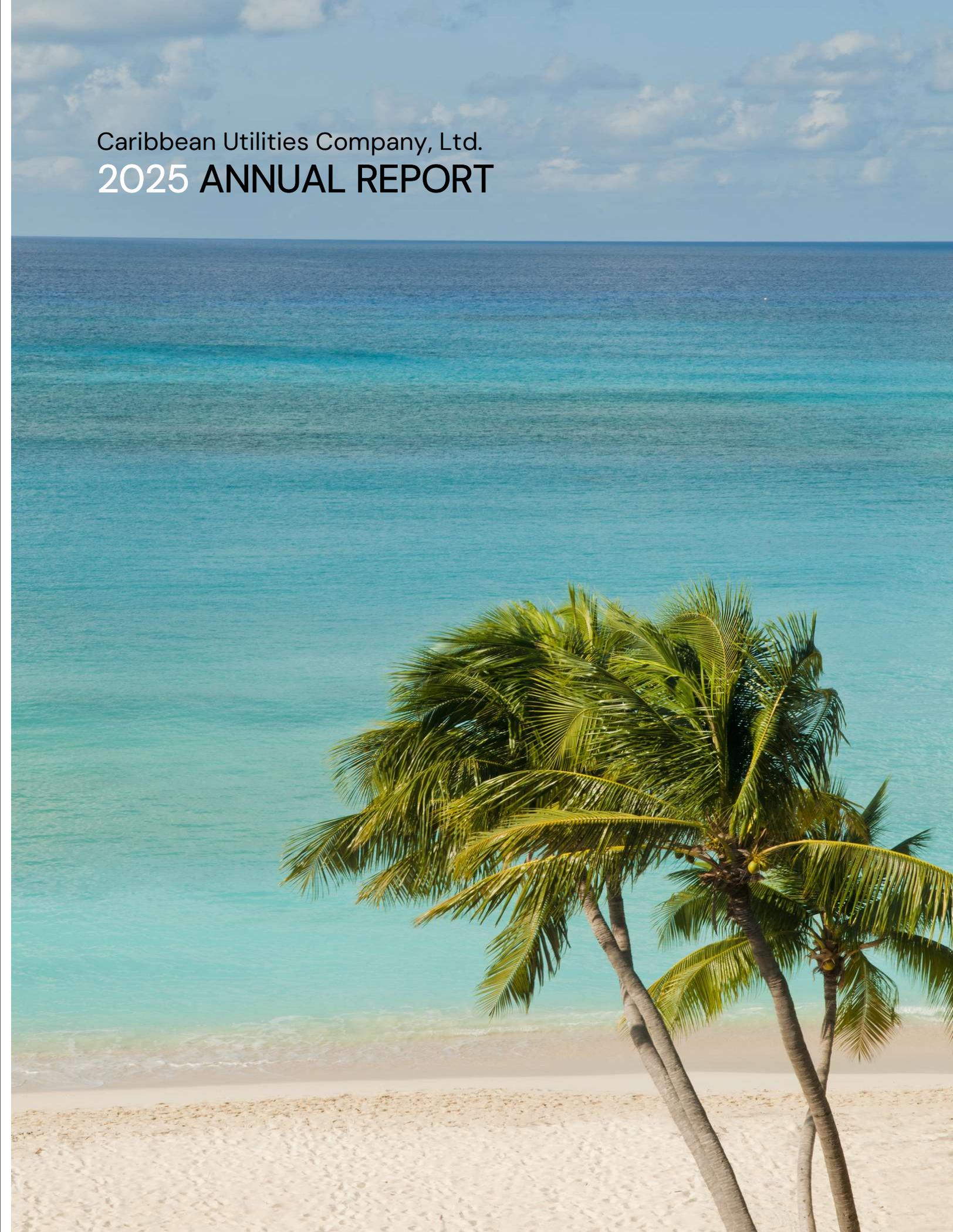


Caribbean Utilities Company, Ltd.  
**2025 ANNUAL REPORT**





## 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 35,000 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.

## Rate of Exchange

The closing rate of exchange on December 31, 2025, as reported by the Bank of Canada, for the conversion of United States dollars into Canadian dollars was Cdn\$1.3706 per US\$1.00 (December 31, 2024: Cdn\$1.4389). The official exchange rate for the conversion of Cayman Islands dollars into United States 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 December 31, 2025 for conversion of Cayman Islands dollars into Canadian dollars was Cdn\$1.6447 (December 31, 2024: Cdn\$1.7267) per CI\$1.00. All amounts in this Annual Report are stated in United States dollars, unless otherwise noted.

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Readers should review the note on Page 8 in this Annual Report, in the Management's Discussion and Analysis section, concerning the use of forward-looking statements, which applies to the entirety of this Annual Report to shareholders of CUC.

# Highlights

## Financial Results in Brief

(Expressed in thousands of United States dollars unless stated otherwise)

	Year Ended December 31, 2025	Year Ended December 31, 2024	Change %
Operating Revenues	283,997	293,682	-3%
Electricity Sales Revenues	128,480	121,913	5%
Fuel Factor <sup>1</sup>	143,853	163,615	-12%
Renewables <sup>2</sup>	5,888	6,155	-4%
Z-Factor <sup>3</sup>	5,776	1,999	189%
Total Operating Expenses	239,645	253,192	-5%
Finance Charges	4,870	5,854	-17%
Net Earnings for the Year	47,369	42,687	11%
Total Assets	879,588	850,962	3%
Total Shareholders' Equity	412,004	393,374	5%
Cash Flow Related to Operating Activities	85,586	91,464	-6%
The following items are fully stated, not in thousands:			
Earnings per Class A Ordinary Share	1.10	1.08	2%
Dividends per Class A Ordinary Share (paid and declared)	0.755	0.735	3%
Book Value per Class A Ordinary	9.71	9.32	4%
Share Class A Ordinary Shares			
Market Price:			
High	15.99	14.45	
Low	12.60	11.00	
Year End	13.68	13.98	

## Share Performance

The Company continued to demonstrate financial resilience and deliver shareholder value during 2025. 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 \$13.68 per share, reflecting a dividend yield of 5.5%.

On September 10, 2025, the Company marked 35 years of continuous trading on the TSX, having been listed since September 10, 1990. The TSX listing has provided the Company with ongoing access to international capital markets and has enabled global investors to participate in the Company's growth as Grand Cayman's provider of safe and reliable electricity.

This milestone reflects the Company's long-term financial stability and underscores the continued confidence of shareholders, customers, and business partners.

Looking forward, the Company remains focused on enhancing shareholder value through disciplined capital allocation, strategic investment, and sustainable dividend growth, while maintaining strong operational performance and balance sheet strength.



SEPTEMBER 1990 - SEPTEMBER 2025

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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. Beginning Quarter Four 2024, projects with approved Z-Factor mechanism were completed and the applicable revenue is being accrued to Regulatory Assets pending approval of the Z-Factor Rate by the regulator.

# Your Investment, Our Commitment

## Fuel and Oil

**37¢**

The average price per imperial gallon of fuel decreased by 6% in 2025 compared to 2024. Our generators consumed approximately 40.6 million gallons of diesel fuel and 109,833 gallons of lube oil in 2025 to meet electrical demand. The Company continues to focus its efforts on reducing greenhouse gas emissions through its investment in high fuel efficiency generation fleet and alternative energy projects.

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## Capital Expenditures

**23¢**

\$88.9 million was spent on the replacement and upgrading of the generating units and transmission and distribution system, including investments in grid hardening initiatives.

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## Loans and Loan Interest

**20¢**

A total of \$39.6 million was paid in interest and principal repayments on loans.

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## Dividends

**8¢**

In May 2025, the Board of Directors approved a 3.0% increase in the quarterly dividends.

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## Labour and Materials

**12¢**

Our dedicated employees and well-maintained equipment provide a safe and reliable electricity service.

---

## Total

**100¢**

# Letter to Fellow Shareholders

As we reflect on 2025, we at Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) are proud to share the remarkable progress and achievements that have strengthened our position as a leading energy provider committed to sustainability, reliability, resiliency and innovation. This year was defined by disciplined execution, strategic investments, and a relentless focus on delivering value to our customers and shareholders.



**Sheree L. Ebanks**, Chairperson of the Board of Directors and **J.F. Richard Hew**, President & Chief Executive Officer.

The Company achieved strong financial performance while advancing critical infrastructure projects that improved efficiency, reduced emissions, enhanced system reliability, and delivered cost savings to our customers. Our commitment to Environmental, Social, and Governance (“ESG”) principles guided our decisions, and we continued to invest in our people and communities. These efforts support a cleaner energy future and ensure long-term resilience and competitiveness.

As we look ahead, CUC remains focused on driving the renewable energy transition, leveraging technology to optimize operations, and continuing to foster a culture of safety, progress, and customer service excellence. Together, these priorities position the Company to meet the evolving needs of our customers and create enduring value for all stakeholders.

## Highlights of 2025 include:



## Financial Performance

Strong financial performance is fundamental to the Company's ability to invest in the future. Guided by this principle, we are committed to operating efficiently while maintaining a clear focus on transformation and practical solutions.

In May 2025, the Board approved a 3% dividend increase, raising the quarterly dividend from \$0.185 to \$0.190 per Class A Share, reflecting the Company's continued financial strength and commitment to delivering long-term value to shareholders. This year also marked the 35th anniversary of the Company's listing on the Toronto Stock Exchange, a milestone that underscores its pioneering role as the first Cayman-based company to be listed on an international exchange. Over the past three decades, this listing has supported strategic investments that strengthened critical sectors, fuelled long-term national development, and helped build greater economic resilience across the Cayman Islands.

The Company's operating income for the year ended December 31, 2025 ("Fiscal 2025") grew by 10% compared to the year ended December 31, 2024 ("Fiscal 2024"), driven by a 2% increase in kilowatt-hour ("kWh") sales, a 4% base rate adjustment effective June 1, 2025, and Z-Factor revenues. These gains were partially offset by higher depreciation, general and administrative expenses, and transmission and distribution costs.

Net earnings reached \$47.4 million, up \$4.7 million or 11% from \$42.7 million in Fiscal 2024, reflecting disciplined cost management and steady demand growth. After preference share dividends, earnings attributable to Class A Ordinary Shares were \$46.3 million, or \$1.10 per share, compared to \$41.7 million, or \$1.08 per share, in the prior year. The Company achieved annual fuel cost savings of \$7.9 million, delivering direct financial benefits to customers.

CUC's 2025 financial performance underscores the Company's commitment of delivering sustainable shareholder value while continuing to invest in infrastructure, resiliency and advancement to support long-term growth.

## Infrastructure Projects and Operational Excellence

This year, several transformative projects contributed to the Company's progress, made possible by the exceptional dedication and professionalism of our employees. Their contributions have driven meaningful improvements across the Company, reinforcing our mission and advancing our long-term strategic objectives:

- **Battery Energy Storage System ("BESS"):** The BESS was commissioned in September 2024, with the full benefits realized at scale in 2025. The 20-megawatt ("MW") /20 megawatt-hour ("MWh") BESS optimized generation reserves, improved fuel efficiency, lowered consumer fuel costs and reduced CO<sub>2</sub> emissions. In 2025, the BESS avoided the use of 1.3 million imperial gallons of fuel, boosted fleet efficiency by 3.2%, and delivered \$4.6 million in fuel savings. The BESS helped reduce fuel consumption and exposure to global fuel price volatility, strengthening both our financial resilience and environmental performance.
- **Generating Units Life Cycle Upgrades ("LCU"):** Upgrades to five generating units resulted in the extension of the asset lives, improved fuel efficiency, and will enable future dual-fuel capability for natural gas. In 2025, efficiency gains avoided 0.91 million imperial gallons of fuel, saving \$3.3 million.
- **Electric Vehicle ("EV") Charging Network Expansion:** By year-end, the Company operated 25 public charging stations with a total of 62 plugs. An additional five stations, providing nine plugs, were operational at the North

Sound Road Power Plant and CUC's Administration Building for fleet and employee use. Overall, charging increased by 112% in Fiscal 2025 when compared to Fiscal 2024.

- **Resiliency Projects – Undergrounding of major transmission lines:** Recognising our vulnerability to climate impacts, we invested in grid resilience measures that ensure we can continue delivering safe, reliable power even in the face of increasingly severe weather events.
- **Solar + Storage Bid:** In 2025, the Regulator launched a Request for Proposal (“RFP”) or tender, for the country’s largest-ever utility-scale solar project for a 22.5 MW dispatchable solar photovoltaic and BESS facility. This is a competitive bid process and CUC has submitted a proposal.

The Company’s investments will continue to be structured with the objective of meeting customers’ needs while exercising prudence and delivering strong financial performance to support future endeavours.

## Customer Affordability

Through the successful execution of two major initiatives – the BESS and the LCU projects – the Company achieved a 13% reduction in the average fuel cost charge for customers. In 2025, these projects saved 2.2 million imperial gallons of fuel, boosted fleet efficiency by 3.2%, and delivered US\$7.9 million in fuel savings. This reduction highlights the tangible value delivered by these projects, generating meaningful cost savings for customers. Fuel factor and renewable energy costs are pass-through costs to customers.

In November 2025, the Economic and Statistics Office (“ESO”) released its third quarter Consumer Price Index (“CPI”) Report, noting that overall inflationary pressures in the Cayman Islands remained broadly subdued. The report highlighted decreases in housing, utility, and fuel costs. As the sole electric utility company in Grand Cayman, this is particularly significant, and highlights that CUC’s investment in efficiency, infrastructure, and sustainable energy initiatives is delivering cost savings for customers. Energy remains the foundation of the Cayman Islands, and these reductions underscore the sector’s vital role in driving affordability, ensuring stability, and strengthening resilience across the broader economy.



*Five EV charging stations are operational in the Company’s North Sound Road Power Plant.*

## Strengthening the Grid and Climate Adaptation Projects

The Company remains committed to ESG initiatives that are core drivers of our corporate strategy and objectives. We recognise that ESG factors directly influence tangible outcomes for the communities we serve. Amid growing sustainability challenges, the Company is prioritizing positive socio-environmental results to ensure service continuity and uphold our standards. The Company completed limited assurance engagements on its greenhouse gas (“GHG”) Scope 1 emissions and on the allocation of proceeds from its Green Finance instruments. These assurance activities were undertaken to provide stakeholders with independent verification that the Company’s reported GHG Scope 1 emissions are reliable and that funds designated for green projects were allocated and used in accordance with the stated sustainability objectives. This process enhances transparency, supports the credibility of the Company’s sustainability reporting, and reinforces stakeholder confidence in its environmental commitments.

## Reliability and Customer Service

Reliability remained industry-leading, with a System Average Interruption Duration Index (“SAIDI”) of 1.3 hours—surpassing North American benchmarks and representing a record performance for the Company. This result underscores our continued ability to deliver on our commitment to resilience and reliable service.

CUC seeks to improve customers’ experience through innovation, listening to, and acting on, feedback, and investments that strengthen service quality across all touchpoints. In 2025, our approach delivered clear results with customer satisfaction reaching a record 80% in May and averaged 78% for the year. Key achievements included the launch of the Company’s AI chat agent along with expanded customer education programmes to raise awareness of energy usage and conservation.

## Human Resources and Employee Development

As of December 31, 2025, CUC employed 292 full-time staff, maintaining a stable workforce with 77% Caymanian representation. The remaining employees represent 17 different countries, reflecting our diverse, inclusive, and welcoming culture.

In 2023, all Fortis companies measured employee engagement using the Gallup survey. The survey utilizes decades of research to gauge employee engagement and provides tools and resources for improving performance. In 2023, CUC’s engagement rating was 3.71 out of 5 with a 60% staff participation rate. When the survey was repeated in 2025, participation increased significantly to 93% and the engagement score rose to 3.89. CUC saw improvements across all elements of engagement within the survey. These results reflect both higher employee confidence in the process and the Company’s ongoing efforts to address feedback, strengthen workplace culture, and respond proactively to concerns raised by staff.

In 2025, CUC delivered instructor-led Unconscious Bias Training to members of CUC’s newly formed Diversity, Equity and Inclusion (“DEI”) Subcommittee, equipping the members with the tools to lead inclusively. Gender diversity continues to improve, with 21% of our workforce female, including more women in technical roles.

We remain dedicated to workforce development through the Investors in People model, retaining our Gold status and targeting Platinum in 2026. In 2025, employees logged 22,713 training hours and our workforce grew by 6%. Three CUC Scholarship recipients completed their studies in 2025 and have joined the Company on a full-time basis.

## Health and Safety

The health and safety of our employees, contractors, and the public remain the Company's top priority. In 2025, the Company recorded two Lost Time Injuries and three medical cases, resulting in an All-Injury Frequency Rate of 1.9. This metric reflects the total number of recordable injuries per 100 employees, working 2,000 hours per year. During the year, CUC implemented a comprehensive Health and Safety Plan, focusing on training, mental health initiatives, internal and external audits and delivered a dedicated contractor workshop. We continue to address workplace hazards proactively and reinforce safety as a core value across the organisation.

The Company also maintained compliance with ISO 14001: 2015 and ISO 45001: 2018 standards, supported by a successful external EMS audit by our third-party registrar and Letter of Self-Declaration issued for OHSMS, following an internal audit led by an independent external consultant.

## Community Involvement

CUC's Community Involvement Programme continues to empower employees to share their time and talents through volunteerism, supporting initiatives such as Meals on Wheels, Lighthouse School activities, Earth Day Clean-ups and the Sunrise Adult Training Centre. In 2025, we sponsored educational programmes and camps that provided Cayman's youth with unique learning opportunities. Notably, CUC sponsored young Caymanian, Soleil Parkinson, to attend the COP30 summit in Brazil, where she gained firsthand insights on building a sustainable future.

Our commitment to community development includes sports, with continued sponsorship of events including the CUC CARIFTA Track & Field Trials, CUC 800m + 400m Sea Swim and CUC Primary Football and Cricket Leagues. These efforts reflect our dedication to strengthening the community we live and work in.

Throughout 2025, we accelerated our commitment to the energy transition by utilizing our new battery storage capacity and modernizing our grid to support a smarter, cleaner and more resilient electricity system. These investments have strengthened reliability and aligned our operations with national sustainability objectives. As we continue this journey, we remain focused on modernization, customer affordability and climate resilience, ensuring that our utility continues to deliver long-term value for shareholders and the community we serve.

Signed "Sheree L. Ebanks"

**Sheree L. Ebanks**

*Chairperson of the Board of Directors*

Signed "J.F. Richard Hew"

**J.F. Richard Hew**

*President & Chief Executive Office*

# Management's Discussion and Analysis

*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 and related notes for the year ended December 31, 2025 (the "2025 Financial Statements"). The material has been prepared in accordance with Canadian Securities Administrators National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") relating to the MD&A and is available under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) together with the Company's annual information form for the year ended December 31, 2025, which contains additional information relating to the Company.*

*The accounting practices, which are disclosed in the notes to the 2025 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 the 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.*

*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. Given that the IASB has not published a final version of the Mandatory Rate regulated Activities Standard, the Company will file an application with the OSC in February 2026 seeking an extension of the exemption period.*

*Financial information is presented in United States dollars unless otherwise specified. The 2025 Financial Statements and MD&A in this Annual Report were approved by the Audit Committee and the Board of Directors.*

February 17, 2026



**Letitia T. Lawrence**  
*Vice President Finance, Corporate  
 Services & Chief Financial Officer*

### Financial and Operational Highlights

(\$ thousands, except Basic Earnings, Dividends Paid and where otherwise indicated)

	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change
Electricity Sales Revenues	128,480	121,913	6,567	5%
Fuel Factor	143,853	163,615	(19,762)	(12%)
Renewables	5,888	6,155	(267)	(4%)
Z-Factor	5,776	1,999	3,777	189%
Total Operating Revenues	283,997	293,682	(9,685)	(3%)
Power Generation	156,060	174,972	(18,912)	(11%)
Depreciation	49,159	44,282	4,877	11%
Other Expenses	34,426	33,938	488	1%
Total Operating Expenses	239,645	253,192	(13,547)	(5%)
Net Operating Income	44,352	40,490	3,862	10%
Net Earnings for the Year	47,369	42,687	4,682	11%
Cash Flow related to Operating Activities	85,586	91,464	(5,878)	(6%)
Per Class A Ordinary Share:				
Basic Earnings	1.10	1.08	0.02	2%
Dividends Paid	0.755	0.735	0.020	3%
Total Customers	35,082	34,280	802	2%
Total Full-Time Employees	292	275	17	6%
Customers per Employee (#)	120	125	(5)	(4%)
System Availability (%)	99.97	99.97	-	-
Peak Load Gross (MW)	129.5	128.0	1.5	1%
<i>Millions of kWh:</i>				
Net Generation	779.6	760.2	19.4	3%
Renewable Energy Generation	21.4	22.1	(0.7)	(3%)
Total Energy Supplied	795.0	776.9	18.1	2%
Kilowatt-Hour Sales	766.5	749.3	17.2	2%
Sales per Employee	2.62	2.72	(0.10)	(4%)

## 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 (together, the “Licences”) granted by the Cayman Islands Government (the “Government” or “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” or the “Regulator”), 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 authorised a reduction in licence 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 regulator 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 operates under a 15-year licence issued by URCO that is scheduled to expire on March 27, 2027. Management expects the licence renewal process to commence in 2026, ahead of the expiration date, and does not anticipate any disruption to ongoing operations as a result of the renewal process.

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.

### **Consolidation Accounting Policy**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary DataLink. All intercompany balances and transactions have been eliminated on consolidation.

## Results of Operations

### Operating Revenues

Sales in kWhs for the year ended December 31, 2025 ("Fiscal 2025") were 766.5 million kWh, an increase of 17.2 million kWh or 2% compared to 749.3 million kWh for the year ended December 31, 2024 ("Fiscal 2024"). The increase was driven by the 2% growth in overall customer numbers and an increase in the average consumption of large commercial customers brought about by new developments and expanding commercial operations in health care and hospitality sectors.

The average monthly temperature for Fiscal 2025 was 83.7 degrees Fahrenheit, consistent with 83.8 degrees Fahrenheit in Fiscal 2024. Average monthly rainfall declined significantly to 2.9 inches in Fiscal 2025, compared to 6.1 inches in Fiscal 2024. Reflecting these conditions and underlying demand trends, the Company experienced a new record peak load of 129.5 megawatts ("MW") on July 31, 2025, representing a 1% increase over the prior record peak load of 128.0 MW recorded on September 17, 2024.

Operating revenues for Fiscal 2025 totalled \$284.0 million, a decrease of \$9.7 million or 3% from \$293.7 million for Fiscal 2024. The decrease in operating revenues was primarily driven by a 12% decrease in fuel factor revenue, partially offset by higher electricity sales and Z-Factor revenues.

Electricity sales revenues increased by \$6.6 million for Fiscal 2025 to \$128.5 million when compared to electricity sales revenues of \$121.9 million for Fiscal 2024. This increase is primarily driven by the 2% kWh sales growth, and 4% base rate increase effective June 1, 2025.

Z-Factor revenue increased by \$3.8 million to \$5.8 million in Fiscal 2025, compared to \$2.0 million in Fiscal 2024. The increase was primarily attributable to the recognition of a full year of revenue related to the Battery Energy Storage System ("BESS") and a portion of Resiliency projects, which entered service in the fourth quarter of Fiscal 2024.

Fuel factor revenues for Fiscal 2025 totalled \$143.9 million, a \$19.7 million or 12% decrease from the \$163.6 million in fuel factor revenues for Fiscal 2024. The net decrease was due to the 13% decrease in the average Fuel Cost Charge and lower fuel consumption partially offset by the 2% increase in kWh sales. The average Fuel Cost Charge rate charged to consumers for Fiscal 2025 was \$0.20 per kWh, compared to the Fuel Cost Charge rate of \$0.23 per kWh for Fiscal 2024. The average fuel price per imperial gallon ("IG") used to determine the fuel cost charge rate to

### Sales and Customer Highlights

Total CUC customers and revenue only

	Year Ended December 31, 2025	Year Ended December 31, 2024	% Change
<b>Customers</b> ( <i>fully stated, not in thousands</i> )			
Residential	30,209	29,475	2%
General Commercial	4,759	4,694	1%
Large Commercial	114	111	3%
<b>Total Customers</b>	<b>35,082</b>	34,280	2%
<b>Sales</b> ( <i>in thousands kWh</i> )			
Residential	414,467	406,886	2%
General Commercial	156,966	154,373	2%
Large Commercial	190,825	183,819	4%
Other ( <i>streetlights, etc.</i> )	4,267	4,259	-
<b>Total Sales</b>	<b>766,525</b>	749,337	2%
<b>Average Monthly Consumption Per Customer (kWh)</b>			
Residential	1,158	1,162	-
General Commercial	2,764	2,760	-
Large Commercial	144,306	139,083	4%
<b>Revenues</b> ( <i>in thousands of \$</i> )			
Residential	68,990	65,254	6%
General Commercial	27,939	28,898	(3%)
Large Commercial	30,254	26,622	14%
Fuel Factor	143,853	163,615	(12%)
Renewables	5,888	6,155	(4%)
Z-Factor	5,776	1,999	189%
Other ( <i>streetlights etc.</i> )	1,297	1,139	14%
<b>Total Operating Revenues</b>	<b>283,997</b>	293,682	(3%)

consumers for the year ended December 31, 2025 was \$3.54, compared to \$3.90 for the year ended December 31, 2024. 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.

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., which are passed-through to consumers on a two-month lag basis with no mark-up. The Company has a Power Purchase Agreement (“PPA”) with Bodden Town Solar 1, Ltd. for a 25-year term. As at present, the Company has contracted renewable energy supply of 24.3 MW (2024: 23.9 MW), sourced from a combination of customer-owned rooftop systems and Bodden Town Solar 1, Ltd.’s utility-scale solar farm.

Renewables revenues for Fiscal 2025 totalled \$5.9 million, a 5% decrease compared to renewables revenues for Fiscal 2024 of \$6.2 million. 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.

## Operating Expenses

Total operating expenses for Fiscal 2025 decreased by \$13.6 million or 5% to \$239.6 million from \$253.2 million for Fiscal 2024. The primary factors contributing to the decrease in operating expenses were decreases in power generation cost and maintenance cost partially offset by increases in depreciation and general and administration.

Significant Changes in Operating Expenses					
(\$ in thousands)					
Item	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change	Explanation
Power Generation	156,060	174,972	(18,912)	(11%)	Decrease due to 11% reduction in average fuel costs partially offset by 3% increase in net generation and the amortization of Temporary Generation costs.
Depreciation of Property, Plant and Equipment (“PP&E”)	49,159	44,282	4,877	11%	Increase reflects the commissioning of new assets and continued capital investment in infrastructure and system upgrades. This was partially offset by the 25-year life extension resulting from the life cycle upgrades of two generating units.
General and Administration (“G&A”)	15,662	14,406	1,256	9%	Increase primarily driven by higher legal costs, increased IT maintenance expenses, and higher compensation costs resulting from a 6% increase in employee headcount. These were partially offset by higher general expenses capitalized.

(\$ in thousands)

Item	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change	Explanation
Maintenance	4,857	6,131	(1,274)	(21%)	Decrease due to higher capitalized labour and lower generation material costs
Transmission and Distribution	7,649	7,079	570	8%	Increase due to higher compensation cost and higher generation material costs

Power generation expenses were as follows:

Power Generation					
<i>Fuel, Lubricating Oil and Renewables costs stated net of deferred charges (\$ thousands)</i>					
	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change	
Fuel Costs	141,605	161,331	(19,726)	(12%)	
Lubricating Oil Costs (net of deferred lubricating oil costs)	2,248	2,284	(36)	(2%)	
Renewables Costs (net of deferred renewables costs)	5,888	6,155	(267)	(4%)	
Amortization of Temporary Generation Cost	1,052	226	826	365%	
Other Generation Expenses	5,267	4,976	291	6%	
<b>Total Power Generation expenses</b>	<b>156,060</b>	<b>174,972</b>	<b>(18,912)</b>	<b>(11%)</b>	

The Company's average price per IG of fuel for the year ended December 31, 2025 decreased by 6% to \$3.55 in comparison to \$3.76 for the 12 months ended December 31, 2024. The Company's average price per IG of lubricating oil for the 12 months ended December 31, 2025, increased by 10% to \$17.83 when compared to \$16.26 for the 12 months ended December 31, 2024.

Total energy supplied to the grid for Fiscal 2025 was 795.0 million kWh, a 2% increase when compared to 776.9 million kWh for Fiscal 2024. Total energy supplied is the net amount of energy available to be transmitted and distributed for consumer use, including energy provided by renewable resources such as the CORE and DER programmes, and Bodden Town Solar 1, Ltd.'s Solar Farm.

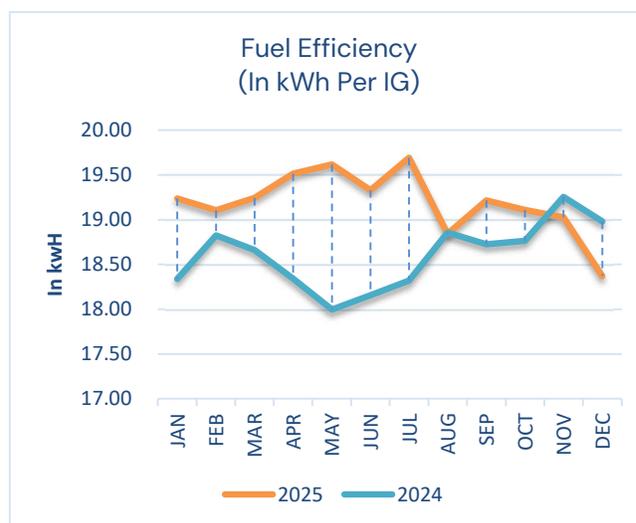
The fuel, lubricating oil and renewables costs are deferred for a period of two months. The deferrals are recorded in the Fuel Tracker Account (see Note 7 of the Notes to the Annual Consolidated Financial Statements for further details) and will be recovered from consumers.

In 2022, the Company leased 5 MW of temporary generation capacity ("Block One") to maintain system reliability, with related costs approved by URCO as a Regulatory Asset to be amortized over 10 years. To meet continued demand growth, an additional 5 MW ("Block Two") and 10 MW ("Block Three") were leased in 2023 and 2024, increasing total temporary capacity to 20 MW, which remained in place throughout 2024 and 2025. While regulatory determination on the amortization treatment for Block Two and Block Three remains pending, amortization of the related Regulatory Assets commenced in 2025, consistent with the treatment approved for Block One and established regulatory precedent.

### Fuel Efficiency and Customer Affordability

Fuel efficiency improved in Fiscal 2025 by 3%, with average Net Fuel Efficiency increasing to 19.19 kWh/IG compared to 18.60 kWh/IG in Fiscal 2024. This improvement was primarily 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 closer to their original performance levels, thereby lowering overall fuel consumption.

As a result of these efficiency gains, the Company realized estimated fuel savings during Fiscal 2025 of approximately 2.2 million IG, or 5.1%, equivalent to an estimated reduction in fuel costs of \$7.9 million. These fuel savings were directly passed through to customers, reducing customer fuel charges and supporting the Company’s objective of improving energy affordability. While the decline in total fuel costs during the year was primarily driven by lower fuel prices, operational efficiency initiatives also contributed positively to the overall reduction.



According to the Economics and Statistics Office (“ESO”) published quarterly Consumer Price Index (“CPI”) reports for the first three quarters of 2025, the “Housing and Utilities” category has consistently trended lower compared to the same periods in 2024. Specifically, in 2025 electricity costs declined by 12.8% in Q1, 9.7% in Q2, and 11% in Q3. These reductions are directly linked to the decrease in fuel cost and operational benefits of the BESS, combined with recent lifecycle upgrades and lower fuel costs.

### Consumer Services

In accordance with its Allowance for Credit Losses policy, the Company maintains an accumulated provision for uncollectible customer accounts receivable that is estimated based on known accounts, historical experience and other currently available information, including the economic environment.

Trade receivables, less allowances for credit losses and consumer deposits as of December 31, 2025 were \$8.0 million, a decrease of \$1.5 million when compared to \$9.5 million as of December 31, 2024. This decrease was driven by the decrease in the past due aging customer receivables and the increase in allowance for credit losses and consumer deposits. Customer deposits as of December 31, 2025 totalled \$15.7 million, an increase of \$0.8 million when compared to customer deposits of \$14.9 million as of December 31, 2024. The increase in consumer deposits was driven by growth in the number of customers, higher average customer bills, and deposits received from large development projects.

### Trade and Other Receivables

(\$ thousands)

	As of December 31, 2025	As of December 31, 2024	Change	% Change
Current	21,108	20,170	938	5%
Past due 31–60 days	963	1,354	(391)	(29%)
Past due 61–90 days	160	346	(186)	(54%)
Past due over 90 days	3,933	4,584	(651)	(14%)

(\$ thousands)

	As of December 31, 2025	As of December 31, 2024	Change	% Change
<b>Total Trade and Other Receivable</b>	<b>26,164</b>	26,454	(290)	(1%)
Less: Allowance for Credit Losses	<b>(2,448)</b>	(2,058)	(390)	(19%)
Less: Consumer Deposits	<b>(15,696)</b>	(14,859)	(837)	(6%)
<b>Net of Allowance of Credit Losses and Customer Deposits</b>	<b>8,020</b>	9,537	(1,517)	(16%)

## Other Income and Expenses

Other income and expenses were as follows:

Other Income & Expenses				
(\$ thousands)				
	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change
Total Interest Costs	<b>(20,115)</b>	(20,227)	112	1%
Allowance for Funds Used During Construction ("AFUDC")	<b>15,245</b>	14,373	872	6%
Total Finance Charges	<b>(4,870)</b>	(5,854)	984	17%
Foreign Exchange Gain	<b>2,191</b>	2,320	(129)	(6%)
Other Income	<b>5,696</b>	5,731	(35)	(1%)
<b>Total Net Other Income</b>	<b>3,017</b>	2,197	820	37%

Finance charges for Fiscal 2025 totalled \$4.9 million, a decrease of \$1.0 million or 17% when compared to \$5.9 million for Fiscal 2024.

Under the terms of the T&D Licence, the Company is permitted to capitalise finance costs attributable to qualifying capital projects through Allowance for Funds Used During Construction ("AFUDC"). AFUDC is calculated by applying the Company's approved cost of capital rate to the average monthly balance of work in progress. The cost of capital rate is reviewed annually. For Fiscal 2025, the calculated cost of capital submitted to URCO was 9.50% (2024: 9.25%). AFUDC capitalised during Fiscal 2025 totalled \$15.2 million, an increase of \$0.9 million (6%) from \$14.4 million in Fiscal 2024, primarily reflecting the increase in the cost of capital.

Foreign exchange gains and losses arise from the translation of monetary assets and liabilities denominated in foreign currencies into United States dollars at the exchange rate prevailing at the balance sheet date. Foreign currency-denominated revenues and expenses are translated at the exchange rates in effect on the respective transaction dates. Foreign exchange gains amounted to \$2.2 million in Fiscal 2025, comparable to \$2.3 million in Fiscal 2024.

Other income includes revenues from DataLink's third-party customers, pipeline operations, sales of meter sockets and recyclable materials, performance rewards earned under the T&D Licence, and other miscellaneous income. Total other income amounted to \$5.7 million in Fiscal 2025, comparable to Fiscal 2024.

During Fiscal 2025, the Company recognised a performance reward of \$0.6 million relating to reliability outcomes achieved over the period 2021 through 2024. In accordance with CUC's operating licence, performance rewards or penalties may be earned based on service reliability indicators, including SAIDI and SAIFI, measured against regulatory performance standards.

In Fiscal 2024, other income included a one-time \$0.5 million recovery of arrears related to CCTV pole attachments, which did not recur in Fiscal 2025.

Revenues from DataLink, recorded within other income, totalled \$2.0 million in fiscal 2025, a \$0.1 million decrease from \$2.1 million in fiscal 2024, primarily due to the removal of unauthorised pole attachments.

## Earnings

Operating income for the year ended December 31, 2025 totalled \$44.4 million, a \$3.9 million or 10% increase from operating income of \$40.5 million for the year ended December 31, 2024. This increase was primarily attributable to a 2% increase in kWh sales, 4% base rate increase effective June 1, 2025, the Z-Factor revenue for approved projects and lower maintenance cost. These factors were partially offset by higher depreciation and general and administrative expenses.

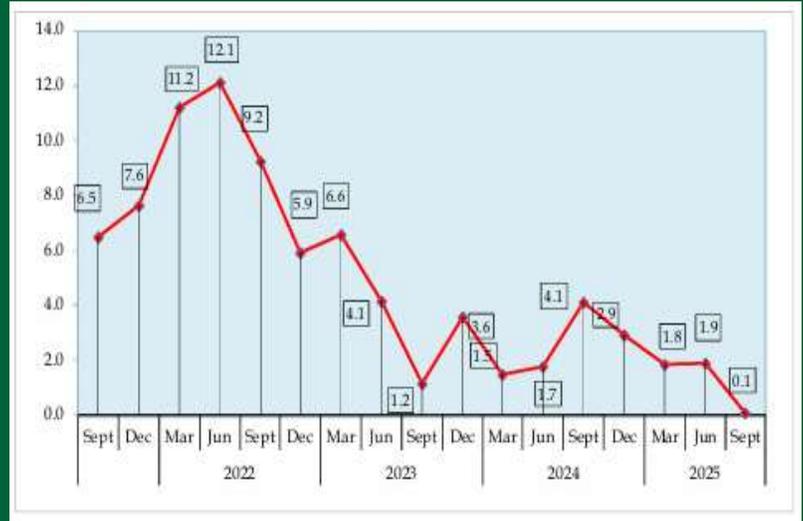
Net earnings for Fiscal 2025 were \$47.4 million, a \$4.7 million or 11% increase from net earnings of \$42.7 million for Fiscal 2024. This increase is primarily attributable to higher operating income, higher net other income and lower finance charges.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Fiscal 2025 were \$46.3 million, or \$1.10 per Class A Ordinary Share, as compared to \$41.7 million, or \$1.08 per Class A Ordinary Share, for Fiscal 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 38,756,510 for the years ended December 31, 2025 and December 31, 2024, respectively.

## The Economy

In November 2025, ESO released the Third Quarter 2025 CPI Report, highlighting inflationary pressures in the Cayman Islands remained broadly subdued. The CPI increased marginally by 0.1% year-over-year, reflecting a continued moderation in overall price growth. On a quarter-over-quarter basis, CPI rose 0.4% compared to Q2 2025, indicating modest short-term price movement

Price increases were primarily concentrated in communication, education, food and non-alcoholic beverages, restaurants and hotels reflecting ongoing cost pressures in essential consumer services and discretionary spending categories. These increases were partially offset by declines in housing and utilities and transport, driven largely by lower utility costs and reduced fuel and air transport prices.



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

The financial services industry remained the backbone of the Cayman Islands economy in 2025, supported by continued global demand for investment funds, insurance, and fiduciary services. 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 sector continued to provide meaningful employment and government revenue. The table below itemises trends in some of the key financial sectors:

### Indicators for the Financial Services Industry

(for the years ended December 31)

	2025	2024	2023	2022	2021
Bank Licences	79	79	87	94	101
Mutual Funds	12,876	12,858	12,802	12,995	12,719
Mutual Fund Administrators	67	69	74	74	75
Registered Companies	121,404*	118,443	119,626	119,128	99,327
Captive Insurance Companies	720	721	708	686	686

\*As of September 30, 2025

The tourism sector is the second main pillar of the Cayman Islands economy, supported by ongoing stayover and cruise visitation. Tourism activity in the Cayman Islands during 2025 reflected mixed but improving conditions. Stayover visitation remained resilient, supported by continued demand from key source markets and increased airlift. Growth accelerated in the latter part of the year, with November arrivals increasing by 7.5% compared to November 2024. This sustained improvement culminated in December 2025, which recorded the highest level of stayover visitation on record, surpassing even pre-pandemic levels achieved in 2019. The increase in air arrivals contributed positively to economic activity across the hospitality and services sectors. While demand for the destination remained generally stable, the sector operated within a challenging environment influenced by cost pressures, capacity limitations, and broader global economic conditions.

In 2026, system demand is expected to reflect continued growth associated with major developments, including the Grand Hyatt and One GT. While the timing and magnitude of incremental load remain dependent on occupancy and operating levels, these developments are expected to support underlying demand growth over the medium term.

The following table presents statistics for tourist arrivals in the Cayman Islands for the years ending December 31:

<b>Tourist Arrivals to the Cayman Islands</b>					
<i>(for the years ended December 31)</i>					
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
By Air	<b>450,441</b>	437,842	429,284	180,624	2,212
By Sea	<b>1,062,221</b>	1,076,875	1,270,981	426,293	-
<b>Total</b>	<b>1,512,662</b>	1,514,717	1,700,265	606,917	2,212

*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](http://www.gov.ky), [www.eso.ky](http://www.eso.ky) and [www.caymanislands.ky](http://www.caymanislands.ky)).*

## Capital Resources

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

Certain of the Company's long-term debt obligations have covenants restricting the issuance of additional debt such that consolidated debt cannot exceed 65% of the Company's consolidated capital structure, as defined by short-term and long-term debt agreements. As at December 31, 2025, the Company was in compliance with all debt covenants.

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") (previously 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 are being used to finance alternative energy projects, ongoing

additions and upgrades to CUC's generation, transmission, and distribution systems and for general corporate purposes.

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

<b>Capital Structure</b>				
(\$ thousands)				
	<b>December 31, 2025</b>	<b>%</b>	<b>December 31, 2024</b>	<b>%</b>
Total Debt	<b>413,130</b>	<b>50</b>	<b>397,950</b>	<b>50</b>
Shareholders' Equity	<b>412,004</b>	<b>50</b>	<b>393,374</b>	<b>50</b>
<b>TOTAL</b>	<b>825,134</b>	<b>100</b>	<b>791,324</b>	<b>100</b>

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

**DBRS A (low)/ Stable**

**S&P BBB+/ Stable**

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

In February 2026, 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 2024 and the first nine months of 2025 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 January 2026, S&P revised its outlook for the Company following its revision of Fortis Inc. and its subsidiaries to stable from negative. The stable outlook reflects S&P's expectation that the Company will continue to effectively manage regulatory risk, advance physical risk-mitigation initiatives, and for the Company maintain financial discipline such that Funds From Operations (FFO) to debt remains above 15%.

## 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<sub>2</sub> 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.

## Liquidity

The primary sources of liquidity and capital resources are net funds generated from operations, debt issuances, equity issuances, 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 cash flow for Fiscal 2025 compared to Fiscal 2024:

<b>Cash Flows</b>				
(\$ thousands)				
	<b>Year Ended December 31, 2025</b>	<b>Year Ended December 31, 2024</b>	<b>Change</b>	<b>% Change</b>
Beginning Cash	20,200	3,987	16,213	407%
Cash Provided By/(Used In):				
Operating Activities	85,586	91,464	(5,878)	(6%)
Investing Activities	(89,426)	(100,434)	11,008	11%
Financing Activities	(14,498)	25,183	(39,681)	(158%)
<b>Ending Cash</b>	<b>1,862</b>	<b>20,200</b>	<b>(18,338)</b>	<b>(91%)</b>

*Operating Activities:*

Cash flow provided by operations, after working capital adjustments, for Fiscal 2025, was \$85.6 million, a decrease of \$5.9 million or 6% from \$91.5 million for Fiscal 2024. The decrease was primarily attributable to higher regulatory deferrals, including temporary generation costs and deferred Z-Factor revenue, as well as a decrease in accounts payable. These impacts were partially offset by movements in other assets and inventory balances.

*Investing Activities:*

Cash used in investing activities totalled \$89.4 million for Fiscal 2025, a decrease of \$11.0 million compared to \$100.4 million for Fiscal 2024. The decrease was primarily attributable to lower capital expenditures in Fiscal 2025 following the completion of several significant capital projects in the prior year, including life cycle upgrades of three generating units, transmission and distribution system upgrades, and the Battery Energy Storage System. These decreases were partially offset by lower proceeds from asset disposals and higher costs related to intangible assets during Fiscal 2025.

*Financing Activities:*

Cash used by financing activities totalled \$14.5 million for Fiscal 2025, representing a \$39.7 million decrease compared to cash provided by financing activities of \$25.2 million in Fiscal 2024. The decrease was primarily due to proceeds from long-term debt financing and the Rights Offering received in 2024, partially offset by short-term debt repayments, and dividend payments made during Fiscal 2024.

*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 2026 capital expenditure programme (see the "Business Risks" section of this MD&A for details regarding the Company's liquidity risk).

## Credit Facilities

The Company currently has \$82.5 million of unsecured credit financing facilities with Scotiabank & Trust (Cayman) Limited ("Scotia") and Royal Bank of Canada ("RBC"). The financing facilities are comprised of:

Short-Term Financing	
(\$ thousands)	
<b>Provided by Scotia:</b>	
MasterCard Agreement	500
Operating, Revolving Line of Credit	10,000
Letter of Credit	13,000
Standby Loan	7,500
Demand Loan Facility - Interim Funding of Capital Expenditures	51,000
<b>Total</b>	<b>82,000</b>
<b>Provided by RBC:</b>	
Corporate Credit Card Line	500
<b>Total</b>	<b>82,500</b>

As at December 31, 2025, \$47.0 million was available under the Company's credit facilities (2024: \$82.0 million).

## Contractual Obligations

As at December 31, 2025, the contractual obligations of the Company over the next five years and periods thereafter are outlined in the following table:

Contractual Obligations					
(\$ thousands)					
	Total	< 1 year	1 to 3 years	4 to 5 years	> 5 years
Total Debt	414,675	54,935	35,584	52,792	271,364
Long-Term Debt Interest	215,745	18,472	34,773	31,255	131,245
<b>Total</b>	<b>630,420</b>	<b>73,407</b>	<b>70,357</b>	<b>84,047</b>	<b>402,609</b>

### Power Purchase Agreement ("PPA")

In 2015, the Company entered into a PPA with Bodden Town Solar 1, Ltd., which will provide a minimum generated energy of 8.8 gigawatt hours ("GWh") per year for a 25-year term. The PPA qualifies for the Normal Purchase Normal Sale exemption under Accounting Standards Codification ("ASC") 815 and does not qualify as a derivative.

### Fuel Purchase Obligation

The Company has a primary fuel supply contract with RUBiS Cayman Islands Limited ("RUBiS"). Under the agreement, the Company is committed to purchase approximately 60% of its diesel fuel requirements for its generating plant from RUBiS. The Company also has a secondary fuel supply contract with Sol Petroleum Cayman Limited ("Sol") and is committed to purchase approximately 40% of the Company's fuel requirements for its generating plant from Sol. On October 1, 2024, and November 1, 2024, the Company executed new fuel supply contracts with RUBiS and Sol, respectively, each with a term of 36 months. Both contracts qualify for the Normal Purchase Normal Sale exemption under ASC 815 and do not qualify as derivatives.

## Financial Position

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

<b>Significant Changes in Balance Sheet</b>		
<b>(\$ thousands)</b>		
<b>Balance Sheet Account</b>	<b>Increase/ (Decrease) (\$ thousands)</b>	<b>Explanation</b>
Cash and Cash Equivalents	(18,338)	Net decrease due to cash used in investing activities of \$89.4 million and financing activities of \$14.5 million partially offset by cash provided by operating activities of \$85.6 million
Regulatory Assets (Current & Non-Current)	12,901	Increase due to accrued Z-Factor revenues, higher deferred fuel cost, and deferred temporary generation leases partially offset by amortisation.
Regulatory Liabilities	(2,657)	Decrease due to reduction in the pass-through rate for licence and regulatory fees authorised by URCO in February 2025.
Property, Plant and Equipment	39,327	Increase due to capital expenditures for the period, partially offset by an increase in accumulated depreciation.
Inventories	(2,078)	Decrease due to lower cost of fuel inventory.
Other Assets	(2,551)	Decrease due to amortization of Temporary Generation lease right-of-use assets.
Accounts Payable and Accrued Expenses	(1,410)	Decrease mainly attributable to lower accrued expenses reflecting the timing of expenditures and settlements during the period.
Short-term debt	35,000	Drawdown on short-term credit facility during the year
Long-Term Debt	(19,820)	Decrease due to principal payments made on the Company's Senior Unsecured Notes in Fiscal 2025.
Share Premium	3,888	Increase due to the issuance of 303,023 Class A Ordinary Shares through the share purchase plans.
Retained Earnings	14,452	Increase due to net earnings for the year of \$47.4 million, offset by dividend payments on the Class A Ordinary Shares of \$31.9 million and Class B Preference Shares of \$1.0 million.

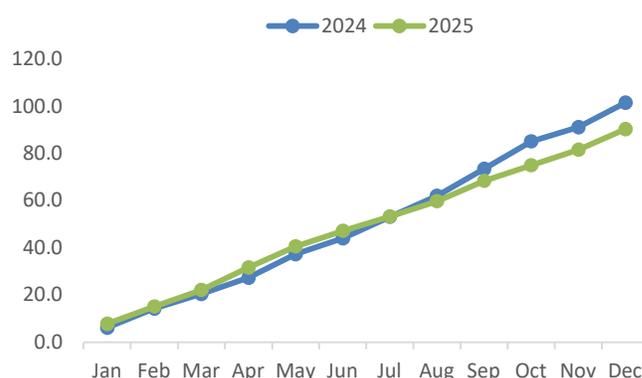
## Capital Expenditures

Capital expenditures net of contribution in aid of construction for Fiscal 2025 were \$88.9 million, an \$11.7 million, or 12% decrease from \$100.6 million due to the completion of major projects. The capital expenditures for Fiscal 2025 primarily related to:

- Distribution System Extension and Upgrades – \$28.9 million.
- Generation Replacement – \$16.0 million.
- Lifecycle Upgrades – \$10.5 million.
- Resiliency Projects – \$8.6 million.
- Battery Energy Storage System – \$3.0 million.

AFUDC of \$15.2 million was capitalised in Fiscal 2025.

CAPITAL EXPENDITURE TREND  
(in USD millions)



## Capital Expenditures (\$ thousands)

	2025	2024	Change	% Change	Forecast 2026
Transmission	10,261	14,623	-4,362	-30%	21,452
Distribution	34,184	30,655	3,529	12%	26,808
Generation	40,415	51,986	-11,571	-22%	52,379
Other	4,046	3,302	744	23%	5,895
<b>Total</b>	<b>88,906</b>	<b>100,566</b>	<b>-11,660</b>	<b>-12%</b>	<b>106,534</b>

In 2022, the Company received regulatory approval for lifecycle upgrades to five MAN generating units totalling 68 MW of capacity. These upgrades are 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 December 31, 2025, the Company successfully completed lifecycle upgrades for all five generating units, marking a major milestone in its generation modernization programme. 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 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.

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.

### Performance Standards Reward on Reliability

System reliability performance for Fiscal 2025 continued to exceed targets and reflect the positive impact of

ongoing capital investments. The System Average Interruption Duration Index (“SAIDI”)<sup>4</sup> was 0.865 hours, significantly better than Fiscal 2024 of 1.337 hours, while the System Average Interruption Frequency Index (“SAIFI”)<sup>5</sup> 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.

Under CUC’s operating licence, performance rewards or penalties may be earned based on service reliability metrics such as SAIDI and SAIFI, relative to the performance standards established by the Regulator.

For Fiscal 2021 through 2024, CUC’s actual SAIDI and SAIFI results consistently outperformed the applicable performance standards resulting in fewer and less frequent outages for customers. In recognition of this performance, a \$0.6 million performance reward was recorded as a regulatory asset, subject to regulatory approval of the applicable recovery rate.

To strengthen resilience and enhance climate risk preparedness, CUC continues to focus on its mitigation efforts in 2025, including the enhancement of the Wildfire Mitigation Plan, updates to the wildfire risk zoning map, procurement of wildfire suppression equipment for field crews, and the scheduling of wildfire risk management training for the first quarter of 2026. Additionally, CUC completed a preliminary feasibility assessment on the potential application of non-venting current-limiting fuses, high-impedance fault detection, LiDAR and early fault detection technologies. Collectively, these measures support CUC’s broader objectives of operational safety, infrastructure reliability and long-term climate resilience.

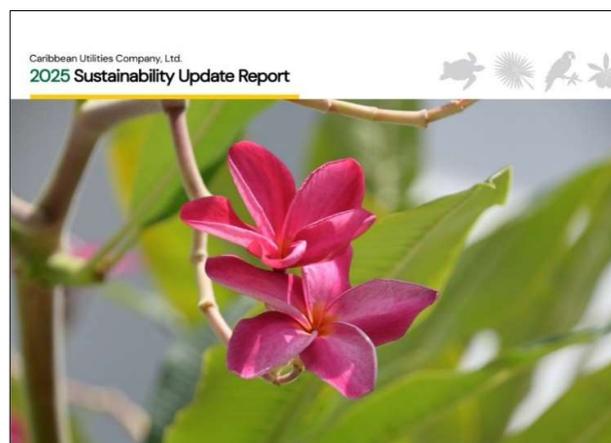
## Sustainability Report Update

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 supporting the achievements of targets outlined in the Cayman Islands National Energy Policy. 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.

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).



<sup>4</sup> SAIDI is calculated by dividing the total customer-hours of service interruption by the total number of customers served.

<sup>5</sup> SAIFI is calculated by dividing the total number of customer interruptions by the total number of customers served.

## 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.

## Business Risks

The following is a summary of the Company's significant business risks:

### *Operational Risks*

Operational risks are those risks normally inherent in the operation of generation, transmission and distribution facilities. The Company's facilities are subject to the risk of equipment failure due to deterioration of the asset from use or age, latent defects and design or operator error, among other things. These risks could lead to longer-than-forecasted equipment downtimes for maintenance and repair, disruptions of power generation, customer service interruptions, or could result in injury to employees and the public. Accordingly, to ensure the continued performance of the physical assets, the Company determines expenditures that must be made to maintain and replace the assets. Electricity systems require ongoing maintenance, improvement and replacement. Service disruption, other effects and liability caused by the failure to properly implement or complete approved maintenance and capital expenditures, or the occurrence of significant unforeseen equipment failures, despite maintenance programmes could have a material adverse effect.

The operation of transmission and distribution assets is subject to risks, including the potential to cause fires, mainly as a result of equipment failure, falling trees and lightning strikes to lines or equipment. The Company continually develops capital expenditure, safety management and risk control programmes and assesses current and future operating and maintenance expenses that will be incurred in the ongoing operation of its systems. The Company also has an insurance programme that provides coverage for business interruption, liability and property damage, although the coverage offered by this programme is limited (see "Business Risks – Insurance – Terms and Coverage" for discussion of insurance terms and coverage). In the event of a large uninsurable loss, the Company would apply to URCO for recovery of these costs through higher rates. However, there is no assurance that URCO will approve any such application (see "Business Risks- Regulation" section for a discussion of regulatory risk).

### *Economic Conditions*

As with most utility companies, the general economic condition of CUC's service area, Grand Cayman, influences electricity sales. Changes in consumer demographic, income, employment and housing are all factors in the amount of sales generated. As the Company supplies electricity to all hotels and large properties, its sales are therefore partially based on tourism and related industry fluctuations. World economic conditions, particularly those in North America, directly impact Grand Cayman's tourism industry. Rising inflationary pressures and fuel cost also impacts the customer behaviour, particularly the consumption for residential customers.

Inflation in the Cayman Islands remained subdued in 2025. According to the ESO's Third Quarter 2025 CPI Report released in November 2025, the Consumer Price Index increased 0.1% year-over-year and 0.4% quarter-over-quarter. These conditions limited upward pressure on CUC's operating costs. CUC's regulated rate framework provides for recovery of prudently incurred costs including the passed through fuel cost, which mitigates the effect of inflation and specific price changes on financial results. Accordingly, inflation did not have a material impact on the Company's total revenue or profit for the year.

### *Regulation*

The Company operates within a regulated framework, which provides a structured and transparent environment for setting rates and overseeing performance. As with other regulated utilities, the Company's operations are subject to regulatory processes administered by URCO, including the review and approval of billing rate adjustments intended to enable the timely recovery of prudently incurred costs, a reasonable return on rate base assets, and the application of incentives or penalties linked to regulatory performance standards. The Company's capital investment programme is also subject to regulatory approval, and while management identifies investments necessary to support reliability, safety, and long-term system needs, there can be no assurance that all proposed projects will be approved. In the event of a significant uninsured loss, the Company may seek regulatory approval to recover associated costs through future rates; however, approval of such recovery is subject to URCO's review and determination.

### *Health and Safety Management*

The Company's operations are subjected to all applicable local occupational health and safety laws. CUC has also adopted the international standard of ISO 45001:2018 requirements for an Occupational Health and Safety Management System. CUC closed 2025 with strong safety performance, achieving a Total Recordable Injury Rate (TRIR) of 1.8 against a target of 2.3. Key achievements included receiving the I Am Here Organisation of the Year 2025 – Americas award for the company's mental health programme, a successful internal OHSMS audit with no major nonconformities, but 15 minor nonconformities raised. Three internal Safety Timeouts employees focused on legal liability, incident reporting, and leading indicators. Training initiatives expanded with over 100 members of Cayman Community Emergency Response Teams participating online, and 86% completion of annual EHS training across all CUC departments. Board members also received training on EHS worksite observations under the Fortis Leading Indicator Plan, with practical sessions scheduled for 2026. Contractor engagement was strengthened through the annual EHS Contractor Summit, a vegetation management workshop in collaboration with the Cayman Department of Environment, and EHS compliance refresher sessions for contractor groups.

### *Environmental Matters*

CUC's operations are subject to local environmental protection laws concerning emissions to the air, discharges to surface and subsurface waters, noise, land use activities, and the handling, storage, processing, use, and disposal of materials and waste products.

CUC's Environmental Management System ("EMS") is registered to the ISO 14001 Environmental Standard. The Company was initially registered in 2004, pursuant to an audit by a third party of the EMS to ensure that the Company was meeting requirements put in place by the Government as well as self-imposed requirements. Under the ISO 14001 standard companies are required to establish, document, implement, maintain and continually improve their environmental performance with an aim of prevention of pollution. In order to maintain the Company's registration to this Standard an external surveillance audit is conducted annually, and an external audit is conducted every three years for re-certification. Internal audits of the system must also be conducted on an annual basis. CUC has most recently conducted and successfully passed its re-certification audit in 2024.

In May 2002, the United Kingdom ("UK") ratified the Kyoto Protocol, which sets targets and timetables for the reduction of greenhouse gas ("GHG") emissions, which was later extended to the Cayman Islands in March 2007. Under the Kyoto Protocol, the UK is legally bound to reduce its GHG emissions, however, Cayman has no emissions reduction target. As an overseas territory, the Cayman Islands are required to give available national statistics on an annual basis to the UK which will be added to its inventory and reported to the United Nations Framework Convention on Climate Change ("UNFCCC") Secretariat. Under the UNFCCC, governments are obligated to gather and report information on GHG emissions through the preparation of a national greenhouse gas inventory. The inventory primarily requires the Cayman Islands to quantify as best as possible the country's fuel consumption across a variety of sectors, production processes and distribution means. CUC continues to supply the Department of Environment with data for Cayman's GHG inventory.

In 2022, the Cayman Islands' Ministry of Sustainability & Climate Resiliency and the Energy Policy Council led a review of the National Energy Policy ("NEP") and Implementation Plan. Approved in 2017, the initial NEP covered the period 2017 – 2037 and was planned to be reviewed every five years, not only to monitor and report on progress, but also to reset the targets and implementation plans in recognition of opportunities that will arise from the constantly changing technological environment. The NEP seeks to establish a framework with which all stakeholders can identify, which sets the stage for the achievement of the territory's energy goals and considers the imperative need to reduce greenhouse gas emissions, thereby lowering the carbon footprint of the Cayman Islands. The revised NEP, approved in April 2024, covers the period from 2024 to 2045 and focuses on renewable energy, energy conservation methods and the promotion of energy efficiency.

Through the EMS, CUC has determined that its exposure to environmental risks is not significant and does not have a material impact on CUC's financial reporting including the recording of any asset retirement obligations.

#### *Weather and Natural Disasters*

CUC's facilities are subject to the effects of severe weather conditions, principally during the hurricane season months of June through November. In addition, the Cayman Islands lie close to the boundary zone of the Caribbean and North American tectonic plates. This transform boundary, where the plates slide past each other, is known to generate earthquakes from time to time. Despite preparations for disasters such as hurricanes and earthquakes, adverse conditions will always remain a risk. This risk is partially mitigated by the Company's comprehensive insurance, which management of the Company believes is appropriate and consistent with insurance policies obtained by similar companies.

During severe weather or other natural disasters, generation equipment, facilities and T&D assets are subject to risks. These risks include equipment breakdown and flood damage, which may result in interruption of fuel supply, lower-than-expected operational efficiency or performance, and service disruption. There is no assurance that generation equipment, facilities and T&D assets will continuously operate in accordance with expectations in these situations.

#### *Climate Change and Physical Risks*

Climate change is predicted to lead to more frequent and intense weather events, changing air temperatures, and regulatory responses, each of which could have a material adverse effect. Increased frequency of extreme weather events could increase the cost of providing service. Extreme weather conditions in general require system backup and can contribute to increased system stress, including service interruptions. Longer-term climate change impacts, such as sustained higher temperatures, higher sea levels and larger storm surges, could result in service disruption, repair and replacement costs, and costs associated with strengthened design standards and systems, each of which could have a material adverse effect if not resolved in a timely and effective manner.

Electricity systems are designed to service customers under various contingencies in accordance with good utility practice. The Company is responsible for operating and maintaining its assets in a safe manner, including the development and application of appropriate standards, system processes and/or procedures to ensure the safety of employees, contractors and the general public. The impacts of climate change may disrupt the ability of the Company to safely provide service, which could cause reputational harm and other impacts with a material adverse effect.

#### *Insurance – Terms and Coverage*

The Company renewed its insurance policy in July 2025 for one year under similar terms and coverage as in prior years. Insurance terms and coverage include \$325.0 million in property and machinery breakdown insurance and business interruption insurance with a 24-month indemnity period and a waiting period on non-named Wind and other perils of 60-days. Any Named Wind, Quake and Flood occurrence has a 45-day waiting period. All T&D assets

outside of 1,000 feet from the boundaries of the main power plant and substations are excluded, as the cost of such coverage is not considered economical. There is a single event cap of \$100 million for Named Wind, Quake or Flood and \$325.0 million otherwise. Each "loss occurrence" is subject to a deductible of \$1.0 million, except for Named Wind (including hurricane) and Quake for which the deductible is 2% of the value of each location that suffers loss, but subject to a minimum deductible of \$1.0 million and maximum deductible of \$4.0 million for all interests combined. The Company maintains insurance coverage to cover weather risks that management of the Company believe is appropriate and consistent with insurance policies obtained by similar companies.

In accordance with the T&D Licence, when an asset is impaired or disposed of within its original estimated useful life, the cost of the asset is reduced and the net book value is charged to accumulated depreciation. This treatment is in accordance with rate regulated accounting and differs from the accounting principles generally accepted in the United States of America ("US GAAP") treatment of a loss being recognised on the statement of earnings. The amount charged to accumulated depreciation is net of any proceeds received in conjunction with the disposal of the asset. Insurance proceeds are included within the criteria.

#### *Defined Benefit Pension Plan*

The Company maintains a defined benefit pension plan, which provides a specified monthly benefit on retirement irrespective of individual investment returns. There are currently two participants in the pension plan. The assumed long-term rate of return on pension plan assets for the purposes of estimating pension expense for 2025 is 5.5%. This compares to assumed long-term rate of return of 5.9% used during 2024. There is no assurance that the pension plan assets will be able to earn the assumed rate of return. The gain on pension plan assets during 2025 was 5% due to the investment performance (2024: gain of 5%).

Market driven changes impacting the performance of the pension plan assets may result in material variations in actual return on pension plan assets from the assumed return on the assets causing material changes in consolidated pension expense and funding requirements. Net pension expense is impacted by, among other things, the amortisation of experience and actuarial gains or losses and expected return on plan assets. Market driven changes impacting other pension assumptions, including the assumed discount rate, may also result in future consolidated contributions to pension plans that differ significantly from current estimates as well as causing material changes in consolidated pension expense. The discount rate assumed for 2025 is 5.5% compared to the discount rate assumed during 2024 of 5.6%.

There is also measurement uncertainty associated with pension expense, future funding requirements, the accrued benefit asset, accrued benefit liability and benefit obligation due to measurement uncertainty inherent in the actuarial valuation process.

A discussion of the critical accounting estimates associated with pensions is provided under the "Critical Accounting Estimates" section of this MD&A.

#### *Cybersecurity and Information and Operations Technology*

The ability of the Company to operate effectively is dependent upon using and maintaining complex information systems and infrastructure that support the operation of generation, transmission and distribution facilities, provide customers with billing, consumption and load settlement information, where applicable, and support financial and general operations.

Information and operations technology systems may be vulnerable to unauthorised access or disruption due to cyber- and other attacks, including hacking, malware, acts of war or terrorism, and acts of vandalism, among others. CUC has a Cyber Risk Management Programme which was initiated in 2019. The programme mandates minimum cybersecurity requirements, annual risk assessments of information and operational technology assets with findings being tracked and remediated based on risk rating. Annual business continuity and vulnerability/penetration testing

are also required. The programme adheres to the National Institute of Standards and Technology and ISO 27001 standards.

### *Financial Instruments*

The Company is primarily exposed to credit risk, liquidity risk, and interest rate risk as a result of holding financial instruments in the normal course of business. Financial instruments of the Company consist mainly of cash, accounts receivable, accounts payable, accrued expenses, consumers' deposits and advances for construction and long-term debt.

### *Credit Risk*

There is a risk that the Company may not be able to collect all of its accounts receivable and other assets. This does not represent a significant concentration of risk. The requirements for security deposits for certain customers, which are advance cash collections from customers to guarantee payment of electricity billings, reduces the exposure to credit risk. The Company manages credit risk primarily by executing its credit collection policy, including the requirement for security deposits, through the resources of its customer service department.

### *Liquidity Risk*

The Company's financial position could be adversely affected if it failed to arrange sufficient and cost-effective financing to fund, among other things, capital expenditures and the repayment of maturing debt. The ability to arrange such financing is subject to numerous factors, including the results of operations and financial position of the Company, conditions in the capital and bank credit markets, ratings assigned by ratings agencies and general economic conditions. These factors are mitigated by the terms of the Licences, which allows for rates to be set to enable the Company to achieve and maintain a sound credit rating in the financial markets. The Company has also secured committed credit facilities to support short-term financing of capital expenditures and seasonal working capital requirements. The cost of renewed and extended credit facilities could increase in the future; however, any increase in interest expense and fees did not materially impact the Company's consolidated financial results in 2025.

### *Interest Rate Risk*

Long-term debt is issued at fixed interest rates, thereby minimizing cash flow and interest rate exposure. The Company is primarily exposed to risks associated with fluctuating interest rates on its short-term borrowings and other variable interest credit facilities.

## **Accounting Policies**

The 2025 Annual Consolidated 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.

## **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.

*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 authorised 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.

## Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are based on historical experience, current conditions and various other assumptions believed to be reasonable under the circumstances. Due to changes in facts and circumstances and the inherent uncertainty involved in making estimates, actual results may differ significantly from the current estimates. Estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings in the period in which they become known. The Company's critical accounting estimates relate to:

### *Employee Future Benefits*

The Company's defined benefit pension plan is subject to judgments utilised in the actuarial determination of the expense and related obligation. There are currently two participants in the Company's defined benefit pension plan. The main assumptions utilised by management of the Company in determining pension expense and obligations were the discount rate for the accrued benefit obligation, inflation and the expected rate of return on plan assets. As at December 31, 2025, the Company has long-term pension assets of \$0.5 million (December 31, 2024: \$0.2 million).

### *Property, Plant and Equipment ("PP&E") Depreciation*

Depreciation is an estimate based primarily on the estimated useful life of the asset. Estimated useful life is based on current facts and historical information and takes into consideration the anticipated physical life of the assets. As at December 31, 2025, the net book value of the PP&E was \$790.0 million, compared to \$750.6 million as at December 31, 2024, increasing as a result of the Company's generation and T&D capital expenditures. Depreciation expense for Fiscal 2025 was \$49.2 million compared to \$44.3 million for Fiscal 2024. Due to the value of the Company's PP&E, changes in depreciation rates can have a significant impact on the Company's depreciation expense.

## Selected Annual Financial Information

The following table sets out the annual financial information of the Company for the financial years ended December 31, 2025, 2024 and 2023.

<b>Selected Annual Financial Information</b>			
<i>(\$ thousands, except Earnings per Class A Ordinary Share, Dividends declared per Class A Ordinary Share and where otherwise indicated)</i>			
	<b>Year Ended December 31, 2025</b>	<b>Year Ended December 31, 2024</b>	<b>Year Ended December 31, 2023</b>
Total Operating Revenues	283,997	293,682	287,225
Net Earnings for the Year	47,369	42,687	38,660
Earnings on Class A Ordinary Shares	46,348	41,685	37,690
Total Assets	879,588	850,962	777,807
Short-Term Debt and Current Portion of Long-Term Debt	54,935	19,935	70,935
Long-Term Debt	358,195	378,015	318,210
Preference Shares	249	249	250
Total Shareholders' Equity	412,004	393,374	324,742
Earnings per Class A Ordinary Share	1.10	1.08	1.00
Diluted Earnings per Class A Ordinary Share	1.10	1.08	1.00
Dividends Declared per Class A Ordinary Share	0.755	0.735	0.715
Dividends Declared per Class B Preference Share	4.10	4.02	3.94

### **Comparative results 2025/2024**

Operating revenues for Fiscal 2025 totalled \$284.0 million, a decrease of \$9.7 million from \$293.7 million for Fiscal 2024. The decrease in operating revenues was due to lower fuel factor revenues partially offset by higher electricity sales and Z-Factor revenue recognised in 2025.

Net earnings for Fiscal 2025 were \$47.4 million, a \$4.7 million increase from net earnings of \$42.7 million for Fiscal 2024. This increase is primarily attributable to higher operating income, other income and lower finance charges. For a discussion of the reasons for the changes in Operating Revenues, Earnings on Class A Ordinary Shares and Earnings per Class A Ordinary Share, refer to the "Operating Revenues" and "Earnings" sections of this MD&A.

The growth in total assets was mainly due to the transmission & distribution system extension and upgrades and generation replacement and upgrades. The decrease in short-term debt and current portion of long-term debt was due to the repayment of the short-term loan amounting to \$51 million.

### **2025 Fourth Quarter Results**

Sales for the three months ended December 31, 2025 ("Fourth Quarter 2025") were 187.6 million kWh, an increase of 9.2 million kWh when compared to 178.4 million kWh for the three months ended December 31, 2024 ("Fourth Quarter 2024"). The increase was driven by an increase in the large commercial and residential customers' kWh consumption in Fourth Quarter 2025. The average temperature during Fourth Quarter 2025 was 82.9 degrees Fahrenheit when compared to 82.5 degrees Fahrenheit in Fourth Quarter 2024. Net earnings for the Fourth Quarter were \$12.2 when compared to \$12.0 million for the Fourth Quarter 2024. Electricity sales and Z-Factor revenue for the Fourth Quarter 2025 were \$33.7 million (Fourth Quarter 2024: \$31.4 million).

Total operating expenses for the Fourth Quarter 2025 increased by 3%, or \$1.9 million to \$64.3 million compared to \$62.4 million for the Fourth Quarter 2024. The increase was primarily driven by higher maintenance, transmission and distribution, depreciation, and general and administrative costs.

Cash flow provided by operations, after working capital adjustments, for the Fourth Quarter 2025, was \$19.4 million, a decrease of \$0.9 million when compared to \$20.3 million for the Fourth Quarter 2024. This decrease was primarily due to changes in non-cash working capital balances particularly the changes in accounts receivables and account payables. Cash used in investing activities totalled \$21.8 million for the Fourth Quarter 2025, a decrease of \$5.6 million from \$27.4 million for the Fourth Quarter 2024. The increase was due to lower capital expenditures. Cash provided by financing activities totalled \$1.8 million for the Fourth Quarter 2025, a decrease of \$2.7 million from \$4.5 million provided by financing activities for the Fourth Quarter 2024. The decrease was mainly due to the repayment of the long-term debt partially offset by an increase in borrowings under the credit facility.

Capital expenditures for the Fourth Quarter 2025 were \$22.0 million, a \$5.5 million, or 20%, decrease from \$27.5 million for the Fourth Quarter 2024.

## Quarterly Results

The following table summarises unaudited quarterly information for each of the eight quarters ended March 31, 2024 through December 31, 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					
<i>(\$ thousands, except Earnings per Class A Ordinary Share and Diluted Earnings per Class A Ordinary Share)</i>					
	Operating Revenue	Net Earnings	Earnings on Class A Ordinary Shares	Earnings per Class A Ordinary Share	Diluted Earnings per Class A Ordinary Share
December 31, 2025	75,547	12,190	11,505	0.27	0.27
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 2025/December 2024*

Net earnings for the three months ended December 31, 2025 ("Fourth Quarter 2025") were \$12.2 million, a \$0.2 million increase when compared to \$12.0 million for the three months ended December 31, 2024 ("Fourth Quarter 2024"). This increase was due to higher electricity sales and Z-Factor revenues of \$33.7 million (Fourth Quarter 2024: \$31.4 million) and higher net other income of \$1.0 million (Fourth Quarter 2024: \$0.8 million) partially offset by higher depreciation of \$11.7 million (Fourth Quarter 2024: \$11.4 million) and higher general and administration expenses of \$3.8 million (Fourth Quarter 2024: \$3.3 million).

After adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the Fourth Quarter 2025 were \$11.5 million, or \$0.27 per Class A Ordinary Share, as compared to \$11.3 million, or \$0.28 per Class A Ordinary Share for the Fourth Quarter 2024.

### *September 2025/September 2024*

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 expense associated with capital projects completed in prior periods.

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.

#### *June 2025/June 2024*

Operating income for the Second Quarter 2025 totalled \$11.3 million, an increase of \$1.3 million or 13% compared to operating income of \$10.0 million for the Second Quarter of 2024. This increase was primarily attributable to the 1% increase in kWh sales, base rate increases of 4% and 3.2% effective June 1, 2025 and June 1, 2024, respectively, the Z-Factor revenues earned for approved projects and decrease in power generation and maintenance cost. These factors were partially offset by higher depreciation.

Net earnings for Q2 2025 were \$11.5 million, a \$1.4 million increase from net earnings of \$10.1 million for Q2 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 Q2 2025 were \$11.3 million, or \$0.27 per Class A Ordinary Share, as compared to \$10.0 million, or \$0.26 per Class A Ordinary Share, for Q2 2024.

#### *March 2025/March 2024*

Operating income for the First Quarter 2025 totalled \$6.4 million, an increase of \$0.8 million compared to operating income of \$5.6 million for the First Quarter of 2024. This increase is primarily attributable to the 2% increase in kWh sales, 3.2% base rate increase effective June 1, 2024 and Z-Factor revenues earned for approved projects. These factors were partially offset by higher depreciation and transmission and distribution costs.

Net earnings for Q1 2025 were \$7.6 million, a \$1.4 million increase from net earnings of \$6.2 million for Q1 2024. This increase is primarily attributed to higher operating income and higher net other income. Net Other Income for the three months ended March 31, 2025 was \$1.2 million, a \$0.6 million increase compared to \$0.6 million for the three months ended March 31, 2024. The increase was primarily due to the lower finance charges partially offset by lower other income.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q1 2025 were \$7.5 million, or \$0.18 per Class A Ordinary Share, as compared to \$6.0 million, or \$0.16 per Class A Ordinary Share, for Q1 2024.

## **Disclosure Controls and Procedures**

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management of the Company, have established and maintained the Company's /disclosure controls and procedures ("DC&P"), to provide reasonable assurance that material information relating to the Company is made known to them by others, including during the year ending December 31, 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 December 31, 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 Organisations 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 December 31, 2025.

There have been no changes in the Company’s ICFR that occurred during the year ended December 31, 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 anticipates steady economic growth and increasing electricity demand in the Cayman Islands. It is well-positioned to deliver stable performance and long-term value, driven by targeted investments and constructive regulatory frameworks which support the Company’s mission to provide safe, reliable, resilient and affordable energy.

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. As of December 31, 2025, the evaluation process by URCO remains on going. A successful outcome would represent a significant catalyst for shareholder value, enabling the Company to expand its renewable energy portfolio and supports customer affordability. The integration of new renewable projects would also enhance operational efficiency and align with Cayman’s national energy policy targets, positioning the Company as a leader in the region’s energy transition.

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 including, but not limited to, the procurement of additional temporary generation. Following URCO’s review, the Company revised the CON to capture revisions suggested by the Regulator. The revised CON was submitted on

December 29, 2025.

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. URCO’s decision on the proposed CIP is expected in Q1 2026.

Regulatory decisions will remain a key factor in advancing strategic initiatives and sustaining financial stability. While the timing and scope of regulatory approvals remain a key dependency, the Company’s proven track record in executing capital projects provides confidence in its ability to deliver sustainable returns. Subject to URCO’s decision, the Company will continue to balance infrastructure investment with disciplined financial management, ensuring both growth and affordability for customers while creating long-term value for shareholders.

#### *Regulatory Asset Recoverability*

The Company defers costs associated with the lease of contracted temporary generation Blocks Two and Block Three that are considered probable of recovery and that would otherwise be charged to expense. Temporary generation was prudently leased in order to satisfy required reserve margin percentages included within the T&D License. These deferred costs are recorded as Regulatory Assets on the Consolidated Balance Sheets as of December 31, 2025 and are discussed further in Notes 7(e) and 7(f) to the consolidated financial statements.

In June 2023 and March 2024, the Company submitted applications to URCO seeking approval of the regulatory treatment for Temporary Generation Block Two and Block Three, respectively. In September 2025, the Company submitted an additional application to URCO requesting approval to amortize the associated costs over a 15-year period. As of December 31, 2025, the Company has not received a final regulatory determination regarding the regulatory treatment and appropriate amortization treatment for these assets. Notwithstanding the absence of a final regulatory order, the Company commenced amortization of the related regulatory assets over a 10-year period during 2025, consistent with the regulatory treatment previously approved for similar assets and based on established regulatory precedent. During 2025, 10-year amortization has been recognized for Block Two and Block Three amounting to \$0.7 million recorded in power generation.

Management assesses the recoverability of regulatory assets based on applicable regulations, historical regulatory treatment of similar costs for temporary generation Block One, and the ongoing discussions with URCO. Based on these factors, Management believes that the regulatory assets recorded as of December 31, 2025 remain probable of future recovery. If URCO does not approve the proposed amortization period, the unamortized balance of Block Two and Block Three would be charged to earnings in the period in which such determination is made. The ultimate outcome of this matter cannot be determined at this time.

#### **Subsequent Events: Outstanding Share Data**

At February 17, 2026, the Company had issued and outstanding 42,425,045 Class A Ordinary Shares and 249,001, 9% cumulative Participating Class B Preference Shares.

## Management's Responsibility for Financial Reporting

The accompanying Annual Consolidated Financial Statements of Caribbean Utilities Company, Ltd. and all information in the 2025 Annual Report have been prepared by management, who are responsible for the integrity of the information presented, including the amounts that must of necessity be based on estimates and informed judgements. These Annual Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States. Financial information contained elsewhere in the 2025 Annual Report is consistent with that in the Annual Consolidated Financial Statements.

In meeting its responsibility for the reliability and integrity of the Annual Consolidated Financial Statements, management has developed and maintains a system of accounting and reporting which provides for the necessary internal controls to ensure transactions are properly authorised and recorded, assets are safeguarded and liabilities are recognised. The Company focuses on the need for training of qualified and professional staff, effective communication between management and staff and management guidelines and policies.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee that is composed entirely of outside directors. The Audit Committee meets with the external auditors, with and without management present, to discuss the results of the audit, the adequacy of the internal accounting controls and the quality and integrity of financial reporting. The Audit Committee reviews the Company's Annual Consolidated Financial Statements before the statements are recommended to the Board of Directors for approval. The external auditors have full and free access to the Audit Committee.

The Audit Committee has the duty to review the adoption of, and changes in, accounting principles and practices which have a material effect on the Annual Consolidated Financial Statements, to review financial reports requiring Board approval prior to submission to securities commissions or other regulatory authorities, to assess and review management's judgments material to reported financial information and to review the external auditors' fees.

The Annual Consolidated Financial Statements and Management's Discussion and Analysis contained in the 2024 Annual Report were reviewed by the Audit Committee and, on their recommendation, were approved by the Board of Directors of the Company. Deloitte LLP, independent auditors appointed by the shareholders of the Company upon recommendation of the Audit Committee, have performed an audit of the Annual Consolidated Financial Statements and their report follows.

Signed "Letitia T. Lawrence"

**Letitia T. Lawrence**

*Vice President Finance, Corporate Services & Chief Financial Officer  
Caribbean Utilities Company, Ltd.*

Signed "J.F. Richard Hew"

**J.F. Richard Hew**

*President & Chief Executive Officer  
Caribbean Utilities Company, Ltd.*

# Independent Auditor's Report

To the Shareholders and the Board of Directors of  
Caribbean Utilities Company, Ltd

## Opinion

We have audited the consolidated financial statements of Caribbean Utilities Company, Ltd (the "Company"), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### ***Regulatory Assets and Liabilities - Impact of Rate Regulation - Refer to Notes 1 and 7 to the financial statements***

#### *Key Audit Matter Description*

The Company is regulated by the Cayman Islands Utility Regulation and Competition Office ("URCO") which sets their base rates charged to ratepayers. Base rates are designed to recover all non-fuel and non-regulatory costs and include per kilowatt-hour electricity charges and fixed facility charges. The Company's return on rate base ("RORB") is subject to an annual review and adjustment each June through the Rate Cap and Adjustment Mechanism based on published consumer price indices. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures, such as property, plant, and equipment; regulatory assets and liabilities; operating revenues and expenses; and depreciation expense.

We identified the impact of rate regulation as a key audit matter due to the significant judgments made by management to support its assertions about impacted account balances and disclosures and the high degree of subjectivity involved in assessing the potential impact of future regulatory orders on the financial statements. Management judgments include assessing the likelihood of recovery of costs incurred or a refund to customers through the rate-setting process. While the Company has indicated they expect to recover costs from customers through regulated rates, there is a risk that URCO will not approve full recovery of the costs incurred and a reasonable RORB. Auditing these matters required especially subjective judgement and specialized knowledge of accounting for rate regulation due its inherent complexities.

### *How the Key Audit Matter Was Addressed in the Audit*

Our audit procedures related to the likelihood of recovery of costs incurred or a refund to customers through the rate-setting process, included the following, among others:

- Assessing relevant regulatory orders, regulatory statutes, and interpretations as well as procedural memorandums, utility and intervener filings, and other publicly available information to evaluate the likelihood of recovery in future rates or of a future reduction in rates and the ability to earn a reasonable RORB.
- For regulatory matters in process, inspecting the Company's filings for any evidence that might contradict management's assertions. We obtained an analysis from management regarding cost recoveries, letters from external legal counsel regarding the probability of recovery of temporary generation assets, or any potential future reduction in rates, as appropriate.
- Evaluating the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tarah Schulz.

**/s/ Deloitte LLP**

Chartered Professional Accountants  
St. John's, Canada  
February 17, 2026

# Consolidated Balance Sheets

(expressed in thousands of United States Dollars)

	Note	As at December 31, 2025	As at December 31, 2024
<b>Assets</b>			
Current Assets			
Cash		1,862	20,200
Accounts Receivable (Net of Allowance for Credit Losses of \$2,448 and \$2,058)	6	23,716	24,396
Regulatory Assets	7	36,063	33,171
Inventories	8	4,374	6,452
Prepayments		4,010	4,641
<b>Total Current Assets</b>		<b>70,025</b>	<b>88,860</b>
Property, Plant and Equipment, net	9	789,973	750,646
Regulatory Assets	7	10,009	-
Other Assets		4,269	6,820
Intangible Assets, net	10	4,818	4,419
Defined Benefit Pension Asset	20	494	217
<b>Total Assets</b>		<b>879,588</b>	<b>850,962</b>
<b>Liabilities and Shareholders' Equity</b>			
Current Liabilities			
Accounts Payable and Accrued Expenses	11	31,120	32,530
Regulatory Liabilities	7	1,146	3,803
Short-term Debt	17	35,000	-
Current Portion of Long-Term Debt	12	19,935	19,935
Consumers' Deposits and Advances for Construction	18	15,700	14,970
Current Portion Lease Liability	4	3,100	3,513
<b>Total Current Liabilities</b>		<b>106,001</b>	<b>74,751</b>
Long-Term Debt	12	358,195	378,015
Other Long-Term Liabilities	4, 14	3,388	4,822
<b>Total Liabilities</b>		<b>467,584</b>	<b>457,588</b>
<b>Shareholders' Equity</b>			
Share Capital <sup>6</sup>	13	2,774	2,756
Share Premium		252,963	249,075
Retained Earnings		155,665	141,213
Accumulated Other Comprehensive Gain/Loss		602	330
<b>Total Shareholders' Equity</b>		<b>412,004</b>	<b>393,374</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>879,588</b>	<b>850,962</b>

See accompanying Notes to Annual Consolidated Financial Statements

Agreed on behalf of the Board of Directors by:

Signed "Sheree I. Ebanks"

**Sheree L. Ebanks**

*Chairperson of the Board of Directors*

Signed "J.F. Richard Hew"

**J.F. Richard Hew**

*Director*

<sup>6</sup> Consists of Class A Ordinary Shares of 42,425,045 and 42,122,022 issued and outstanding as at December 31, 2025 and 2024, respectively and Class B Preference Shares of 249,001 and 249,021 issued and outstanding as at December 31, 2025 and 2024, respectively.

# Consolidated Statement of Earnings

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

	Note	Year Ended December 31, 2025	Year Ended December 31, 2024
<b>Operating Revenues</b>			
Electricity Sales		128,480	121,913
Fuel Factor		143,853	163,615
Renewables		5,888	6,155
Z-Factor		5,776	1,999
Total Operating Revenues	5	283,997	293,682
<b>Operating Expenses</b>			
Power Generation	22	156,060	174,972
Depreciation	9	49,159	44,282
General and Administration	22	15,662	14,406
Transmission and Distribution	22	7,649	7,079
Consumer Services	22	5,236	5,201
Maintenance	22	4,857	6,131
Amortisation of Intangible Assets		1,022	1,121
Total Operating Expenses		239,645	253,192
<b>Operating Income</b>		<b>44,352</b>	<b>40,490</b>
<b>Other Income (Expenses):</b>			
Finance Charges	19	(4,870)	(5,854)
Foreign Exchange Gain	21	2,191	2,320
Other Income		5,696	5,731
Total Net Other Income		3,017	2,197
<b>Net Earnings for the Year</b>		<b>47,369</b>	<b>42,687</b>
<b>Preference Dividends Paid- Class B</b>		<b>(1,021)</b>	<b>(1,002)</b>
<b>Earnings on Class A Ordinary Shares</b>		<b>46,348</b>	<b>41,685</b>
Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid ( <i>in thousands</i> )	15	42,231	38,757
<b>Earnings per Class A Ordinary Share</b>	15	<b>1.10</b>	1.08
Diluted Earnings per Class A Ordinary Share	15	1.10	1.08
Dividends Declared per Class A Ordinary Share		0.755	0.735

See accompanying Notes to Annual Consolidated Financial Statements

# Consolidated Statements of Comprehensive Income

(expressed in thousands of United States Dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
<b>Net Earnings for the Year</b>	<b>47,369</b>	42,687
Other Comprehensive Income:		
Net Actuarial gain	272	654
Total Other Comprehensive Income	272	654
<b>Comprehensive Income</b>	<b>47,641</b>	43,341

See accompanying Notes to Annual Consolidated Financial Statements

# Consolidated 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 (\$)	Prefe- rence Shares (\$)	Share Premium (\$)	Accumula- ted Other Compre- hensive Gain (\$)	Retained Earnings (\$)	Total Equity (\$)
<b>As at December 31, 2024</b>	<b>42,122</b>	<b>2,507</b>	<b>249</b>	<b>249,075</b>	<b>330</b>	<b>141,213</b>	<b>393,374</b>
Net earnings	-	-	-	-	-	47,369	47,369
Common share issuance and redemption	303	18	-	3,888	-	-	3,906
Defined benefit plans	-	-	-	-	272	-	272
Dividends on common shares	-	-	-	-	-	(31,896)	(31,896)
Dividends on preference shares	-	-	-	-	-	(1,021)	(1,021)
<b>As at December 31, 2025</b>	<b>42,425</b>	<b>2,525</b>	<b>249</b>	<b>252,963</b>	<b>602</b>	<b>155,665</b>	<b>412,004</b>
As at December 31, 2023	38,008	2,262	250	194,299	(324)	128,255	324,742
Net earnings	-	-	-	-	-	42,687	42,687
Common share issuance and redemption	4,114	245	(1)	54,776	-	-	55,020
Defined benefit plans	-	-	-	-	654	-	654
Dividends on common shares	-	-	-	-	-	(28,727)	(28,727)
Dividends on preference shares	-	-	-	-	-	(1,002)	(1,002)
<b>As at December 31, 2024</b>	<b>42,122</b>	<b>2,507</b>	<b>249</b>	<b>249,075</b>	<b>330</b>	<b>141,213</b>	<b>393,374</b>

See accompanying Notes to Annual Consolidated Financial Statements

# Consolidated Statements of Cash Flows

(expressed in thousands of United States Dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
<b>Operating Activities</b>		
Net Earnings for the year	47,369	42,687
<b>Items not affecting cash:</b>		
Depreciation	49,159	44,282
Amortisation of Intangible Assets	1,022	1,121
Amortisation of Deferred Financing Costs	115	118
	<b>97,665</b>	<b>88,208</b>
<b>Net changes in working capital balances related to operations:</b>		
Accounts Receivable	680	3,307
Inventory	2,078	(762)
Prepaid Expenses	631	(352)
Accounts Payable	(1,891)	(5,357)
Net Change in Regulatory Assets and Regulatory Liabilities	(15,558)	4,583
Other	1,981	1,837
Cash flow related to operating activities	<b>85,586</b>	<b>91,464</b>
<b>Investing Activities</b>		
Purchase of Property, Plant and Equipment	(88,449)	(100,275)
Costs related to Intangible Assets	(1,421)	(983)
Proceeds on Disposed Asset	444	798
Contributions in Aid of Construction	-	26
Cash flow related to investing activities	<b>(89,426)</b>	<b>(100,434)</b>
<b>Financing Activities</b>		
Decrease in Bank Overdraft	-	(8,637)
Proceeds from Long-Term Debt Financing	-	80,000
Repayment of Long-Term Debt	(19,935)	(19,935)
Proceeds from Short-term Debt Financing	35,000	-
Repayment of Short-Term Debt	-	(51,000)
Dividends Paid	(30,339)	(27,358)
Net Proceeds from Share Issuance	776	52,113
Cash flow related to financing activities	<b>(14,498)</b>	<b>25,183</b>
(Decrease) Increase in net cash	<b>(18,338)</b>	<b>16,213</b>
Cash - Beginning of year	<b>20,200</b>	<b>3,987</b>
Cash - End of year	<b>1,862</b>	<b>20,200</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid during the year	<b>20,066</b>	<b>19,592</b>

See accompanying Notes to Annual Consolidated Financial Statements

# Notes to Annual Consolidated Financial Statements

(expressed in thousands of United States dollars unless otherwise stated)

## 1. Nature of Operations and Consolidated Financial Statement Presentation

These consolidated financial statements include the regulated operations of Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) and the accounts of its wholly-owned subsidiary company DataLink, Ltd. (“DataLink”), and reflect the decisions of the Cayman Islands Utility Regulation and Competition Office (the “URCO”). 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 (together, 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 operates under a 15-year licence issued by URCO that is scheduled to expire on March 27, 2027. Management expects the licence renewal process to commence in 2026, ahead of the expiration date, and does not anticipate any disruption to ongoing operations as a result of the renewal process.

The Company is a single operating segment as defined by Accounting Standard Update (“ASU”) 280 (Segment Reporting). CUC is as a vertically integrated business operating in one geographic area, Grand Cayman. The Chief Operating Decision Maker (“CODM”), comprising the Company’s President & Chief Executive Officer and Vice-Presidents, reviews the Company’s profit and loss during the annual business planning process. Additionally, actual-to-forecast variances are considered monthly to inform decisions regarding the allocation of operating resources. The CODM consists of the following members:

- President & Chief Executive Officer – Mr. Richard Hew
- Vice President, Finance & Corporate Services and Chief Financial Officer – Ms. Letitia Lawrence
- Vice President, Energy Operations – Dr. Stephen Jay
- Vice President, Customer Services and Technology – Mr. Sacha Tibbetts

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. 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%).

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 RORB and United States ("US") and 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. An independent, comprehensive, allocated COSS was completed and submitted to the regulator for review in November 2023, with the last COSS conducted by an independent consultant completed in 2018. An allocated COSS assigns cost responsibility between rate classes based on various relative characteristics, such as the number of customers, energy sales, impact on peak demands, and revenues. For demand allocation factors, extensive analysis of customer load data was performed using interval usage readings collected from the company's advanced metering infrastructure meters. The total of all allocated revenue requirements represents the allocated cost of service, or the net revenue requirement for the base rates of each rate class. URCO did not approve the proposed rate rebalancing recommended by the COSS during the November 2023 review.

## 2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). 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's significant accounting policies relate to:

### Revenue Recognition

The majority of the Company's revenue is generated from electricity sales to customers based on published tariff rates, as approved by URCO. Electricity is metered upon delivery to customers and recognised as revenue using URCO approved rates when consumed. Meters are read each month and bills are issued to customers based on these readings. As a result, revenues/kWh recorded as at December 31, 2025 are based upon actual bills for the period.

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.

Revenue or expense arising from the amortisation of certain regulatory assets and liabilities are recognised in the manner prescribed by URCO. Other revenue is recognised when the service is rendered.

Transmission is the conveyance of electricity at high voltages (generally at 69 kilovolts ("kV") and higher). Distribution networks convey electricity from transmission systems to end-use customers.

CUC passes through 100% of fuel and renewable costs to consumers on a two-month lag basis. This is recorded as Fuel Factor and Renewables Revenues.

**Consolidation Policy**

The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary, DataLink. All intercompany balances and transactions have been eliminated in consolidation.

**Kilowatt-Hour (“kWh”) Sales**

The kWh sales for the period are based on actual electricity sales to customers since the last meter reading.

**Cash**

Cash is comprised of cash on hand, bank demand deposits and bank fixed deposits with original maturities of three months or less.

**Accounts Receivable**

Accounts receivables are included in the balance sheet net of the allowance for credit losses and are due within 21 days of billing. Insurance receivables are recorded when recovery becomes reasonably assured.

**Allowance for Credit Losses**

The Company adopted ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which requires the use of reasonable and supportable forecasts in the estimate of credit losses and the recognition of expected losses upon initial recognition of a financial instrument, in addition to using past events and current conditions. The guidance also requires quantitative and qualitative disclosures regarding the activity in the allowance for credit losses for financial assets within the scope of the guidance.

The Company maintains an accumulated provision for uncollectible customer accounts receivable that is estimated based on known accounts, historical experience and other currently available information, including the economic environment. Accounts receivable is written-off in the period in which the receivable is deemed uncollectible and only inactive customers qualify for write-off. Inactive customers are customers who no longer have electricity service. Customers with past-due accounts are eligible for a short-term payment programme in order to ensure that electricity service is not made inactive due to non-payment of past due amounts.

**Inventories**

Fuel and lube oil are initially recorded at cost. Line inventory is carried at cost less provision for obsolescence. Inventories are consumed/utilised on an average cost basis. Inventories are valued at lower of cost and net realisable value.

**Property, Plant and Equipment (“PP&E”)**

PP&E are stated at cost less accumulated depreciation.

The cost of additions to PP&E is the original cost of contracted services, direct labour and related overheads, materials, General Expenses Capitalized (“GEC”) and Allowance for Funds Used During Construction (“AFUDC”). Line inventory that is foreseeable as capitalisable is included in PP&E less provision for obsolescence. Major spare parts and stand-by equipment to be used during more than one year qualify as PP&E. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of PP&E, they are accounted for as PP&E. Damaged PP&E are written off, or appropriate provision made, where damage relates to assets that will be reconstructed.

The Company capitalises GEC, which represents certain overhead costs not directly attributable to specific PP&E, but which do relate to the overall capital expenditure programme. Additionally, the Company capitalises an AFUDC, which represents the cost of debt and equity financing incurred during construction of PP&E.

Contributions in aid of construction represent amounts contributed by customers and government for the cost of utility capital assets. These contributions are recorded as a reduction in the cost of utility capital assets and are being amortised annually by an amount equal to the charge for depreciation on the related assets.

Upon disposition of PP&E, the original cost will be removed from the capital asset accounts, that amount net of salvage proceeds, will also be removed from accumulated depreciation, as such, any resulting gain or loss will be charged to accumulated depreciation. In the event of a disaster, the Company will write-off destroyed assets over the remaining life of the asset that existed at the time of destruction.

Depreciation is provided on the cost of PP&E (except for freehold land, capitalised projects in progress, line inventory and spare parts) on a straight-line basis over the estimated useful lives of the assets as follows:

	Years	
Transmission and Distribution	20 to 50	Depreciation, by its very nature is an estimate based primarily on the estimated useful life of the asset. Estimated useful lives are based on current facts and historical information and take into consideration the anticipated physical life of the assets.
Generation	20 to 50	
Motor Vehicles	5 to 15	
BESS	10 to 15	
Equipment and Computers	3 to 20	
Buildings	20 to 50	

### Leases

At lease inception, the right-of-use asset and liability are both measured at the present value of future lease payments, excluding variable payments that are based on usage or performance. Future lease payments include both lease components (e.g., rent and insurance costs) and non-lease components (e.g., common area maintenance costs), which CUC accounts for as a single lease component. The present value is calculated using the rate implicit in the lease or a lease-specific secured interest rate based on the remaining lease term. Renewal options are included in the lease term when it is reasonably certain that the option will be exercised.

Leases with a term of 12 months or less are not recorded on the balance sheet. Instead, they are recognised as lease expense on a straight-line basis over the lease term.

### Intangible Assets

Intangible assets include deferred licence renewal costs, computer software, and trademark expenses. Intangible assets, excluding trademark expenses and assets in progress are amortised on a straight-line basis over the life of the asset. Deferred licence renewal costs are amortised over a range of 15 years to 20 years on a straight-line basis. Computer software costs are amortised over a range of three to 10 years on a straight-line basis.

### Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the exchange rate prevailing on the Balance Sheet date. Revenue and expense items denominated in foreign currencies are translated into United States Dollars at the exchange rate prevailing on the transaction date. Gains and losses on translation are included in the Consolidated Statements of Earnings.

The Company translates its Cayman Islands Dollars to United States Dollars at a fixed rate of CI\$0.84 to US\$1.00.

### Other Income

Other income is comprised of income from the third-party customers of DataLink, income from pipeline operations, pole attachment, sale of meter sockets, sale of recyclable materials, performance rewards as part of the T&D Licence and other miscellaneous income.

Other Income is recognised when sales are delivered, services are rendered and rental fees are recognised over the period of the lease.

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**Segment Information**

The Company operates in one business segment, electricity generation, transmission, distribution and telecommunication and in one geographic area, Grand Cayman, Cayman Islands.

**Fair Values**

The fair value of financial assets and liabilities has been determined from market values where available. Where fair values of financial instruments with an immediate or short-term maturity are considered to approximate cost, this fact is disclosed in Note 17. Fair value of financial assets and liabilities for which no market value is readily available is determined by the Company using future cash flows discounted at an estimated market rate. In establishing an estimated market rate, the Company has evaluated the existing transactions, as well as comparable industry and economic data and other relevant factors such as pending transactions.

**Capital Stock**Dividend Reinvestment Plan (the "Plan")

All dividends payable on Class A Ordinary Shares recorded for participation in the Plan, including Class A Ordinary Shares acquired and retained under the Plan, will be used by CUC to purchase additional Class A Ordinary Shares at the average market price calculated using of the closing prices of Class A Ordinary Shares on the Toronto Stock Exchange ("TSX") over a specified period.

Customer Share Purchase Plan ("CSPP")

The CSPP provides an opportunity for customers who are residents in Grand Cayman to invest in CUC. Customers may make cash payments of not less than \$30 per purchase and up to a total of \$14,000 per year for the purchase of Class A Ordinary Shares of CUC. They may also retain the Class A Ordinary Shares in the CSPP and have the cash dividends on such shares reinvested in additional Class A Ordinary Shares. In both instances, the Class A Ordinary Shares are acquired from CUC at not more than 100% of the average market price which is calculated using the daily closing prices of Class A Ordinary Shares on the Toronto Stock Exchange ("TSX") over a specified period.

Employee Share Purchase Plan ("ESPP")

The Company provides interest-free advances to employees to purchase Class A Ordinary Shares, with such advances recovered through payroll deductions over the next year. The maximum semi-annual participation is 1,000 Class A Ordinary Shares per employee. The ESPP is non-compensatory as shares purchased by the employee are obtained at the average market price calculated using the closing prices of Class A Ordinary Shares on the Toronto Stock Exchange ("TSX") over a specified period.

The amount owing to the Company from employees is included as an offset to Share Capital and Share Premium on the Balance Sheet (2025: \$0.3 million, 2024: \$0.4 million).

**Performance Share Unit ("PSU") Plan**

The Company also records the liabilities associated with its PSU Plan at their fair value at each reporting date until settlement, recognising compensation expense over the vesting period. The fair value of the PSU liability is based on the Company's common share closing price at the end of each reporting period relative to the S&P/TSX Capped Utilities Index ("TTUT") over a three-year period. The fair value of the PSU liability is also based on expected pay-out based on historical performance in accordance with defined metrics of each grant, where applicable, and management's best estimate.

**Employee Benefit Plans**

The Company maintains defined contribution pension plans for its employees and defined benefit pension plan for a retired Chairman of the Company's Board of Directors as well as a retired President and Chief Executive Officer. The pension costs of the defined contribution plan are recorded as operating expense as incurred.

The pension costs of the defined benefit plan are actuarially determined using the projected benefits method prorated on service and best estimate assumptions. Past service costs from plan initiation are amortised on a straight-line basis over the remaining service period of the employee active at the date of initiation. The excess of any cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets at the beginning of the year, are deferred and amortised over the remaining service period of the employee. The balance of any such actuarial gain (loss) is recognised in Accumulated Other Comprehensive Income. The Company's defined benefit pension plan is subject to judgments utilised in the actuarial determination of the expense and related obligation.

### Financial Instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. The Company's financial instruments include cash, accounts receivable, accounts payable and accrued expenses, short-term borrowings, consumer deposits, lease liabilities, other long-term liabilities and long-term debt.

Subsequent adjustment of held-to-maturity instruments are taken to the Consolidated Statement of Earnings, whereas changes in fair value for available-for-sale instruments are recorded in other comprehensive income. Debt securities classified as held-to-maturity are recorded at amortised cost.

The Company's policy is to defer transaction costs associated with financial assets and liabilities. These transaction costs are amortised using the effective interest rate method over the life of the related financial instrument; outstanding balances are recognised as an increase in assets or a reduction in liabilities on the balance sheet.

### Taxation

Under current laws of the Cayman Islands, there are no income, estate, corporate, capital gains or other taxes payable by the Company.

The Company is levied custom duties of \$0.30 per imperial gallon ("IG") of diesel fuel it imports. In addition, the Company pays customs duties of 15% on all other imports.

## 3. Future Accounting Policies

The Company considers the applicability and impact of all 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.

**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.

**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 authorised 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.

## 4. Leases

When a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-of-use asset and lease liability are recognised. The Company measures the right-of-use asset and lease liability at the present value of future lease payments excluding variable payments based on usage or performance. The Company calculates the present value using a lease-specific secured interest rate based on the remaining lease term. CUC has a lease agreement with lease components (e.g. rent and insurance costs) and non-lease components (e.g. common area maintenance costs), which are accounted for as a single lease component. CUC includes options to extend a lease in the lease term when it is reasonably certain that the option will be exercised. Leases with an initial term of twelve months or less are not recorded on the balance sheet but are recognised as lease expense on a straight-line basis over the lease term.

In 2022, the Company contracted to lease 5MW of temporary generation equipment (“Block One”) to provide a reserve margin adequate to ensure acceptable levels of reliable service. The lease period was for a minimum of 24 calendar months commencing on the day the equipment was received by the Company in November 2022. The lease was subsequently extended to October 2027. Note 7 (d)

In 2023, the Company contracted to lease an additional 5MW of Temporary Generation (“Block Two”) to meet reliably the growing generation needs. The lease period was for a minimum of 12 calendar months, with option to renew, commencing on the day the equipment is received by the Company. The lease agreement includes rental payments, mobilization and demobilization costs and variable cost based on excess generation. The renewal option was exercised, and the lease will now expire in December 2027. Note 7 (e)

In March 2024, the Company contracted to lease an additional 10MW of Temporary Generation (“Block Three”) to meet the projected increasing energy demand for 2024. The lease period was for a minimum of 12 calendar months with option to renew commencing on the day the equipment was received by the Company in Q2 2024. Block Three increased the total temporary generation to 20MW on December 31, 2024. The regulatory treatment of Block Three is pending URCO’s approval. Note 7 (f)

Total payments made related to the lease of Block One, Block Two and Block Three amounted to \$5.2 million for the year ending December 31, 2025 (2024: \$2.8 million) and were recorded as regulatory assets.

The following table details supplemental balance sheet information related to CUC’s operating leases:

Operating Lease				
	Classification	As at December 31, 2025	As at December 31, 2024	
<i>(\$ thousands)</i>				
Operating Lease Assets	Other Assets	4,296	6,813	
Current Portion Lease Liability	Current Portion of Lease Liability	3,100	3,513	
Non-current Operating Lease Liability	Other Long-Term Liabilities	1,597	3,298	

The following table presents the components of CUC’s lease cost recorded in the Consolidated Statement of Earnings.

	Classification	Year Ended December 31, 2025	Year Ended December 31, 2024
<i>(\$ thousands)</i>			
Operating Lease Costs	Operating Expenses	1,052	226
<b>Total Lease Costs</b>		<b>1,052</b>	<b>226</b>

As of December 31, 2025, the Company had the following future minimum lease payments:

Future Minimum Lease Payments	
(\$ thousands)	Operating Lease
2026	2,985
2027	1,946
Thereafter	-
Total	4,931
Less: Imputed Interest	(235)
Present Value of Lease Liability	4,696

Note: Minimum lease payments exclude payments to lessor for non-lease components such as variable insurance and common area maintenance and variable excess generation charge.

## 5. Operating Revenues

Operating Revenues			
(\$ thousands)	Year Ended December 31, 2025	Year Ended December 31, 2024	Change %
<b>Electricity Sales Revenues</b>			
Residential	68,990	65,254	6%
Commercial	58,193	55,520	5%
Other (street lighting etc.)	1,297	1,139	14%
<b>Total Electricity Sales Revenues</b>	<b>128,480</b>	121,913	5%
<b>Fuel Factor</b>	<b>143,853</b>	163,615	-12%
<b>Renewables</b>	<b>5,888</b>	6,155	-4%
<b>Z-Factor</b>	<b>5,776</b>	1,999	189%
<b>Total Operating Revenues</b>	<b>283,997</b>	293,682	-3%

### Electricity Sales Revenue

The Company generates, transmits, and distributes electricity to residential and commercial customers and for street lighting service. Electricity is metered upon delivery to customers and recognised as revenue using 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") programme and Bodden Town Solar 1, Ltd., which are passed through to consumers on a two-month lag basis with no mark-up.

### Z-Factor

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 2025, 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.

## 6. Accounts Receivable, net

Accounts Receivable		
(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Billings to Consumers	25,537	24,684
Other Receivables	627	1,770
Allowance for Credit Losses	(2,448)	(2,058)
<b>Accounts Receivable, net</b>	<b>23,716</b>	<b>24,396</b>

### Other Receivables

Other receivables relate to amounts due outside of the normal course of operations. Items in other receivable include sale of inventory and machine break-down costs covered by warranties.

### 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, 2025 to December 31, 2024 is listed in the following table.

Allowance for Credit Losses		
(\$ thousands)	As at December 31, 2025	As at December 31, 2024
<b>Beginning of Year</b>	<b>(2,058)</b>	<b>(2,817)</b>
Credit Loss Expensed net of deferral	(392)	(223)
Write-off	2	386
Recoveries	-	596
<b>Allowance for Credit Losses, net</b>	<b>(2,448)</b>	<b>(2,058)</b>

## 7. Regulatory Assets and Liabilities

Regulatory Assets and Liabilities		
(\$ thousands)	As at December 31, 2025	As at December 31, 2024
<b>Regulatory Assets and Liabilities</b>		
Fuel Tracker Account (a)	26,345	24,386
Miscellaneous Regulatory Assets (b)	2	29
Temporary Generation Lease – Block One (d)	3,326	2,455
Temporary Generation Lease – Block Two (e)	3,889	2,313
Temporary Generation Lease – Block Three (f)	4,170	1,989
Z-Factor BESS (g)	6,844	1,900
Z-Factor Resiliency (h)	931	99
Performance Z-Factor (i)	565	-
<b>Total Regulatory Assets</b>	<b>46,072</b>	<b>33,171</b>
<b>Less: Current Portion</b>	<b>(36,063)</b>	<b>(33,171)</b>
<b>Non-current Regulatory Assets</b>	<b>10,009</b>	<b>-</b>
Government & Regulatory Tracker Account (c)	(1,146)	(3,803)
<b>Total Regulatory Liabilities</b>	<b>(1,146)</b>	<b>(3,803)</b>

The Company defers costs associated with the lease of contracted temporary generation Blocks Two and Block Three that are considered probable of recovery and that would otherwise be charged to expense. Temporary generation was prudently leased in order to satisfy required reserve margin percentages included within the T&D License. These deferred costs are recorded as Regulatory Assets on the Consolidated Balance Sheets as of December 31, 2025 and are discussed further below in (e) and (f)

In June 2023 and March 2024, the Company submitted applications to URCO seeking approval of the regulatory treatment for Temporary Generation Block Two and Block Three, respectively. In September 2025, the Company submitted an additional application to URCO requesting approval to amortize the associated costs over a 15-year period. As of December 31, 2025, the Company has not received a final regulatory determination regarding the regulatory treatment and appropriate amortization treatment for these assets. Notwithstanding the absence of a final regulatory order, the Company commenced amortization of the related regulatory assets over a 10-year period during 2025, consistent with the regulatory treatment previously approved for similar assets and based on established regulatory precedent. During 2025, 10-year amortization has been recognized for Block Two and Block Three amounting to \$0.7 million recorded in power generation.

Management assesses the recoverability of regulatory assets based on applicable regulations, historical regulatory treatment of similar costs for temporary generation Block One, and the ongoing discussions with URCO. Based on these factors, Management believes that the regulatory assets recorded as of December 31, 2025 remain probable of future recovery. If URCO does not approve the proposed amortization period, the unamortized balance of Block Two and Block Three would be charged to earnings in the period in which such determination is made. The ultimate outcome of this matter cannot be determined at this time.

- a) Fuel Tracker Account – The T&D Licence established a fuel tracker mechanism to ensure the Company and the consumers neither gain nor lose from the pass-through of fuel costs. The purpose of the fuel tracker account is to accumulate actual fuel and renewables costs incurred less fuel factor revenues collected. This account represents deferred accumulated fuel and renewables costs to be recovered from or reimbursed to the consumers on a two-month lag. The receivable or payable value represents a regulatory asset or liability. The net position of the fuel tracker accounts fluctuates monthly and is affected by fuel prices and electricity consumption.
- b) Miscellaneous Regulatory Assets – Represent costs incurred by the Company, other than fuel and the specifically itemised licence and regulatory fees, to be recovered through the Company's base rates on terms as agreed with URCO.
- c) Government and Regulatory Tracker Account – The balance in this account represents the difference between the fixed amounts to be collected and actual amounts collected from customers. In February 2025, URCO authorised the reduction in licence and regulatory fees from \$0.0185 to \$0.0011 per kWh.
- d) Temporary Generation Lease – Block One – During 2022, the Company contracted Block One equipment to provide a reserve margin adequate to ensure acceptable levels of reliable service. URCO granted the Company approval for all rental fees and costs associated with the temporary rental generating units, and other non-fuel and non-lube O&M costs to be treated as a Regulatory Asset. Over the 10-year period effective November 1, 2022, CUC will charge the amortized amount of the total charges on an annual basis.
- e) Temporary Generation Lease – Block Two – During 2023, the Company contracted to lease Block Two to meet the increasing energy demand. The lease period is for a minimum of 12 calendar months with the option to renew commencing on the day the equipment was received by the Company in September 2023.
- f) Temporary Generation Lease – Block Three – In March 2024, the Company contracted to lease Block Three to meet the projected increasing energy demand for 2024. The lease period is for a minimum of 12 calendar months

with option to renew commencing on the day the equipment was received by the Company in Q2 2024.

- g) Z-Factor BESS – In 2019, URCO approved the BESS project business case which includes provision for the recovery of costs under the Z-Factor mechanism. The actual Z-Factor shall be calculated based on the actual capital costs and depreciated Book Value of the project each year. The BESS project will be depreciated over 10 years and the calculated Net Revenue Requirement is equal to 10% of the average asset plus expenses (depreciation, additional operating and maintenance) less debt interest. Net revenue requirement to be recovered from the customers represents Z-Factor revenue from October 1, 2024 to December 31, 2025. The Z-Factor billing rate is pending URCO's approval.
- h) Z-Factor Resiliency – In 2022, URCO approved the L2 Resiliency project business case which includes provision for the recovery of costs under the Z-Factor mechanism. The L2 Resiliency project spans an extensive timeframe but the portion completed significantly contributed to the reliability of the service. The L2 Resiliency project will be depreciated over 40 years and the net revenue requirement to be recovered from the customers related to the completed section. The Z-Factor billing rate is pending URCO's approval.
- i) Performance Z-Factor – Under CUC's operating licence, performance rewards or penalties may be earned based on service reliability metrics such as SAIDI and SAIFI, relative to the performance standards established by the Regulator. For Fiscal 2021 through 2024, CUC's actual SAIDI and SAIFI results consistently outperformed the applicable performance standards. As a result of this outperformance, CUC earned performance rewards in accordance with the regulatory framework. During 2025, a performance reward totalling \$0.6 million related to these reliability outcomes was recognised as a regulatory asset, reflecting amounts eligible for recovery from customer, subject to regulatory approval of the applicable recovery rate.

## 8. Inventories

Inventories		
(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Fuel	2,733	4,995
Lubricating Oil	1,001	836
Line Spares	640	621
<b>Total Inventories</b>	<b>4,374</b>	<b>6,452</b>

## 9. Property, Plant and Equipment

Property, Plant and Equipment			
(\$ thousands)	Cost	Accumulated Depreciation	Net Book Value December 31, 2025
Transmission & Distribution (T&D)	692,764	245,911	446,853
Generation	671,620	361,706	309,914
Other:			
Land	10,446	–	10,446
Buildings	22,912	16,183	6,729
Equipment, Motor Vehicles and Computers	44,235	28,521	15,714
Total of T&D, Generation and Other	1,441,977	652,321	789,656
Telecommunications Assets	478	161	317
Property, Plant and Equipment	1,442,455	652,482	789,973

<b>Property, Plant and Equipment</b>			
(\$ thousands)	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value December 31, 2024</b>
Transmission & Distribution (T&D)	638,204	229,385	408,819
Generation	645,618	334,548	311,070
Other:			
Land	10,446	-	10,446
Buildings	22,912	15,682	7,230
Equipment, Motor Vehicles and Computers	39,594	26,840	12,754
Total of T&D, Generation and Other	1,356,774	606,455	750,319
Telecommunications Assets	473	146	327
Property, Plant and Equipment	1,357,247	606,601	750,646

Included in PP&E are a number of capital projects in progress with a total cost to date of \$149.6 million (December 31, 2024: \$168.1 million).

Also included in Generation and T&D is freehold land with a cost of \$9.0 million (December 31, 2024: \$9.0 million) intended for future generation and T&D expansion. In addition, line inventory with a cost of \$16.4 million (December 31, 2024: \$13.8 million) is included in T&D. Engine spares with a net book value of \$14.8 million (December 31, 2024: \$14.1 million) are included in Generation.

The capitalisation of 'Financing Costs' is calculated by multiplying the Company's Cost of Capital rate by the average work-in-progress for each month. The cost of capital rate presented to URCO for Fiscal 2025 was 9.50% (2024: 9.25%) and will be adjusted annually. As a result, during Fiscal 2025, the Company recognised \$15.2 million in AFUDC (2024: \$14.4 million). GEC of \$10.8 million was capitalised for the year ended December 31, 2025 (2024 \$9.9 million).

In accordance with the Licences when an asset is impaired or disposed of, before the original estimated useful life, the cost of the asset is reduced and the net book value is charged to accumulated depreciation. This treatment is in accordance with the rate regulations standard under US GAAP and differs from non-regulatory treatment of a loss being recognised on the statement of earnings. The amount charged to accumulated depreciation is net of any proceeds received in conjunction with the disposal of the asset. This amount within accumulated depreciation is to be depreciated as per the remaining life of the asset based on the original life when the unit was initially placed into service.

## 10. Intangible Assets

<b>Intangible Assets</b>			
(\$ thousands)	<b>Cost</b>	<b>Accumulated Amortisation</b>	<b>Net Book Value December 31, 2025</b>
Deferred Licence Renewal Costs	1,890	1,540	350
DataLink, Ltd. Deferred Licence Renewal Costs	200	183	17
Computer Software	16,029	11,737	4,292
Other Intangible Assets in Progress	127	43	84
Trademark Costs	75	-	75
<b>Total Intangible Assets</b>	<b>18,321</b>	<b>13,503</b>	<b>4,818</b>

<b>Intangible Assets</b>	<b>Cost</b>	<b>Accumulated Amortisation</b>	<b>Net Book Value December 31, 2024</b>
Deferred Licence Renewal Costs	1,890	1,509	381
DataLink, Ltd. Deferred Licence Renewal Costs	200	170	30
Computer Software	14,673	10,829	3,844
Other Intangible Assets in Progress	127	38	89
Trademark Costs	75	-	75
<b>Intangible Assets</b>	<b>16,965</b>	<b>12,546</b>	<b>4,419</b>

Deferred licence renewal costs relate to negotiations with the Government for licences for the Company. Amortisation of deferred licence renewal costs commenced upon conclusion of licence negotiations in April 2008 and extends over the life of the licences. Amortisation of DataLink deferred licence renewal costs commenced upon conclusion of licence negotiations in March 2012 and extends over the life of the DataLink licence.

The expected amortisation of intangible assets for the next five years is as follows:

<b>Amortisation of Intangible Assets</b>					
(\$ thousands)	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Computer Software	626	1,365	1,477	1,154	470
Licence Renewal Costs	113	113	113	113	113
<b>Amortisation of Intangible Assets</b>	<b>739</b>	<b>1,478</b>	<b>1,590</b>	<b>1,267</b>	<b>583</b>

The weighted-average amortisation period for intangible assets is as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Computer Software	<b>3.05 years</b>	3.27 years
Deferred Licence Renewal costs	<b>6.23 years</b>	6.58 years
Datalink Deferred Licence Renewal Costs	<b>1.25 years</b>	2.25 years
Total weighted-average amortisation period	<b>3.31 years</b>	3.57 years

## 11. Accounts Payable and Accrued Expenses

<b>Accounts Payable and Accrued Expenses</b>		
(\$ thousands)	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Fuel Cost Payable	<b>22,110</b>	22,380
Trade Accounts Payable & Accrued Expenses	<b>5,066</b>	5,583
Accrued Interest	<b>2,460</b>	2,526
Dividends Payable	<b>685</b>	653
Other Accounts Payable	<b>799</b>	1,388
<b>Total Accounts Payable and Accrued Expenses</b>	<b>31,120</b>	32,530

## 12. Long-Term Debt

Long-Term Debt		
(\$ thousands)	As at December 31, 2025	As at December 31, 2024
4.85% Senior Unsecured Loan Notes due 2026	2,142	4,286
3.34% Senior Unsecured Loan Notes due 2028	4,286	5,714
3.65% Senior Unsecured Loan Notes due 2029	17,143	21,428
5.10% Senior Unsecured Loan Notes due 2031	13,636	15,910
3.90% Senior Unsecured Loan Notes due 2031	34,286	40,000
3.54% Senior Unsecured Loan Notes due 2033	29,091	32,728
3.85% Senior Unsecured Loan Notes due 2034	4,091	4,545
3.83% Senior Unsecured Loan Notes due 2039	20,000	20,000
6.17% Senior Unsecured Loan Green Notes Due 2039	40,000	40,000
4.53% Senior Unsecured Loan Notes due 2046	15,000	15,000
4.64% Senior Unsecured Loan Notes due 2048	20,000	20,000
6.37% Senior Unsecured Loan Note Due 2049	30,000	30,000
4.14% Senior Unsecured Loan Notes due 2049	40,000	40,000
4.14% Senior Unsecured Loan Notes due 2049	20,000	20,000
6.37% Senior Unsecured Loan Green Note Due 2049	10,000	10,000
5.88% Senior Unsecured Loan Notes due 2052	80,000	80,000
	<b>379,675</b>	399,611
Less: Current portion of Long-Term Debt	<b>(19,935)</b>	(19,935)
Less: Deferred Debt Issue Costs	<b>(1,545)</b>	(1,661)
	<b>358,195</b>	378,015

### Covenants

Certain of the Company's long-term debt obligations have covenants restricting the issuance of additional debt such that consolidated debt cannot exceed 65% of the Company's consolidated capitalisation structure, as defined by the long-term debt agreements. All long-term debt is denominated in United States dollars.

The consolidated annual requirements to meet principal repayments and maturities in each of the next five years and thereafter are as follows:

Year	\$ (in thousands)
2026	19,935
2027	17,792
2028	17,792
2029	26,801
2031	26,801
2030 and later	270,554
<b>Total</b>	<b>379,675</b>

### 13. Capital Stock

The table below shows the number of authorised, issued and outstanding shares of the Company (shares as follows are fully stated, not in thousands):

Capital Stock	As at December 31, 2025	As at December 31, 2024
<b>Authorised:</b>		
Class A Ordinary Shares of C\$0.05 each	60,000,000	60,000,000
9% Cumulative Participating Class B Preference Shares of \$1.00 each	250,000	250,000
Class C Preference Shares of \$1.00 each	419,666	419,666
Cumulative Participating Class D Share of C\$0.56 each	1	1
<b>Issued and Outstanding (Number of Shares):</b>		
Class A Ordinary Shares	42,425,045	42,122,022
Class B Preference Shares	249,001	249,021
<b>Issued and Outstanding (\$ Amount):</b>		
Class A Ordinary Shares	2,525,300	2,507,263
Class B Preference Shares	249,001	249,021
Total Class A Ordinary Shares & Class B Preference Shares	<b>2,774,301</b>	<b>2,756,284</b>

### 14. 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 S&P/TSX Capped Utilities Index ("TTUT").

PSUs outstanding as at December 31, 2025 relate to grants in 2023 in the amount of 61,806, in 2024 in the amount of 81,470, and in 2025 in the amount of 72,593. 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 year ended December 31, 2025, an expense of \$0.8 million (December 31, 2024: \$1.1 million) was recognised in earnings with respect to the PSU plan. As at December 31, 2025, the total liability related to outstanding PSUs is \$1.8 million (December 31, 2024: \$1.5 million) and is included in Other Long-Term Liabilities.

### 15. Earnings per Share

The Company calculates earnings per share on the weighted average number of Class A Ordinary Shares outstanding. The weighted average Class A Ordinary Shares outstanding were 42,230,886 and 38,756,510 for the years ended December 31, 2025 and December 31, 2024 respectively.

The weighted average number of Class A Ordinary Shares used for determining diluted earnings were 42,230,886 and 38,756,510 for the years ended December 31, 2025 and December 31, 2024, respectively. Diluted earnings per Class A Ordinary Share was calculated using the treasury stock method.

### 16. 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. The three levels of the fair value hierarchy are defined as follows:

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 December 31, 2025. The estimated fair value of the Company's financial instruments is as follows:

<b>Financial instruments</b>				
(\$ thousands)	As at December 31, 2025		As at December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-Term Debt, including Current Portion*	378,130	339,250	397,950	352,938

\*Net of Debt costs

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 financial instruments, other than long-term debt, approximate their carrying amounts due to their short-term maturities, normal credit terms, and/or nature of the instruments.

## 17. Short-Term Debt

The Company maintains unsecured credit facilities with Scotiabank & Trust (Cayman) Limited ("Scotia") and Royal Bank of Canada ("RBC"). As at December 31, 2025, the total available amount under these facilities was \$47.0 million (December 31, 2024: \$82.0 million).

During the year, the Company drew \$15.0 million in June 2025 and an additional \$20.0 million in November 2025 under its credit facilities with Scotia to support short-term operational requirements and capital investment needs.

<b>Short-Term Financing</b>			
(\$ thousands)			
Credit Facilities	Total Credit Financing Facilities December 31, 2025	Total Utilised December 31, 2025	Total Available December 31, 2025
<b>Provided by Scotia:</b>			
Mastercard Agreement	500	-	500
Letter of Credit*	13,000	-	13,000
Operating, Revolving Line of Credit	10,000	-	10,000
Catastrophe Standby Loan	7,500	-	7,500
Demand Loan Facility- Interim Funding of Capital Expenditures	51,000	35,000	16,000
<b>Total</b>	<b>82,000</b>	<b>35,000</b>	<b>47,000</b>
<b>Provided by RBC:</b>			
Corporate Credit Card Line**	500	500	-
<b>Short - Term Financing</b>	<b>82,500</b>	<b>35,500</b>	<b>47,000</b>

<b>Short-Term Financing</b>			
(\$ thousands)			
<b>Credit Facilities</b>	<b>Total Credit Financing Facilities December 31, 2024</b>	<b>Total Utilised December 31, 2024</b>	<b>Total Available December 31, 2024</b>
<b>Provided by Scotia:</b>			
Mastercard Agreement	500	-	500
Letter of Credit	13,000	-	13,000
Operating, Revolving Line of Credit	10,000	-	10,000
Catastrophe Standby Loan	7,500	-	7,500
Demand Loan Facility- Interim Funding of Capital Expenditures	51,000	-	51,000
<b>Total</b>	<b>82,000</b>	<b>-</b>	<b>82,000</b>
<b>Provided by RBC:</b>			
Corporate Credit Card Line*	500	500	-
<b>Short – Term Financing</b>	<b>82,500</b>	<b>500</b>	<b>82,000</b>

\*Included in Accounts payable and accrued expenses

A commission at a rate of 0.65% per annum is levied on the Letter of Credit amount. Interest is payable on the amount of the Operating Line of Credit utilised at the Scotia's Cayman Islands Prime Lending Rate plus 0.15% per annum. In the event that the Operating Facility is drawn down in United States Dollars, the interest is payable at Scotia's Bank of New York Prime Lending Rate plus 0.15% per annum. Standby Loan and Demand loan interest is payable at the Adjusted Term Secured Overnight Financing Rate, as administered by the Federal Reserve Bank of New York, for the Interest Period plus the Applicable Margin of 1.15%.

A stand-by fee of 0.10% per annum is applied to the daily unused portion of the Standby Loan and Demand Loan facilities. An annual review fee of 0.05% of the total credit facilities is payable upon confirmation that the Facility has been renewed for a further period, being the earlier of 12 months or the next annual review date.

## 18. Consumers' Deposits and Advances for Construction

The Company requires a deposit equivalent to 45 days of estimated usage for all service connections. Once the service is disconnected, the deposit will be applied to the last bill or refunded to the customer. Deposits related to service connections amounted to \$15.7 million as at December 31, 2025 (\$14.9 million at December 31, 2024). Advances for construction as December 31, 2025 amounted to nil compared to nil at December 31, 2024.

## 19. Finance Charges

The composition of finance charges was as follows:

<b>Finance Charges</b>		
(\$ thousands)	<b>Year Ended December 31, 2025</b>	<b>Year Ended December 31, 2024</b>
Interest Costs – Long-Term Debt	19,199	18,085
Other Interest Costs	916	2,142
AFUDC *	(15,245)	(14,373)
<b>Finance Charges</b>	<b>4,870</b>	<b>5,854</b>

\*Refer to PP&E with regards to AFUDC (Note 9) methodology.

## 20. Employee Future Benefits

All employees of the Company are members of a defined contribution pension plan established for the exclusive benefit of employees of the Company and which complies with the provisions of the National Pensions Law. As a term of employment, the Company contributes 7.5% of wages or salary in respect of employees who have completed 15 years of continuous service and have attained the age of 55 years and 5% of wages or salary for all other employees. All contributions, income and expenses of the plan are accrued to, and deducted from, the members' accounts. The total expense recorded in respect of employer contributions to the plan for Fiscal 2025 amounted to \$1.5 million (Fiscal 2024: \$1.5 million). The pension plan is administered by an independent Trustee.

During 2003, the Company established a defined benefit pension plan for a director of the Company. In May 2005, the Company's Board of Directors approved the establishment of a defined benefit pension plan for the retired President and Chief Executive Officer. The pension cost of the defined benefit plan is actuarially determined using the projected benefits method. In April 2007, the Company established an independent trust and the defined benefit plans were amalgamated at that time. An independent actuary performs a valuation of the obligations under the defined benefit pension plans at least every three years. The latest actuarial valuation of the pension plans for funding purposes is as at December 31, 2025.

The Company's broad investment objectives are to achieve a high rate of total return with a prudent level of risk taking while maintaining a high level of liquidity and diversification to avoid large losses and preserve capital over the long-term.

The Company's defined benefit pension plan fund has a strategic asset allocation that targets a mix of approximately 30–60% equity investments, 20–40% fixed income investments, and 25–35% cash/cash equivalent securities. The fund's investment strategy emphasises traditional investments in global equity and fixed income markets, using a combination of different investment styles and vehicles. The pension fund's equity investments include publicly traded investment grade equities, convertible debentures and real estate corporations. The fixed income investments include bonds issued by the United States Treasury, investment grade bonds, investment grade corporate bonds, investment grade Eurobonds and investment grade preference shares which are publicly traded. These equity and debt security vehicles include closed end or open end mutual or pooled funds.

The Company's defined benefit pension plan asset allocation was as follows:

Plan Assets by Allocation (%)	As of December 31, 2025		As of December 31, 2024	
Equity Assets	61%		61%	
Fixed Income Investments	26%		26%	
Alternative Investments	11%		11%	
Cash and Cash Equivalents	2%		2%	
Plan Assets by Allocation	100%		100%	

The assets of the fund are traded and priced on active markets. The fair values of assets are provided by external quotation services which are considered reliable, but due to the nature of the market data, the accuracy of such prices cannot be guaranteed. Securities listed on a US national stock exchange are priced as of the close of the statement period. Corporate bonds, municipal bonds and other fixed income securities are priced by a computerised pricing service. Mutual fund shares are priced at net asset value.

The fair value measurements of the Company's defined benefit pension plan assets by fair value hierarchy level are as follows:

<b>Asset Allocation</b>				
(\$ thousands)				
<b>As at December 31, 2025</b>				
	<b>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservabl e Inputs (Level 3)</b>	<b>Total</b>
Equity Assets	4,133	-	-	4,133
Fixed Income Investments	-	1,758	-	1,758
Money Market Funds	-	6	-	6
Alternative Investments	-	754	-	754
Cash Alternatives	10	-	-	10
Cash and Cash Equivalents	119	-	-	119
<b>Asset Allocation</b>	<b>4,262</b>	<b>2,518</b>	<b>-</b>	<b>6,780</b>

<b>Asset Allocation</b>				
(\$ thousands)				
<b>As at December 31, 2024</b>				
	<b>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservabl e Inputs (Level 3)</b>	<b>Total</b>
Equity Assets	3,911	-	-	3,911
Fixed Income Investments	-	1,682	-	1,682
Money Market Funds	-	6	-	6
Alternative Investments	-	727	-	727
Cash Alternatives	9	-	-	9
Cash and Cash Equivalents	111	-	-	111
<b>Asset Allocation</b>	<b>4,031</b>	<b>2,415</b>	<b>-</b>	<b>6,446</b>

The Company's unrecognised amounts included in accumulated other comprehensive income (loss) yet to be recognised as components of net periodic benefit cost are as follows:

(\$ thousands)	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
Net actuarial gain/ (loss)	601	330
Cumulative employer contributions in excess of net periodic benefit cost	(107)	(113)
<b>Net asset (liability) amount recognised in statement of financial position</b>	<b>494</b>	<b>217</b>

During 2026 the Company's expected contributions to the defined benefit pension plan will be nil (2025: nil).

The following table provides the amount of benefit payments expected to be paid by the plan for each of the following years:

(\$ thousands)	Total
2026	412
2027	420
2028	429
2029	436
2030	444
Over 5 years	2,303

## 21. Foreign Exchange

The closing rate of exchange on December 31, 2025 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was Cdn\$1.3706 (December 31, 2024: Cdn\$1.4389) per US\$1.00. The official exchange rate for the conversion of Cayman Islands dollars into United States 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 December 31, 2025 for conversion of Cayman Islands dollars into Canadian dollars was Cdn\$1.6447 (December 31, 2024: Cdn\$1.7267) per CI\$1.00. All amounts are stated in United States dollars, unless otherwise noted.

## 22. 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)		
	Year Ended December 31, 2025	Year Ended December 31, 2024
Electricity sales revenues:		
Residential	68,990	65,254
General Commercial	27,939	28,898
Large Commercial	30,254	26,622
Other (streetlights etc.)	1,297	1,139
Z-Factor	5,776	1,999
<b>Total Segment Revenues*</b>	<b>134,256</b>	<b>123,912</b>
Significant Expenses:		
Depreciation & Amortisation	50,181	45,403
Payroll & Other Benefits	24,305	23,653
Insurance	6,434	6,449
Maintenance Cost**	4,069	3,687
General and administrative expenses**	3,667	3,016
Other**	1,248	3,411
<b>Segment profit</b>	<b>44,352</b>	<b>42,687</b>

\*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 \$149.8 million and 169.8 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.*

## 23. Commitments

As at December 31, 2025, the Company's consolidated commitments in each of the next five years and for periods thereafter are as follows:

Commitments					
(\$ thousands)	Total	2026	2027-2028	2029-2030	2031 Onward
Letter of Guarantee	1,000	1,000	-	-	-
Lease Liability	4,932	2,986	1,946	-	-
Commitments	5,932	3,986	1,946	-	-

During 2015, the Company entered into a Power Purchase Agreement ("PPA") with Bodden Town Solar 1, Ltd., which will provide a minimum generated energy of 8.8 gigawatt hours ("GWh") per year for a 25-year term. The PPA qualifies for the Normal Purchase Normal Sale exemption under Accounting Standards Codification ("ASC") 815 and does not qualify as a derivative.

The Company has a primary fuel supply contract with RUBiS Cayman Islands Limited ("RUBiS"). Under the agreement, the Company is committed to purchase approximately 60% of its diesel fuel requirements for its generating plant from RUBiS. The Company also has a secondary fuel supply contract with Sol Petroleum Cayman Limited ("Sol") and is committed to purchase approximately 40% of the Company's fuel requirements for its generating plant from Sol. On October 1, 2024, the Company executed new fuel supply contracts with RUBiS and Sol, each with a term of 36 months. Both contracts qualify for the Normal Purchase Normal Sale exemption under ASC 815 and do not qualify as derivatives.

The point of delivery for fuel billing purposes remains at the Company's North Sound Plant compound. The Company is also responsible for the management of the fuel pipeline and ownership of bulk fuel inventory at the North Sound Plant.

As a result of the Company's bulk fuel inventory, the value of CUC's closing stock of fuel on December 31, 2025 was \$3.7 million (December 31, 2024: \$5.0 million). This amount includes all fuel held in CUC's bulk fuel storage tanks, service tanks and day tanks located at the North Sound Road Power Plant.

## Ten-Year Summary (Unaudited, supplementary)

(except where noted, expressed in thousands of United States Dollars)

	2025	2024
Operating Revenues	283,997	293,682
Other Revenues and Adjustments	7,887	8,051
<b>Total Revenues</b>	<b>291,884</b>	301,733
Operating Expenses	239,645	253,192
Income before Interest	52,239	48,541
Finance Charges	4,870	5,854
<b>Net Earnings for the Year</b>	<b>47,369</b>	42,687
<b>Capitalisation:</b>		
Class A Ordinary Shares (nominal value)	2,525	2,507
9% Cumulative Participating Class B Preference Shares (nominal value)	249	249
Share Premium	252,963	249,075
Long-Term Loans	378,130	397,950
<b>Total Capitalisation</b>	<b>633,867</b>	649,781
Capital Expenditures	88,905	100,566
Earnings per Class A Ordinary Share (\$/Share)	1.10	1.08
Dividends per Class A Ordinary Share (\$/Share)	0.755	0.735
Book value per Class A Ordinary (\$/Share)	9.71	9.32
<b>Statistical Record:</b>		
Net kWh Generation (millions of kWh)	779.6	760.2
Net kWh Sales (millions of kWh)	766.5	749.3
Peak Load (MW) Gross	129.5	128.0
Plant Capacity (MW)	165.55	165.55
<b>Total Customers (actual number)</b>	<b>35,082</b>	34,280

## Ten-Year Summary (Unaudited, supplementary)

(except where noted, expressed in thousands of United States Dollars)

2023	2022	2021	2020	2019	2018	2017	2016
287,225	267,336	198,478	177,450	203,246	194,578	170,941	161,702
6,698	5,886	4,904	4,451	6,403	6,061	4,934	5,079
293,923	273,222	203,382	181,901	209,649	200,639	175,875	166,781
248,808	235,268	168,255	148,594	173,777	166,192	143,561	134,802
45,115	37,954	35,127	33,307	35,872	34,447	32,314	31,979
6,455	4,775	4,808	7,242	6,772	7,677	8,539	6,768
38,660	33,179	30,319	26,065	29,100	26,770	23,775	25,211
2,262	2,241	2,224	2,208	1,993	1,978	1,964	1,943
250	250	250	250	250	250	250	250
194,299	190,023	185,687	181,671	129,816	126,370	123,376	119,096
338,145	357,511	293,291	307,306	322,050	255,013	271,596	222,746
534,956	550,025	481,452	491,435	454,109	383,611	397,186	344,035
97,591	95,761	60,202	53,409	60,592	57,992	52,408	47,207
1.00	0.86	0.79	0.74	0.84	0.78	0.70	0.75
0.715	0.700	0.700	0.700	0.700	0.695	0.680	0.675
8.51	8.18	7.94	7.80	7.10	6.92	6.78	6.74
735.4	680.4	662.0	651.5	678.8	641.8	654.3	650.3
727.0	674.1	660.5	644.3	667.7	628.8	621.8	606.7
124.1	113.6	111.2	108.6	113.5	103.6	105.6	103.4
165.55	165.55	160.95	160.95	160.95	160.95	160.95	160.95
33,611	33,119	32,185	31,293	30,537	29,822	29,160	28,678

## Board of Directors



### Standing from left:

**Gary Smith** <sup>^</sup> <sup>^^</sup>  
*Executive Vice President  
 Eastern Canadian and Caribbean  
 Operations  
 Fortis Inc.  
 St. John's, Newfoundland  
 Canada*

**Sophia Harris** <sup>^</sup>  
*Retired Managing Partner  
 Bedell Cristin  
 Grand Cayman  
 Cayman Islands*

**Karen Gosse** <sup>^^</sup>  
*Vice President Finance  
 Fortis Inc.  
 St. John's, Newfoundland  
 Canada*

**Mark Macfee** <sup>\*</sup>  
*Retired President  
 Yello Media Group  
 Grand Cayman  
 Cayman Islands*

### Missing from photo:

**Stuart Lochray** <sup>^</sup>, *Executive Vice President, Business Development & Strategy  
 Fortis Inc., St. John's, Newfoundland, Canada*

**David Smailes** <sup>^</sup>, *Vice President & Group Chief Information Officer, RF Group, Grand  
 Cayman, Cayman Islands*

<sup>\*</sup> Member Audit Committee (Chairperson: Mark Macfee)

<sup>^</sup> Member Governance and Sustainability Committee (Chairperson: Sophia Harris)

<sup>^^</sup> Member Human Resources Committee (Chairperson: Woodrow Foster)

**Jennifer Frizzelle** <sup>\*</sup>  
*Retired Partner  
 KPMG  
 Grand Cayman  
 Cayman Islands*

**Kay Menzies** <sup>\*</sup>  
*President & Chief Executive  
 Officer  
 Fortis Belize Limited  
 Belize*

### Seated from left:

**Jennifer Dilbert**, MBE, JP <sup>^^</sup>  
*Retired Civil Servant  
 Grand Cayman  
 Cayman Islands*

**J.F. Richard Hew**  
*President & Chief Executive Officer  
 Caribbean Utilities Company, Ltd.  
 Grand Cayman  
 Cayman Islands*

**Sheree L. Ebanks** <sup>\*</sup> <sup>^</sup> <sup>^^</sup>  
*Chairperson of the Board of Directors  
 Caribbean Utilities Company, Ltd.  
 Grand Cayman  
 Cayman Islands*

*Chief Executive Officer  
 Cayman Islands Institute of Professional  
 Accountants  
 Grand Cayman  
 Cayman Islands*

**Woodrow Foster** <sup>^^</sup>  
*Managing Director  
 Foster's  
 Grand Cayman  
 Cayman Islands*

## Executive Team



**J.F. Richard Hew**  
*President & Chief Executive Officer*

**Stephen Jay**  
*Vice President Energy Operations*

**Letitia T. Lawrence**  
*Vice President Finance, Corporate Services & Chief Financial Officer*

**Sacha N. Tibbetts**  
*Vice President Customer Services & Technology*

# Shareholder and Corporate Information

## Shareholders

Registered shareholders as of December 31, 2025 were as follows:

Class of Shares	Shareholders	Shares Held
Class A Ordinary Shares	2,401	42,425,045
9% Class B Preference Shares	121	249,001

*Fortis Energy Caribbean Inc., a wholly owned subsidiary company of Fortis Inc., held 25,351,430 Class A Ordinary Shares, or 59.76% of the outstanding shares as of December 31, 2025. Approximately 18% of the outstanding registered shares are held by residents of the Cayman Islands. Holders of Class B Preference Shares are primarily residents of the Cayman Islands.*

## Annual General Meeting

Shareholders are invited to attend the Annual General Meeting of the Company to be held on May 11, 2026 at 3:00 p.m. If you are unable to attend, please complete and return the form of proxy in accordance with the instructions set out in the accompanying meeting material.

## 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](http://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](http://www.cuc-cayman.com).

## Solicitors

Appleby  
P.O. Box 190  
Grand Cayman KY1-1104  
CAYMAN ISLANDS

## Auditors

Deloitte, LLP  
5 Springdale Street  
Suite 1000  
St. John's, NL A1E OE4  
Canada

## Principal Bankers

Scotiabank & Trust (Cayman) Islands  
P.O. Box 689  
Grand Cayman KY1-1107  
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  
P.O. Box 4229, Station A  
Toronto, ON, Canada M5W 0G1  
North America (toll free): 1-800-387-0825  
Direct: (416) 682-3860  
Fax: (888) 249-6189  
E-mail: [shareholderinquiries@tmx.com](mailto:shareholderinquiries@tmx.com)  
Website: [www.tsxtrust.com](http://www.tsxtrust.com)  
(Acting as principal agent)

Caribbean Utilities Company, Ltd.

Company Secretary  
P.O. Box 38, Grand Cayman KY1-1101, CAYMAN ISLANDS  
Telephone: (345) 949-5200  
Fax: (345) 949-4621  
E-mail: [investor@cuc.ky](mailto:investor@cuc.ky)  
Website: [www.cuc-cayman.com](http://www.cuc-cayman.com)  
(Acting as principal agent)

## Toronto Stock Exchange Listing

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

## Registered Office

Caribbean Utilities Company, Ltd.  
457 North Sound Road  
P.O. Box 38, Grand Cayman KY1-1101, CAYMAN ISLANDS  
Telephone: (345) 949-5200  
Fax: (345) 949-4621  
E-mail: [investor@cuc.ky](mailto:investor@cuc.ky)  
Website: [www.cuc-cayman.com](http://www.cuc-cayman.com)

Cover Photo: The waters off the famous Seven Mile Beach are brilliant, transparent turquoise, changing to deeper blues farther out and so clear that the sandy bottom and coral are visible.

Credits:

Photos: External Communications  
Caribbean Utilities Company, Ltd.

Cover Photo: Deep Blue Images  
info@deepblueimages.com  
Grand Cayman, Cayman Islands

Photo of Board of Directors: Island Photo  
www.islandphoto.ky  
Grand Cayman, Cayman Islands



**Caribbean Utilities Company, Ltd.**  
457 North Sound Road

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CAYMAN ISLANDS

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[investor@cuc.ky](mailto:investor@cuc.ky)  
[www.cuc-cayman.com](http://www.cuc-cayman.com)



North Sound Road Site  
ISO 14001  
QMI-SAI Global

**INVESTORS IN PEOPLE™**  
We invest in people Gold

