Caribbean Utilities Company, Ltd.

2026 First Quarter Report

March 31, 2026

CUC

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

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

Interim Management's Discussion and Analysis

For the Quarter Ended March 31, 2026

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Caribbean Utilities Company, Ltd. ("CUC" or the "Company") consolidated financial statements for the twelve months ended December 31, 2025 ("Fiscal 2025"). The material has been prepared in accordance with National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") relating to Management's Discussion and Analysis.

Additional information in this MD&A has been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"), including certain accounting practices unique to rate-regulated entities. These accounting practices, which are disclosed in the notes to the Company's 2025 annual financial statements, result in regulatory assets and liabilities which would not occur in the absence of rate regulation. In the absence of rate regulation, the amount and timing of recovery or refund by the Company of costs of providing services, including a fair return on rate base assets, from customers through appropriate billing rates would not be subject to regulatory approval.

Forward-Looking Statements

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

On May, 31, 2022, the Ontario Securities Commission ("OSC") issued a relief order ("2022 U.S. GAAP Relief") 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 filed an application with the OSC on March 19, 2026 requesting an additional extension of the exemption period ("Requested Relief") to the earliest of: (i) January 1, 2032; (ii) the first day of the financial year that commences after the Company ceases to have rate-regulated activities (as defined in the Chartered Professional Accountants of Canada Handbook); 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 IASB-issued Mandatory Rate-regulated Standard and (b) four years after the IASB publishes a final version of the Mandatory Rate-regulated Standard. The Company intends for the Requested Relief, if granted, to supersede and replace the 2022 U.S. GAAP Relief.

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

May 6, 2026

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.

As the Company approaches its 60th Anniversary, it marks six decades of powering the Cayman Islands' growth and development. From its early beginnings to its role today as a critical national infrastructure provider, the Company has consistently evolved to meet the changing needs of the communities it serves.

This milestone provides an opportunity to reflect on a legacy of reliability, innovation, and service, while also looking ahead to the future. Building on this strong foundation, the Company remains focused on advancing energy solutions, enhancing system resilience, and supporting the continued economic progress of the Cayman Islands.

In January 2026, the Company was honoured to receive a National Recognition Award in the "Builders of Cayman" category as part of the Cayman Islands' 2026 National Heroes Day celebrations. This distinction recognises organisations that have made enduring contributions to the development of the country's physical infrastructure and have played a foundational role in supporting economic growth and quality of life.

The award recognises the Company's importance as a critical infrastructure provider and reinforces its focus on operational excellence, system reliability, and sustainable growth. Management considers this achievement as an affirmation of the Company's strategic direction and its ongoing commitment to serving customers, stakeholders, and the wider community.

About the Cayman Islands

The Cayman Islands, a British Overseas Territory with a population of approximately 91,000, are comprised of three islands: Grand Cayman, Cayman Brac, and Little Cayman. Located approximately 150 miles south of Cuba, 460 miles south of Miami and 167 miles northwest of Jamaica, the largest island is Grand Cayman with an area of 76 square miles.

A Governor, presently Her Excellency Mrs. Jane Owen, is appointed by His Majesty the King. A democratic society, the Cayman Islands have a House of Parliament comprised of representatives elected from 19 electoral districts. In June 2025, Moody's affirmed the Cayman Islands Government's Aa3 bond issuer rating, Aaa country ceiling rating, and stable economic outlook.

Corporate and Regulatory Overview

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

Company has reasonable expectation of renewal until April 2048. The Generation Licence expires in November 2039.

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

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

Customer Rates

The 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 2025 was 7.88% (2024: 7.92%). CUC's RORB for 2026 is targeted in the 8.50% to 10.50% range (2025: 8.50% to 10.50%).

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%, with an effective date of June 1, 2025. This increase is a result of the applicable RORB and the combined changes in the United States of America ("US") and the Cayman Islands consumer price indices, adjusted to exclude food and fuel.

The Licences also contain 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, as approved 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.

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, which is scheduled to expire on March 27, 2027. As of March 31, 2026, the licence renewal process remained ongoing and was progressing in advance of the licence's expiration date. The Company 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.

Financial and Operational Highlights

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Change	% Change
Electricity Sales Revenues	**28,518**	28,193	325	1%
Fuel Factor	**34,490**	32,381	2,109	7%
Renewables	**1,180**	1,146	34	3%
Z-Factor[1]	**1,181**	1,362	(181)	(13%)
Total Operating Revenues	**65,369**	63,082	2,287	4%
Power Generation[2]	**37,597**	35,127	2,470	7%
Depreciation	**10,741**	11,874	(1,133)	(10%)
Other Expenses	**10,041**	9,715	326	3%
Total Operating Expenses	**58,379**	56,716	1,663	3%
Net Earnings for the Period	**7,206**	7,605	(399)	(5%)
Cash Flow related to Operating Activities	**22,274**	24,720	(2,446)	(10%)
Per Class A Ordinary Share:				
Basic Earnings	**0.17**	0.18	(0.01)	(6%)
Dividends Paid	**0.190**	0.185	0.005	3%
Total Customers	**35,185**	34,461	724	2%
Total Full-Time Employees	**298**	275	23	8%
Customers per Employee (#)	**118**	125	(7)	(6%)
System Availability (%)	**99.99**	99.97	-	0%
Fuel Efficiency	**19.21**	19.20	0.01	0%
Peak Load Gross (MW)	**113.2**	116.1	(2.90)	(2%)
Millions of kWh:				
Net Generation	**166.0**	174.3	(8.3)	(5%)
Renewable Energy Generation	**4.6**	4.6	-	0%
Total Energy Supplied	**169.9**	177.5	(7.6)	(4%)
Kilowatt-Hour Sales	**164.2**	170.8	(6.6)	(4%)
Sales per Employee	**0.55**	0.62	(0.1)	(11%)

Shares Performance

The Class A Ordinary Shares (CUP.U) are traded on the Toronto Stock Exchange and closed at $13.90 per share at the end of the three months ended March 31, 2026 ("First Quarter 2026" or "Q1 2026").

During the First Quarter 2026, CUP.U's share price exhibited relative stability with modest volatility, reflective of the broader utility sector's defensive characteristics and the Company's steady fundamentals. Dividend yield remained an important driver of investor value, with an annualized dividend yield of **5.6%**, supported by consistent quarterly dividend declarations.

[1] *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.*

[2] *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.*

Results of Operations

Operating Revenues

Sales in kilowatt-hours ("kWh") for the First Quarter 2026 totalled 164.2 million kWh, a decrease of 6.6 million kWh or 4%, compared to 170.8 million kWh for the three months ended March 31, 2025 ("First Quarter 2025" or "Q1 2025"). The decline was driven by lower average monthly consumption for all customer classes despite the 2% growth in overall customer numbers, as milder temperatures reduced cooling-related demand.

Cooling Degree Days ("CDD[3]") for the First Quarter 2026 averaged 57.8, significantly lower than 102.0 recorded in the prior year period. The reduction in CDD reflects cooler overall temperatures, which in turn reduced air conditioning usage across residential and commercial customers.

Peak load for Q1 2026 also decreased by 2%, reflecting the cooler and wetter weather conditions. The average monthly temperature for Q1 2026 was 78.5°F compared to 81.0°F for Q1 2025. The average rainfall for Q1 2026 was 3.2 inches compared to 0.3 inches in Q1 2025. These conditions reduced the number of cooling degree days and contributed to lower residential and commercial energy usage.

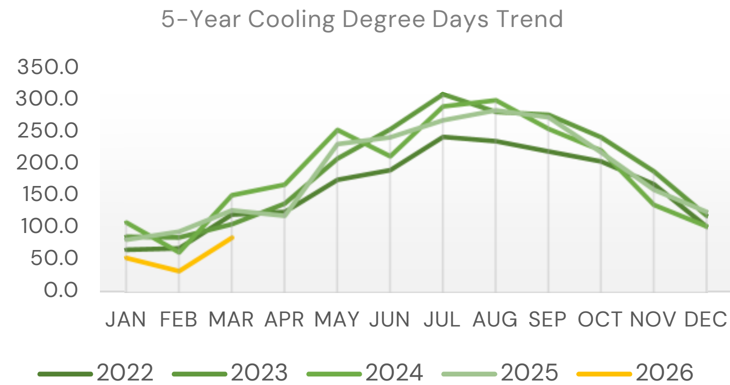
Sales and Customer Highlights	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Change %
Customers (*fully stated, not in thousands)*			
Residential	30,367	29,639	2%
General Commercial	4,707	4,718	0%
Large Commercial	111	104	7%
Total Customers	**35,185**	34,461	2%
Sales (*in thousands kWh)*			
Residential	82,723	89,216	(7%)
General Commercial	35,293	35,835	(2%)
Large Commercial,	45,111	44,687	1%
Other (street lights, etc.)	1,065	1,065	0%
Total Sales	**164,192**	170,803	(4%)
Average Monthly Consumption Per Customer (kWh)			
Residential	909	1,005	(10%)
General Commercial	2,493	2,536	(2%)
Large Commercial	132,454	136,029	(3%)
Revenues (in thousands of $)			
Residential	14,137	14,558	(3%)
General Commercial	6,955	6,805	2%
Large Commercial	7,090	6,528	9%
Fuel Factor	34,490	32,381	7%
Renewables	1,180	1,146	3%
Z-Factor	1,181	1,362	(13%)
Other (*street lights etc.)*	336	302	11%
Total Operating Revenues	**65,369**	63,082	4%

Total customers as at March 31, 2026 increased by 2% compared to customers as at March 31, 2025. Residential customers accounted for 86% of the customer base and represented approximately 51% of total kWh sales during the quarter.

Operating revenues for Q1 2026 totalled $65.4 million, an increase of $2.3 million from $63.1 million for Q1 2025. The year-over-year increase was primarily driven by higher deferred fuel factor revenues.

[3] *Cooling Degree Days is a weather-based metric used to quantify the effect of temperature on cooling demand. CDD is calculated as the extent to which the average daily temperature exceeds a base temperature of 77°F, which management considers more representative of cooling behaviour and air conditioning usage patterns in the Cayman Islands.*

Electricity sales revenues increased modestly by $0.3 million, rising to $28.5 million in Q1 2026 from $28.2 million in Q1 2025. This increase reflects the 4% base rate adjustment effective June 1, 2025, partially offset by the 4% decline in kWh sales, with the reduction concentrated among weather-sensitive residential customers.



Fuel factor revenues for Q1 2026 totalled $34.5 million, a $2.1 million increase from the $32.4 million in fuel factor revenues for Q1 2025. The increase was due to higher deferred fuel revenue and a higher fuel cost charge, partially offset by lower fuel consumption. Deferred fuel revenue reflects the timing difference between fuel expenses incurred and the amounts recovered from customers through the Fuel Cost Charge. As the Fuel Cost Charge is applied on a per kWh basis, the 4% contraction in kWh sales resulted in reduced fuel cost recoveries and corresponding increase in unrecovered fuel costs during the quarter. The average Fuel Cost Charge rate charged to consumers for Q1 2026 was $0.1936 per kWh, compared to the Fuel Cost Charge rate of $0.1885 per kWh for Q1 2025. 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. The Company has a Power Purchase Agreement ("PPA") with Bodden Town Solar 1, Ltd. for a 25-year term. During Q1 2026, the renewable energy generation was comparable to Q1 2025.

Operating Expenses

Operating expenses for Q1 2026 totalled $58.4 million, an increase of $1.7 million or 3% compared to $56.7 million for Q1 2025. The increase was due to the net impact of the following:

Significant Changes in Operating Expenses

($ in thousands)

Item	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Change	% Change	Explanation
Power Generation (Note A)	**37,597**	35,127	2,470	7%	Increase was primarily driven by higher deferred fuel expense, partially offset by a decrease in average fuel cost and lower consumption resulting from a 4% contraction in kWh sales
Depreciation (Note B)	**10,741**	11,874	(1,133)	(10%)	Decrease due to approved life extension of eight generating units, partially offset by projects completed during the period
General and Administration	**4,883**	4,114	769	19%	Increase due to higher legal costs and medical insurance premiums

Item	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Change	% Change	Explanation
Transmission & Distribution	**1,756**	2,418	(662)	-27%	Decrease due to lower line maintenance costs

Note A. Power Generation

Power Generation costs increased by $2.5 million, or 7%, for Q1 2026 compared to Q1 2025. The increase was primarily driven by higher deferred fuel cost, reflecting the timing difference between fuel expenses incurred and the amounts recovered from customers through the Fuel Cost Charge. Fuel, lubricating oil, and renewable energy costs are deferred for a two-month period, with the associated balances recorded in the Fuel Tracker Account for future recovery from customers.

These impacts were partially offset by a decrease in average fuel prices and lower overall fuel consumption, both of which helped moderate the increase in Power Generation costs. The Company's average price per imperial gallon ("IG") of fuel for the three months ended March 31, 2026 decreased by 4% to $3.45 in comparison to $3.58 for the three months ended March 31, 2025.

Net Fuel Efficiency in Q1 2026 was 19.20 kWh/IG, comparable to Q1 2025. This consistency demonstrates the benefits delivered by the completion of the Life Cycle Upgrade ("LCU") project in 2025. During Q1 2026, several large more efficient generation units were undergoing maintenance, including the steam turbine. Despite the less-optimized operating profile, the combined efficiency gains from the Battery Energy Storage System ("BESS") and the LCU initiatives enabled the Company to maintain overall fuel efficiency at levels comparable to the prior-year period. As a result of the improved efficiency, the Company realized an estimated fuel savings of approximately 0.5 million IG or 5%, equivalent to a reduction of an estimated amount of $1.85 million in fuel cost for Q1 2026. The fuel savings are directly passed on to the customers, reducing their fuel cost and advancing the Company's initiative to provide more affordable and reliable energy.

Note B. Depreciation

In March 2026, URCO approved CUC's proposed business case to extend the useful lives of several generating units that were originally scheduled for retirement in 2026 and 2027. This initiative forms part of CUC's broader strategy to mitigate the projected capacity shortfall arising from increasing demand and the planned retirement of 37 MW of thermal generation. The approved plan extends the operation of eight generating units through December 31, 2028. As part of the approval, URCO authorized CUC to extend the depreciation period of the affected generating units and associated inventory spares by an additional 10 years, through December 31, 2038 resulting in lower monthly depreciation expense on these units beginning in Q1 2026.

Operating Income and Net Earnings

Operating income for the First Quarter 2026 totalled $7.0 million, an increase of $0.6 million compared to operating income of $6.4 million for the First Quarter of 2025. This increase was primarily attributable to lower depreciation expense, reflecting the approved life extension of eight generating units. Despite a 4% decline in kWh sales due to milder weather conditions, electricity sales revenue increased modestly supported by the 4% base rate adjustment effective June 1, 2025.

Net earnings for Q1 2026 were $7.2 million, a decrease of $0.4 million from $7.6 million in Q1 2025. The decline was driven by lower net other income, partially offset by an increase in operating income. Net other income for the three months ended March 31, 2026 was $0.2 million, a decrease of $1.0 million compared to $1.2 million for the same period in 2025. This reduction was primarily attributable to higher finance charges, lower Allowance for Funds Used During Construction ("AFUDC") and lower other income.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q1 2026 were $7.1 million, or $0.17 per Class A Ordinary Share, as compared to $7.5 million, or $0.18 per Class A Ordinary Share, for Q1 2025. 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 42,425,045 and 42,122,102 for the quarters ended March 31, 2026 and March 31, 2025, respectively.

Quarterly Results

The following table summarises unaudited quarterly information for each of the eight quarters ended June 30, 2024 through March 31, 2026. This information has been obtained from CUC's unaudited interim financial statements, which management of the Company prepared in accordance with US GAAP. These operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

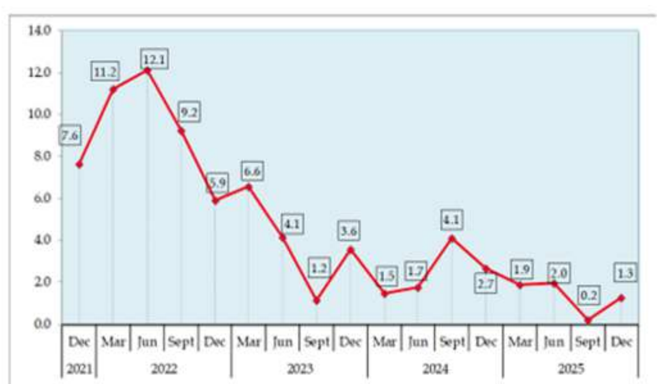
Quarterly Results

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

	Operating Revenue	Net Earnings	Earnings on Class A Ordinary Shares	Earnings per Class A Ordinary Share	Diluted Earnings per Class A Ordinary Share
March 31, 2026	65,369	7,206	7,094	0.17	0.17
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

The Economy

In March 2026, the Cayman Islands Economics and Statistics Office ("ESO") published the 2025 Cayman Islands' Consumer Price Index ("CPI") Annual Report. The average CPI in 2025 was 136.0, an increase of 1.3% over the average CPI in 2024. This represents an increase in the overall index, driven mainly by higher prices for communication (7.3%), education (8%), restaurants and hotels (5.9%) and food and non-alcoholic beverages (3.6%). In the Fourth Quarter 2025, the CPI was 137.7, higher by 1.3% compared to the Fourth Quarter of 2024.



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

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

Indicators for the Financial Services Industry	As at March 31, 2026	As at December, 31 2025
Bank Licenses	79	79
Mutual Fund Administrators	67	67
Mutual Funds	13,008	12,876
Private Funds	17,910	17,722
Registered Companies*	118,443	118,443
Insurance Companies	722	720

**As at December 31, 2025*

Tourism activity in the Cayman Islands remained strong during the First Quarter of 2026, with stayover visitation recording double-digit growth in the early months of the year. The Cayman Islands recorded its best month ever for visitation in March 2026 welcoming 64, 213 visitors and surpassing 60,000 visitors for the first time in recorded history. This performance reflects sustained demand from key source markets, particularly the United States, alongside notable growth from Canada driven by increased airlift capacity.

The continued strength in stayover tourism, which typically generates higher on-island spending and longer lengths of stay, supported broader economic activity across the Islands. In contrast, cruise passenger volumes exhibited some variability during the quarter, reflecting fluctuations in ship scheduling and port calls.

From an operational perspective, the positive tourism trends contributed to increased commercial activity, particularly within the accommodation, food services, and retail sectors. This, in turn, supported higher electricity consumption across CUC's commercial customer base during the period. Residential demand also remained stable, benefiting from sustained economic conditions and population activity linked to the tourism sector.

The following table presents statistics for tourist arrivals in the Cayman Islands for the three months ended March 31:

Tourist Arrivals to the Cayman Islands *(for the three months ended March 31)*	2026	2025	2024	2023	2022
By Air	**160,335**	144,395	137,094	120,926	40,689
By Sea	**463,142**	452,774	399,725	471,502	17,283
Total	**623,477**	597,169	536,819	592,428	57,972

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

Liquidity and Capital Resources

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

The following table outlines the summary of cash flow for Q1 2026 compared to Q1 2025:

Cash Flows				
($ thousands)				
	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Change	% Change
Beginning Cash	**1,862**	20,200	(18,338)	(91%)
Cash Provided By/ (Used In):				
Operating Activities	**22,274**	24,720	(2,446)	(10%)
Investing Activities	**(19,585)**	(23,993)	4,408	(18%)
Financing Activities	**(1,239)**	(7,478)	6,239	(83%)
Ending Cash	**3,312**	13,449	(10,137)	(75%)

Operating Activities:
Cash flow provided by operations, after working capital adjustments for Q1 2026 was $22.3 million, a decrease of $2.4 million from $24.7 million for Q1 2025. This decrease was primarily due to the movement in the working capital balances particularly the increase in regulatory assets partially offset by an increase in accounts payable and accrued expenses and decrease in accounts receivable.

Investing Activities:
Cash used in investing activities for Q1 2026 totalled $19.6 million, a decrease of $4.4 million from $24.0 million for Q1 2025. This decrease was primarily due to lower capital expenditures during Q1 2026 with the completion of Life Cycle Upgrades and portion of resiliency projects in Q1 2025.

Financing Activities:
Cash used in financing activities totalled $1.2 million for Q1 2026, an increase of $6.2 million when compared to $7.5million of cash used in financing activities for Q1 2025. This is attributed to the increased utilisation of the overdraft facility and higher dividend payments during 2026.

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.

Contractual Obligations

As at March 31, 2026, 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	**414,674**	54,935	35,584	52,791	271,364
Long-Term Debt Interest	**214,949**	18,472	34,774	31,146	130,557
Total	**629,623**	**73,407**	70,358	83,937	401,921

Financial Position

The following table is a summary of significant changes to the Company's balance sheet, when comparing December 31, 2025 to March 31, 2026.

Significant Changes in Balance Sheet *(from December 31, 2025 to March 31, 2026)* *($ thousands)*		
Balance Sheet Account	Increase/ (Decrease)	Explanation
Cash and Cash Equivalents	1,450	Net increase due to cash provided by operating activities of $22.3 million partially offset by cash used in investing activities of $19.6million and financing activities of $1.2 million.
Property, Plant and Equipment	7,250	Increase due to capital expenditures for the period partially offset by an increase in accumulated depreciation.
Accounts Receivables	(4,327)	Decrease due to lower fuel cost charged to customers and lower kWh electricity sales during the period.
Regulatory Assets	1,930	Increase due to net deferral of temporary generation cost and accrued Z-Factor revenues.
Prepayments	(1,336)	Decrease due to amortization of insurance premium prepayments.
Inventories	1,491	Increase due to higher fuel inventory.
Bank Overdraft	6,413	Increase to support short-term liquidity and provide additional flexibility to manage seasonal fluctuations in cash flows.
Accounts Payable and Accrued Expenses	1,142	Net increase primarily driven by higher accrued interest partially offset by a decrease in fuel creditor payable, accounts payable and dividends payable.

Capital Expenditures

Capital expenditures for the three months ended March 31, 2026, were $18.0 million, a decrease of $3.9 million, or 18% in comparison to the $21.9 million in capital expenditures for the three months ended March 31, 2025. The decrease was due to the completion of Life Cycle Upgrade and a portion of resiliency projects in 2025. AFUDC of $3.9 million was capitalised in Q1 2026. The capital expenditures for the three months ended March 31, 2026, primarily relate to:

- Distribution System Extension and Upgrades - $7.8 million
- Generation Asset Replacements & Upgrades - $5.1 million
- Fuel Tanks Refurbishment - $0.7 million

During the period, the Company continued to invest in critical infrastructure to support reliable service delivery. The largest component of capital spending was for distribution system extensions and upgrades, reflecting ongoing customer growth and system reinforcement needs. The Company also invested in generation asset replacements and upgrades to maintain the efficiency and reliability of the Company's generating fleet.

Capital Resources

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

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

Capital Structure				
	March 31, 2026 ($ thousands)	%	December 31, 2025 ($ thousands)	%
Total Debt	413,152	50	413,130	50
Shareholder's Equity	412,117	50	412,004	50
Total	825,269	100	825,134	100

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

DBRS A (low)/ Stable
S&P BBB+/ 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 the outlook for 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%.

Off Balance-Sheet Arrangements

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

Accounting Policies

These Condensed Consolidated Interim Financial Statements have been prepared following the same accounting policies and methods as those used to prepare the Company's 2025 annual audited consolidated financial statements.

Future Accounting Policies

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.

Disclosure Controls and Procedures

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management of the Company, have established and maintained the Company's disclosure controls and procedures ("DC&P"), to provide reasonable assurance that material information relating to the Company is made known to them by others, including during the quarter ending March 31, 2026; 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 March 31, 2026.

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 March 31, 2026.

There have been no changes in the Company's ICFR that occurred during the three months ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Outlook

Despite a challenging start to the year with lower sales driven by record low temperatures, Management remains confident in the Company's ability to deliver reliable service, manage costs effectively, and capitalize on emerging growth opportunities. Strategic initiatives for the remainder of 2026 will focus on enhancing operational efficiency and advancing targeted infrastructure investments to meet the evolving needs of customers and the Cayman Islands community. The Company is well-positioned to deliver stable performance and long-term value, driven by targeted investments and a constructive regulatory framework which support the Company's mission to provide safe, reliable, resilient and affordable energy.

Looking forward, the Company anticipates steady economic growth and rising electricity demand in the Cayman Islands, supported in part by some large commercial customers expected to come online in the latter part of the year and further strengthen the Islands' economic momentum. In addition, early Second Quarter 2026 weather observed in April indicates warmer weather relative to First Quarter 2026. Forecasters are predicting a potential El Niño pattern and a hotter-than-average summer. The Company cautions, however, that these early indicators may not be representative of actual temperatures for the full quarter.

Regulatory and Energy Transition Developments

A transition toward renewable energy continues to gain momentum in the Cayman Islands. The Company participated in the issued Final Request for Proposal ("RFP") on July 3, 2025 by URCO for a 22.5 MW Dispatchable Photovoltaic ("DPV") plant, incorporate battery storage to ensure dispatchability and grid stability. 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.

On April 29, 2026, URCO advised that the Company's submission was shortlisted as a top-ranked bid in accordance with Section 4.5 of the RFP and has progressed to the final quantitative evaluation phase. The Company is now preparing to participate in the mandatory Interconnection Feasibility as part of the ongoing evaluation process.

On February 10, 2026, the Company resubmitted a revised Certificate of Need ("CON") to URCO, superseding the original June 7, 2024 submission. The revised CON reflects the approach agreed with URCO on August 1, 2025 to address Grand Cayman's urgent generation capacity needs and incorporates the Regulator's recommended changes. It sets out the generation resources required to meet projected electricity demand, including the need for additional capacity by 2027, and is supported by a comprehensive system analysis, detailed load forecasts, and operational benchmarking. The submission demonstrates that adequate capacity and energy availability should be achieved by June 2027, notwithstanding that the commercial operation date for new generation extends to January 2029.

Given the short lead time for supplying the required capacity, interim measures may be necessary to meet near-term grid requirements, including the potential procurement of additional temporary generation. URCO approved the revised CON on February 20, 2026, enabling the Regulator to proceed with a competitive solicitation process.

On March 2026, URCO approved CUC's business case submitted originally in April 2025 and revised in February 2026 to extend the useful life of several generating units that were previously scheduled for retirement in 2026 and 2027. This approval supports the Company's forward-looking approach to meeting future generation demand requirements and aligns with its submissions to the regulator. Under the approved plan, eight generating units will remain in operation through December 31, 2028 with a 10-year extension of the depreciation period for the affected units and associated inventory spares, extending their depreciable lives through December 31, 2038.

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 Quarter 2.

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 March 31, 2026 and are presented in Notes 5 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 August 2025, URCO issued a Final Determination that declined to permit recovery of certain costs associated with Block Three and indicated that it may retrospectively revisit cost recovery previously approved for Block Two. In September 2025, the Company submitted an additional application requesting approval to amortize the associated costs over a 15-year period. The Company is currently pursuing judicial review of URCO's Final Determination. The judicial review hearing was held in February 2026, and as of March 31, 2026, the Company is awaiting the judge's ruling. Accordingly, the proceedings remain ongoing, and the outcome cannot be determined at this time.

Notwithstanding the absence of a final regulatory order, the Company commenced amortization of the related regulatory assets over a 10-year period beginning in 2025, consistent with the regulatory treatment previously approved for similar assets and supported by established regulatory precedent. During Q1 2026, the Company recognized $0.2 million of amortization for Block Two and Block Three within 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 legal assessments received. Based on these factors, Management believes that the regulatory assets recorded as of March 31, 2026 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 May 6, 2026, the Company had issued and outstanding 42,497,966 Class A Ordinary Shares and 248,731, 9% cumulative Participating Class B Preference Shares.

Condensed Consolidated Interim Balance Sheets

(expressed in thousands of United States Dollars)

	Note	As at March 31, 2026	As at December 31, 2025
Assets			
Current Assets			
Cash		**3,312**	1,862
Accounts Receivable (Net of Allowance for Credit Losses of $2,502 and $2,448)	4	**19,389**	23,716
Regulatory Assets	5	**37,293**	36,063
Inventories		**5,865**	4,374
Prepayments		**2,674**	4,010
Total Current Assets		**68,533**	70,025
Property, Plant and Equipment, net		**797,223**	789,973
Regulatory Assets	5	**10,709**	10,009
Other Assets		**3,281**	4,269
Intangible Assets, net		**4,917**	4,818
Defined Benefit Pension Asset		**494**	494
Total Assets		**885,157**	879,588
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank Overdraft		**6,413**	-
Accounts Payable and Accrued Expenses		**32,262**	31,120
Regulatory Liabilities		**179**	1,146
Short-term Debt		**35,000**	35,000
Current Portion of Long-Term Debt	7	**19,935**	19,935
Consumers' Deposits and Advances for Construction		**16,010**	15,700
Current Portion Lease Liability		**2,676**	3,100
Total Current Liabilities		**112,475**	106,001
Long-Term Debt	7	**358,217**	358,195
Other Long-Term Liabilities		**2,348**	3,388
Total Liabilities		**473,040**	467,584
Shareholders' Equity			
Share Capital[4]		**2,774**	2,774
Share Premium		**254,044**	252,963
Retained Earnings		**154,697**	155,665
Accumulated Other Comprehensive Loss		**602**	602
Total Shareholders' Equity		**412,117**	412,004
Total Liabilities and Shareholders' Equity		**885,157**	879,588

See accompanying Notes to Condensed Consolidated Interim Financial Statements

[4] Consists of Class A Ordinary Shares of 42,497,966 and 42,425,045 issued and outstanding as at March 31, 2026 and December 31, 2025 and Class B Preference Shares of 248,731 and 249,021 issued and outstanding as at March 31, 2026 and December 31, 2025, respectively.

Condensed Consolidated Interim Statements of Earnings

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

	Note	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Operating Revenues			
Electricity Sales	3	**28,518**	28,193
Fuel Factor	3	**34,490**	32,381
Renewables	3	**1,180**	1,146
Z-Factor		**1,181**	1,362
Total Operating Revenues		**65,369**	63,082
Operating Expenses			
Power Generation		**37,597**	35,127
Depreciation		**10,741**	11,874
General and Administration		**4,883**	4,114
Maintenance		**1,789**	1,569
Transmission and Distribution		**1,756**	2,418
Consumer Services		**1,339**	1,357
Amortisation of Intangible Assets		**274**	257
Total Operating Expenses		**58,379**	56,716
Operating Income		**6,990**	6,366
Other (Expenses)/Income:			
Finance Charges	8	**(1,389)**	(749)
Foreign Exchange Gain		**509**	486
Other Income		**1,096**	1,502
Total Net Other Income		**216**	1,239
Net Earnings for the Period		**7,206**	7,605
Preference Dividends Paid- Class B		**(112)**	(112)
Earnings on Class A Ordinary Shares		**7,094**	7,493
Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid (in thousands)		**42,425**	42,122
Earnings per Class A Ordinary Share		**0.17**	0.18
Diluted Earnings per Class A Ordinary Share		**0.17**	0.18
Dividends Declared per Class A Ordinary Share		**0.190**	0.185

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Comprehensive Income

(expressed in thousands of United States Dollars)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Net Earnings for the Period	**7,206**	7,605
Total Other Comprehensive Income	**-**	-
Comprehensive Income	**7,206**	7,605

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Shareholders’ Equity

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

	Class A Ordinary Shares (in thousands)	Class A Ordinary Shares Value ($)	Preference Shares ($)	Share Premium ($)	Accumulated Other Comprehen-sive Loss ($)	Retained Earnings ($)	Total Equity ($)
As at December 31, 2025	**42,425**	**2,525**	**249**	**252,963**	**602**	**155,665**	**412,004**
Net earnings	**-**	**-**	**-**	**-**	**-**	**7,206**	**7,206**
Common share issuance and stock options plans & redemption	**73**	**-**	**-**	**1,081**	**-**	**-**	**1,081**
Dividends on common shares	**-**	**-**	**-**	**-**	**-**	**(8,062)**	**(8,061)**
Dividends on preference shares	**-**	**-**	**-**	**-**	**-**	**(112)**	**(112)**
As at March 31, 2026	**42,498**	**2,525**	**249**	**254,044**	**602**	**154,697**	**412,117**
As at December 31, 2024	42,122	2,507	249	249,075	(330)	141,213	393,374
Net earnings	-	-	-	-	-	7,605	7,605
Common share issuance and stock options plans & redemption	69	4		975	-	-	979
Dividends on common shares	-	-	-	-	-	(7,794)	(7,794)
Dividends on preference shares	-	-	-	-	-	(112)	(112)
As at March 31, 2025	42,191	2,511	249	250,050	(330)	140,912	394,052

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Cash Flows

(expressed in thousands of United States Dollars)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Operating Activities		
Net Earnings for the period	**7,206**	7,605
Items not affecting cash:		
Depreciation	**10,741**	11,874
Amortisation of Intangible Assets	**274**	254
Amortisation of Deferred Financing Costs	**29**	29
	18,250	19,762
Net changes in working capital balances related to operations	**6,921**	9,741
Net Change in Regulatory Assets and Regulatory Liabilities	**(2,897)**	(4,783)
Cash flow related to operating activities	**22,274**	24,720
Investing Activities		
Purchase of Property, Plant and Equipment	**(19,212)**	(23,774)
Costs related to Intangible Assets	**(373)**	(233)
Contribution in Aid of Construction	**-**	14
Cash flow related to investing activities	**(19,585)**	(23,993)
Financing Activities		
Increase in bank overdraft	**6,413**	-
Dividends Paid	**(7,943)**	(7,689)
Net Proceeds from Share Issuance	**291**	211
Cash flow related to financing activities	**(1,239)**	(7,478)
Increase / (Decrease) in net cash	**1,450**	(6,751)
Cash, Beginning of the period	**1,862**	20,200
Cash, End of the period	**3,312**	13,449
Supplemental disclosure of cash flow information:		
Interest paid during the period	**1,315**	872

See accompanying Notes to Condensed Consolidated Interim Financial Statements

Notes to Condensed Consolidated Interim Financial Statements

Unaudited – March 31, 2025 (expressed in thousands of United States dollars unless otherwise stated)

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

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

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

The Company is regulated by the 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, which is scheduled to expire on March 27, 2027. The licence renewal process is on-going as of March 31, 2026, ahead of the expiration date. The Company does not anticipate any disruption to ongoing operations as a result of the renewal process.

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. 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. 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.

Following review by URCO, the Company increased base rates by 4.0%, with an effective date of June 1, 2025. This increase is a result of the applicable return on rate base ("RORB") and the combined changes in the United States of America ("US") and the Cayman Islands consumer price indices, adjusted to exclude food and fuel.

In addition to the RORB requirements of the T&D Licence, CUC may periodically, but at least every five years, propose rebalanced and restructured rates. These proposals will consider the results of any cost of service study 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 Licences also contain the provision for the Z-Factor mechanism designed to recover expenses and investments that are outside of the T&D Licence regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge as approved by URCO.

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

2. Summary of Significant Accounting Policies

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all information and notes required by US GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements and Notes for the year ended December 31, 2025.

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

3. Operating Revenues

Operating Revenues *($ thousands)*	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Change %
Electricity Sales Revenues			
Residential	**14,137**	14,558	(3%)
Commercial	**14,045**	13,333	5%
Other (street lighting etc.)	**336**	302	11%
Total Electricity Sales Revenues	**28,518**	28,193	1%
Fuel Factor	**34,490**	32,381	7%
Renewables	**1,180**	1,146	3%
Z-Factor	**1,181**	1,362	(13%)
Total Operating Revenues	**65,369**	63,082	4%

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") programmes and Bodden Town Solar 1, Ltd., which are passed through to consumers on a two-month lag basis with no mark-up.

Z-Factor

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

4. Accounts Receivable, Net

Accounts Receivable		
($ thousands)	As at March 31, 2026	As at December 31, 2025
Billings to Consumers*	**21,307**	25,537
Other Receivables	**584**	627
Allowance for Credit Losses	**(2,502)**	(2,448)
Total Accounts Receivable, net	**19,389**	23,716

**Includes billings to DataLink customers.*

Other Receivables

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

Allowance for Credit Losses

Accounts receivable are recorded net of an allowance for credit losses. The change in the allowance for credit losses balance from December 31, 2025 to March 31, 2026 is listed in the following table.

Allowance for Credit Losses		
($ thousands)	Three Months Ended March 31, 2026	As at December 31, 2025
Beginning of Period	**(2,448)**	(2,058)
Credit Loss Expensed net of deferral	**(54)**	(392)
Write-off	**-**	2
End of Period	**(2,502)**	(2,448)

5. Regulatory Assets and Liabilities

Regulatory Assets and Liabilities			
($ thousands)			
Asset/Liability	**Description**	As at March 31, 2026	As at December 31, 2025
Regulatory Assets	Fuel Tracker Account	**26,247**	26,345
Regulatory Assets	Miscellaneous Regulatory Assets	**-**	2
Regulatory Assets	Temporary Generation Lease 2022	**3,520**	3,326
Regulatory Assets	Temporary Generation Lease 2023	**4,033**	3,889
Regulatory Assets	Temporary Generation Lease 2024	**4,680**	4,170
Regulatory Assets	Z-Factor BESS	**7,996**	6,844
Regulatory Assets	Z-Factor Resiliency	**961**	931
Regulatory Assets	Performance Z-Factor	**565**	565
Total Regulatory Assets		**48,002**	46,072
Less: Current Portion		**(37,293)**	(36,063)

Regulatory Assets and Liabilities			
($ thousands)			
Non-current Regulatory Assets		**10,709**	10,009
Regulatory Liabilities	Government & Regulatory Tracker Account	**(179)**	(1,146)
Total Regulatory Liabilities		**(179)**	(1,146)

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 March 31, 2026.

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 August 2025, URCO issued a Final Determination that declined to permit recovery of certain costs associated with Block Three and indicated that it may retrospectively revisit cost recovery previously approved for Block Two. In September 2025, the Company submitted an additional application requesting approval to amortize the associated costs over a 15-year period. The Company is currently pursuing judicial review of URCO's Final Determination. The judicial review hearing was held in February 2026, and as of March 31, 2026, the Company is awaiting the judge's ruling. Accordingly, the proceedings remain ongoing, and the outcome cannot be determined at this time.

Notwithstanding the absence of a final regulatory order, the Company commenced amortization of the related regulatory assets over a 10-year period beginning in 2025, consistent with the regulatory treatment previously approved for similar assets and supported by established regulatory precedent. During Q1 2026, the Company recognized $0.2 million of amortization for Block Two and Block Three within 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 legal assessments received. Based on these factors, Management believes that the regulatory assets recorded as of March 31, 2026 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.

6. Performance Share Unit ("PSU") Plan

In September 2013, the Board approved a PSU plan under which officers and certain employees would receive PSUs. Each PSU represents a unit with an underlying value which is based on the value of one common share relative to the TSX Utilities Capped Index (TTUT). PSUs outstanding as at March 31, 2026 relate to the 2024 grant totalling 80,916 units, 2025 grants totalling 71,280 units and 2026 grant totalling 75,388 units. The vesting period of the grant is three years, at which time a cash payment may be made to plan participants after evaluation by the Board of Directors of the achievement of certain payment criteria.

For the three months ended March 31, 2026, an expense of $0.2 million (March 31, 2025: $0.1 million) was recognised in earnings with respect to the PSU plan. As at March 31, 2026, the total liability related to outstanding PSUs is $1.2 million (March 31, 2025: $1.1 million) and is included in Other Long-Term Liabilities.

7. Fair Value Measurement

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

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

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

The fair values of the Company's financial instruments, including derivatives, reflect a point-in-time estimate based on current and relevant market information about the instruments as at the balance sheet dates. The estimates cannot be determined with precision as they involve uncertainties and matters of judgment and, therefore, may not be relevant in predicting the Company's future earnings or cash flows.
There have been no changes in the methodologies used as at March 31, 2026. The estimated fair value of the Company's financial instruments are as follows:

Financial Instruments				
($ thousands)	As at March 31, 2026		As at December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-Term Debt, including Current Portion	**378,152**	**340,024**	378,130	339,250

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

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

There were no transfers between levels for the period ended March 31, 2026.

8. Finance Charges

The composition of finance charges was as follows:

Finance Charges		
($ thousands)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Interest Costs - Long-Term Debt	**4,701**	4,866
Other Interest Costs	**547**	82
AFUDC	**(3,859)**	(4,199)
Finance Charges	**1,389**	749

9. Foreign Exchange

The closing rate of exchange on March 31, 2026 as reported by the Bank of Canada for the conversion of US dollars into Canadian dollars was Cdn$1.3939 per US$1.00 (March 31, 2025: Cdn$1.4376). The official exchange rate for the conversion of Cayman Islands dollars into US dollars as determined by the Cayman Islands Monetary Authority is fixed at CI$1.00 per US$1.20. Thus, the rate of exchange as of March 31, 2026 for conversion of Cayman Islands dollars into Canadian dollars was Cdn$1.6727 per CI$1.00 (March 31, 2025: Cdn$1.7251).

10. Commitments

As at March 31, 2026, 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	**4,006**	2,060	1,946	-	-
Commitments	**5,006**	**3,060**	**1,946**	**-**	**-**

11. Segment Reporting

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

Single Reportable Segment ($ thousands)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Electricity sales revenues:		
Residential	**14,136**	14,558
General Commercial	**6,955**	6,805
Large Commercial	**7,090**	6,528
Others (street lights etc.)	**336**	302
Z-Factor	**1,181**	1,362
Total Segment Revenues*	**29,698**	29,555
Significant Expenses:		
Depreciation & Amortisation	**11,014**	12,131
Payroll & Other Benefits	**8,073**	7,670
Insurance	**1,515**	1,651
Maintenance Cost**	**641**	979
General and administrative expenses**	**1,097**	431
Other**	**368**	327
Segment profit	**6,990**	6,366

**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 $35.7 million and $33.5 million in Q1 2026 and Q1 2025, 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.*

Shareholder and Corporate Information

Annual General Meeting

Shareholders are invited to attend the Annual General Meeting of the Company to be held on Monday, 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 Management Information Circular related to the meeting.

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Dividends

Class A Ordinary Shares:

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

Class B Preference Shares:

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

Dividend Reinvestment Plan

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

Customer Share Purchase Plan

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

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Cayman Islands

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Canada

Principal Bankers
Scotiabank & Trust (Cayman) Ltd.
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*
Website : *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*
Website: *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.

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We invest in people Gold

I Am Here