Caribbean Utilities Company, Ltd.

Annual Information Form

For the Year ended December 31, 2025

Dated: February 17, 2026

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This Annual Information Form should be read in conjunction with the consolidated financial statements of Caribbean Utilities Company, Ltd. ("CUC" or the "Company") for the year ended December 31, 2025 (the "2025 Financial Statements") included in the Company's 2025 Annual Report to shareholders (the "Annual Report"). The information disclosed in this Annual Information Form is as of December 31, 2025, unless otherwise stated. The material has been prepared in accordance with National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102") and National Instrument 52-110 Audit Committees ("NI 52-110").

Additional information in this Annual Information Form has been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), including certain accounting practices applicable to rate-regulated entities. These accounting practices and their impact, 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 from customers through appropriate billing rates would not be subject to regulatory approval.

On May 31, 2023, the Ontario Securities Commission ("OSC") 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.

Certain statements in this Annual Information Form, 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 and 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", "schedule", 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 this Annual Information Form in the section labeled "Business Risks" and include, but are not limited to, operational, general economic, market and business conditions, health and safety management, regulatory developments and weather. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialize 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.

Financial information is presented in United States dollars unless otherwise specified and references to "$" and "US$" are to United States dollars unless otherwise indicated. References to "Cdn. $" are to Canadian dollars and references to "CI$" are to Cayman Islands dollars. The closing rate of exchange, as reported by the Bank of Canada, for conversion of US dollars into Canadian dollars was Cdn. $1.3706 per US$1.00 on December 31, 2025. The official fixed exchange rate for conversion of CI$ into US$, as determined by the Cayman Islands Monetary Authority, has been fixed since April 1974 at US$1.20 per CI$1.00. Thus, the rate of exchange for conversion of Cayman Islands dollars into Canadian dollars was Cdn. $1.6447 per CI$1.00 on December 31, 2025.

1.0 CORPORATE STRUCTURE

Caribbean Utilities Company, Ltd. ("CUC" or the "Company") was incorporated under the Companies Act of the Cayman Islands and commenced operations on May 10, 1966. The Articles of Association of the Company (the "Articles") have been amended since incorporation to reflect subsequent infusions of capital, share consolidations and share splits, which have resulted in the existing capitalization, as well as amendments to gendered language, and definition of certain terms, and revisions to the composition of, and mandatory retirement age for, the Board of Directors of the Company (the "Board").

CUC's head and registered offices are located at 457 North Sound Road, Grand Cayman, Cayman Islands. The mailing address of the Company is P.O. Box 38, Grand Cayman KY1-1101, Cayman Islands, and its website address is www.cuc-cayman.com.

The Company is the sole supplier of electricity on Grand Cayman with a total installed generating capacity of 166 megawatts ("MW"), nine substations, approximately 480 miles of land-based high-voltage transmission and distribution ("T&D") lines and 15 miles of high-voltage submarine cable. The Company uses diesel generation to produce electricity for Grand Cayman. The net book value of property, plant and equipment was $790.0 million as of December 31, 2025.

CUC, a vertically integrated utility, operates the only electric utility on Grand Cayman pursuant to a 20-year exclusive Electricity Transmission and Distribution Licence (the "T&D Licence") and a 25-year non-exclusive Electricity Generation Licence (the "Generation Licence" and, together with the T&D Licence, the "Licences") granted by the Cayman Islands Government ("Government") through the former Electricity Regulatory Authority ("ERA"), which is now known as the Utility Regulation and Competition Office ("URCO"). The Licences were signed in April 2008 and November 2014, respectively. 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.

CUC has one wholly-owned subsidiary company, DataLink, Ltd. ("DataLink"). 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 (the "ICT Licence") on March 28, 2012, by the former Cayman Islands Information & Communication Technology Authority ("ICTA"), whose regulatory authority was also assumed by URCO. The term of the ICT License is 15 years, expiring 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:

- The Management and Maintenance agreement;
- The Pole Attachment agreement; and
- The Fibre Optic agreement.

Several pre-existing infrastructure sharing agreements between CUC and other telecommunication providers are now in place with DataLink, as required by law.

2.0 GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Period-end information in this Annual Information Form is for the 12-month period ended December 31, 2025 (“Fiscal 2025” or “year ended December 31, 2025”).

A summary of operating revenue, earnings and kilowatt-hour (“kWh”) sales for the Company for Fiscal 2025, the 12-month period ended December 31, 2024 (“Fiscal 2024” or “year ended December 31, 2024”) and the 12-month period ended December 31, 2023 (“Fiscal 2023” or “year ended December 31, 2023”) appear below:

	Periods Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Operating Revenue (millions $)	284.0	293.7	287.2
Earnings (millions $)	47.4	42.7	38.7
Kilowatt-hour Sales (millions)	766.5	749.3	727.0

In Fiscal 2025, CUC experienced steady growth in electricity demand, with sales rising 2% to 766.5 million kWh. This increase was supported by a 2% expansion in the customer base and higher average consumption among large commercial customers, particularly in the health care and hospitality sectors. Weather patterns remained stable, with average temperatures consistent year-over-year, though rainfall declined significantly. Reflecting these conditions and underlying demand trends, the Company experienced a new record peak load of 129.5 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 totalled $284.0 million, down 3% from the prior year, primarily due to a 12% reduction in fuel factor revenues. This decline was driven by lower average fuel costs, partially offset by higher electricity sales and increased Z-Factor revenues. Electricity sales revenues rose by $6.6 million, reflecting both the growth in kWh sales and the 4% base rate increase effective June 1, 2025. Z-Factor revenues increased by $3.8 million, benefiting from the full-year recovery of costs related to the Battery Energy Storage System and resiliency projects. Renewables revenues declined modestly to $5.9 million, highlighting the variability of solar output due to weather conditions.

Operating expenses decreased by 5% to $239.6 million, largely due to lower generation and maintenance costs, partially offset by higher depreciation and administrative expenses. The Company’s average fuel price per imperial gallon fell 6% to $3.54, while lubricating oil costs rose 9% to $17.83 per gallon. Total energy supplied to the grid increased 2% to 795.0 million kWh, reflecting higher demand and contributions from renewable sources.

These operational and financial dynamics resulted in operating income of $44.4 million, a 10% increase over Fiscal 2024, and net earnings of $47.4 million, up 11% year-over-year. Earnings on Class A Ordinary Shares were $46.3 million, or $1.10 per share, compared to $1.08 per share in the prior year, supported by higher operating income, lower finance charges, and increased share count.

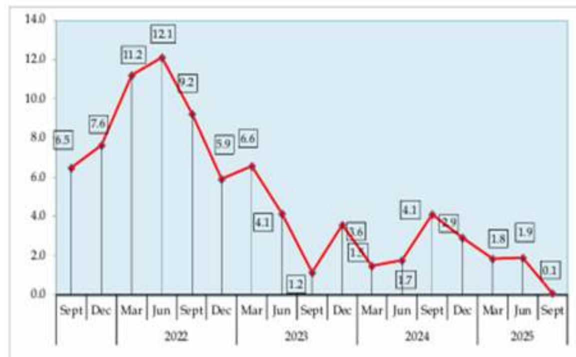
On May 15, 2024, the Company completed the private placement of $80 million aggregate principal amount of 6.17% and 6.37% Senior Unsecured Green Notes in the amounts of $40 million and $10 million due May

15, 2039 and May 15, 2049, respectively, and 6.37% Sensor Unsecured Notes in the amount of $30 million due May 15, 2049. The debt offering was privately placed with institutional investors. Proceeds from the offering were used to repay short-term indebtedness and to finance ongoing additions and upgrades to CUC's generation, transmission, and distribution systems.

The offering marked the Company's inaugural release of notes under its Green Financing Framework, established in April 2024, and is also the premier instance of green bonds being issued by a corporate entity in the Cayman Islands to date. The Company plans to dedicate the $50 million in net proceeds from the sale of the Green Notes towards the funding or refinancing of new and/or current qualifying green initiatives, in accordance with the standards outlined in the Green Financing Framework.

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 the second quarter of 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 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 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, particularly during the latter part of the year where in November saw a 7.5% increase in arrivals when compared to November 2024. This 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 benefit from the gradual commissioning of 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.

2.2 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 Cayman's National Energy Policy ("NEP") 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 support customer affordability. The integration of new renewable projects would also enhance operational efficiency and align with NEP 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.

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 Block 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.

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.

3.0 DESCRIPTION OF THE BUSINESS

3.1 The Cayman Islands

The Cayman Islands are a British Overseas Territory comprised of three islands, Grand Cayman, Cayman Brac and Little Cayman, with an aggregate population of approximately 88,000. 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. The UK retains authority for the Cayman Islands' defense, external affairs and internal security. The Cayman Islands is a parliamentary democracy with judicial, executive and legislative branches. The Cayman Islands legislature consists of a Speaker of the House, 19 elected members and the Deputy Governor and the Attorney General (who are ex officio members). The Cabinet consists of seven Ministers (including the Premier) appointed by the Governor from among the elected members of Parliament and the Deputy Governor and the Attorney General (who are ex officio members). The Premier is appointed by the Governor on the recommendation of the elected members of the majority party in Parliament. The remaining six Ministers are appointed by the Governor in accordance with the advice of the Premier.

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.

3.2 Regulation

In 2016, the Government passed legislation designed to facilitate the reform of the regulatory arrangements for the utilities sector. The objective of the legislation was to establish a multi-sector regulator known as URCO by merging the operations of the ICTA and the ERA and which would also regulate the provision of water and waste water services and fuel markets. The Cayman Islands Utility Regulation and Competition Office Law that established URCO came into effect on January 16, 2017, and transferred the powers, functions and responsibilities of the ICTA and the ERA to URCO. This merger did not impact the terms and conditions of the Licences.

URCO has overall responsibility for regulating the electricity industry in the Cayman Islands in accordance with the Utility Regulation and Competition Office Act (2024). URCO oversees all licencees, establishes and enforces licence standards, enforces applicable environmental and performance standards, reviews and approves the proposed rate cap and adjustment mechanism ("RCAM") to ensure compliance under the Licenses, and sets the rate adjustment factors as appropriate. URCO also annually reviews and approves CUC's CIP. The terms of the CIP include allowance for competition for future generating capacity and general promotion of the use of renewable sources of energy.

The Licences set out a return-on-rate base ("RORB") formula, with a RCAM based on published consumer price indices. Rate base is the value of capital upon which the Company is permitted an opportunity to earn a return. The value of this capital is the average of the beginning and ending values for the applicable financial year of fixed assets less accumulated depreciation, *plus* the allowance for working capital, plus regulatory assets less regulatory liabilities. Rates are subject to an annual review and adjustment each June through the RCAM. A price cap mechanism is used to adjust the base rates in accordance with a formula that takes into account inflation and CUC's RORB. CUC's annual target range for return on rate base set out in the RORB is, pursuant to the RORB formula, adjusted annually based on movements in the average yield of the 10-year US Treasury Notes. CUC's 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%).

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.

CUC's base rates are designed to recover all non-fuel and non-regulatory costs and include per kWh electricity charges and fixed facilities charges. Fuel cost charges, renewables cost charges, and regulatory fees are billed as separate line items. A licence fee of $2.9 million and a regulatory fee of $1.4 million annually are payable on a quarterly basis to the Cayman Islands Government. Both fees apply only to customer billings with consumption over 1,000 kWh per month as a pass-through charge rate.

The Company is exempt for the full term of the Licences from all Cayman Islands taxes other than import duties as specified in the Licences and is able to transfer funds free from any exchange controls under the terms of the Licences. There is no income or withholding tax applicable to holders of the Company's shares under the existing laws of the Cayman Islands.

All imported assets (except diesel fuel) attract import duty at a current rate of 15% under the terms of the Licences. The rate of import duty on diesel fuel is set by Government from time to time. Effective January 1, 2016, the import duty rate on diesel fuel oil was reduced from CI$0.50 ($0.60) per Imperial Gallon ("IG") to CI$0.25 ($0.30) per IG.

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 CUC'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 instituted for insurance deductibles and other extraordinary expenses. The Z-Factor is the amount, expressed in a charge per kWh, approved by URCO to recover the costs of items deemed to be outside of the constraints of the RCAM.

URCO assesses CUC's performance against the performance standard expectations set out in the Electricity Regulatory Authority (Standard of Performance) Rules 2012. 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.

URCO now has the overall responsibility for regulating the ICT industry in the Cayman Islands in accordance with the Information and Communication Technology Authority Act (2011 Revision) (the "ICT Act"). DataLink is subject to regulation by URCO in accordance with the terms and conditions of its ICT Licence.

3.3 Market

The following tables present customers, sales and operating revenues by segment for Fiscal 2025 and Fiscal 2024. The information presented does not include customers, sales and operating revenues related to DataLink as they are not considered to be material for the Company:

Customers (#)	Dec-2025	Dec-2024	Change %
Residential	30,209	29,475	**2%**
Commercial	4,873	4,805	**1%**
Total Customers	**35,082**	**34,280**	**2%**

Sales (thousands kWh)	Dec-2025	Dec-2024	Change %
Residential	414,467	406,886	2%
Commercial	347,791	338,192	3%
Other (street lighting, etc.)	4,267	4,259	-
Total Sales	**766,525**	**749,337**	**2%**

Operating Revenues (thousands $)	Dec-2025	Dec-2024	Change %
Residential	68,990	65,254	6%
Commercial	58,193	55,520	5%
Fuel Factor[1]	143,853	163,615	(12%)
Renewables Revenues[2]	5,888	6,155	(4%)
Z-Factor[3]	5,776	1,999	189%
Other (street lighting, etc.)	1,297	1,139	14%
Total Operating Revenues	**283,997**	**293,682**	**(3%)**

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

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

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

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 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 $19.8 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 partially offset by the 2% increase is 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 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.

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 Battery Energy Storage System and Life Cycle Upgrade 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.

Renewables revenues for Fiscal 2025 totalled $5.9 million, a 4% 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.

The Company started to record renewables revenues in September 2017. The renewables revenues are a combination of charges from the Customer Owned Renewable Energy ("CORE") programme, 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. Presently, the Company has contracted for supply of 24.3 MW of renewable energy from a combination of consumer rooftop systems and Bodden Town Solar 1, Ltd.'s utility scale solar farm.

The demand for electricity in Grand Cayman is generally higher in the summer months, when the air conditioning load is the greatest. Peaks in load occasionally occur at other times during the year when new major customers are connected. 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 MW on July 31, 2025, representing a 1% increase over the prior record peak load of 128.0 MW recorded on September 17, 2024.

3.4 Transmission and Distribution System

The Company's T&D system is comprised of one transmission substation and eight distribution substations, and approximately 480 miles of high-voltage (69 kilo volt Transmission and 13 kilo volt Distribution) conductor. This total is composed of 404 circuit miles of overhead T&D powerlines, 76 circuit miles of underground T&D powerlines and 15 circuit miles of high-voltage submarine transmission cable in Grand Cayman. The T&D powerlines and substations are designed for various categories of hurricane wind loading and flooding conditions that typically accompany hurricanes. The T&D assets have an original cost of $692.8 million and a net book value of $446.8 million as of December 31, 2025 (as of December 31, 2024 original cost of $638.2 million and net book value of $408.8 million).

3.5 Generating Capacity and Capital Expenditures

CUC understands that reliability of service is critical to Grand Cayman's continued growth and development. As at December 31, 2025, CUC's installed generating capacity was 166 MW of company-owned capacity and 20 MW of rental capacity.

The Company is reliant on diesel generation units, one waste heat recovery steam turbine, and related long lasting equipment to meet customer demand for firm generation. Accordingly, to ensure the continued performance of the physical assets and reliable customer service, the Company determines expenditures that must be made to maintain and replace the assets in accordance with manufacturer's specifications as well as industry standards.

The Company bases its generation expansion planning primarily on historical growth trends and planned major commercial developments. Furthermore, limits prescribed under its exclusive T&D Licence dictate reserve generating capacity, consisting of a minimum of 35% and a maximum of 55% of projected demand, that the Company must maintain to ensure a reliable supply of electricity after allowance for breakdowns and scheduled maintenance. Under the T&D Licence, CUC must submit a CON to URCO documenting the size and timing of future generation requirements for firm capacity, which shall be subject to competitive solicitation. The CON shall take into account projected growth in electric peak load, availability of existing capacity, including retirement of existing generation units, projected reserve requirements and safety and environmental requirements.

The Company continues to facilitate the connecting of renewable energy sources to the grid. As an incentive to adopt renewable energy, with URCO approval, the Company provides a CORE programme. The programme is cost-neutral to CUC. CUC must maintain sufficient reserve generation capacity and T&D infrastructure to provide reliable back up service to CORE programme customers who will remain connected to the T&D grid. CORE generation is not expected to offset significant additional capacity requirements in the near term, is considered non-firm supply and is subject to a total limitation on installed participating capacity.

In addition to the CORE programme, the Company, with the approval of URCO, provides an alternative interconnection agreement to customers desirous of installing renewable energy systems. In January 2018, the Company launched the DER programme. Under this interconnection arrangement, customers may self-consume electricity generated by their renewable energy system, thereby avoiding charges for electricity consumed from the grid. Energy produced by the customer in excess of their self-consumed and exported to the grid is purchased by CUC at the avoided cost of generation. Drawing on the lessons of early net-metering interconnection arrangements, DER customers are subject to a demand rates billing structure in alignment with the fixed costs of providing a grid interconnection and standby provision, thereby avoiding potential cross-subsidization between DER and non-producing customers.

In November 2023, the Company and URCO announced the initiation of two independent studies which would be followed by an update to the public regarding the plans for upcoming distributed renewable energy solar generation programmes in early 2024. The study undertaken by CUC analysed the impact of additional renewable energy on fuel efficiency of the Company's existing generating units. The study undertaken by URCO analysed the value of solar.

Based on the studies, it is believed that additional renewable energy, within appropriate limitations, will cause no negative impact to fuel efficiency at the current price of oil. A 3 MW tranche of capacity was released effective March 1, 2024 allocated to the CORE and DER programmes. In addition, another 6 MW of capacity was released on July 19, 2024 and another 4.4 MW was released in February 2025.

Both the CORE and DER programmes are reviewed from time-to-time. As at December 31, 2025, there were 1,565 CORE programme and DER programme customers with a total installed capacity of 19,547.03 kW (as at December 31, 2024 13,504 kW).

The Company anticipates the connection to the grid of additional substantial renewable energy sources following the issuance of the Renewable Energy Auction Scheme ("REAS") Round 1 RFP by URCO.

Net generation of 779.6 million kWh for the year ended December 31, 2025 increased by 19.4 million kWh, or 3%, from Net Generation of 760.2 million kWh for the year ended December 31, 2024. The Net Generation is energy generated from CUC's firm generation facilities and excludes the Bodden Town Solar 1, Ltd. Utility-Scale Solar farm and the CORE and DER energy. The generation produced from renewable sources for the year ended December 31, 2025 amounted to 21.4 million kWh, a 3% decrease compared to 22.1 million kWh for the year ended December 31, 2024. 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.

Capital expenditures net of contribution in aid of construction for Fiscal 2025 were $88.9 million, $11.7 million, or 12% decrease from $100.6 million in capital expenditures for Fiscal 2024.

The 20 MW Battery Energy Storage System was placed into commercial operation in 2024, with the operational optimization continuing through 2025. As CUC's first energy storage facility, the project has delivered fuel cost reductions consistent with forecasts by improving fuel efficiency of CUC's generation fleet by approximately 5% to 6%, resulting in a corresponding reduction in CO_2 emissions. The system also enhances system reliability and power quality and will enable the integration of additional renewable energy capacity on Grand Cayman.

The Company contracted MAN Energy Solutions SE ("MAN") to undertake the approved lifecycle upgrades of all MAN-manufactured generating units. The Life Cycle Upgrade project is designed to extend the operational life of five existing engines at the North Sound Road Power Plant, representing a total installed capacity of 68 MW. In addition to prolonged asset life, the upgrades are expected to improve fuel efficiency and prepare the engines for future dual-fuel operations. All related services and the balance-of-plant work were contracted for upgrade through a third-party vendor. Upgrades to the first three units were completed in 2024, with the remaining two units and the common control system upgrades being completed in 2025.

In September 2024, in its continuous effort to reduce the cost of energy production and lower carbon emissions, the Company invited qualification submissions from prospective natural gas suppliers. Consistent with the Cayman Islands NEP and the Company's IRP, CUC remains committed to increasing the use of cleaner energy sources and reducing greenhouse gas emissions over the long term. The initial LNG Request for Proposals did not result in any commercially viable submissions. However, following post-RFP engagements with the top pre-qualified bidders, the Company was able to identify the primary challenges and barriers associated with the project. Insights from these discussions have informed a strategic refinement of the Company's approach, with a focus on scalability, permitting requirements, import logistics, potential infrastructure ownership and investment models, and expected levels of government support. Based on this reassessment, the Company has developed a revised plan for engaging with the pre-qualified LNG bidders, considering the risks identified during the previous procurement process. A new Request for Proposals is expected to be issued to the market in early 2026.

The Company completed the supply and installation of an indoor Gas-Insulated Switchgear (GIS) system at the Frank Sound Substation, replacing the existing temporary configuration. This project supports the anticipated acceleration of load growth in the eastern districts of Grand Cayman and enables future integration of renewable energy resources. The installation and commissioning of the GIS substation conversion were completed in the first quarter of 2025, and the system is now fully operational.

As at the end of 2025, CUC had deployed 62 Electric Vehicle charge points within its Public Charging Network, along with an additional 9 charge points dedicated to supporting CUC's EV Fleet and employee EV charging. The Company's focus is on higher rate charging stations, strategically located where people live and work. The total EV charging in 2025 increased by 112% compared to 2024, with over 157 MWh of energy delivered across the network.

3.6 Fuel and Lubricating Oil Supply

CUC mainly relies upon diesel generation to produce electricity for Grand Cayman. Grand Cayman has neither hydroelectric potential nor inherent thermal resources, and CUC must rely upon diesel fuel imported to Grand Cayman primarily from refineries in the Caribbean and the Gulf of Mexico. The fuel is purchased from the Company's two fuel suppliers, RUBiS Cayman Islands Limited ("RUBiS") and Sol Petroleum Cayman Limited ("Sol"), and transported via pipeline from the suppliers' coastal terminals to CUC's centralized generating plant located in the capital of George Town.

In October 2024, the Company initiated new fuel supply contracts with both RUBiS and Sol, spanning a period of three-years, which are due to terminate in October 2027. Under these agreements, RUBiS committed to supplying approximately 60% of the Company's diesel fuel requirements for its generating plant. Additionally, the secondary fuel supply contract with Sol encompasses approximately 40% of the Company's fuel requirements.

CUC also has a five-year contract, which is due to terminate in July 2027, for the supply of lubricating oil with Sol, the Mobil authorized distributor of lubricants in the Cayman Islands, which was selected pursuant to an open bid process to select a supplier to ensure continued supply at the most competitive rate.

These contracts enable the Company to purchase fuel and lubricating oil from suppliers on what the Company believes to be competitive terms and pricing. Both fuel and lubricating oil contracts include disaster recovery and business continuity plans in the event of disruptions to supplies to reduce the impact on the Company's operations.

3.7 Properties

The Company's generating plant, two of its nine transformer substations, office building, hurricane centre, warehouse, fuel tanks and garage are all located on approximately 44.8 acres of land owned by the Company and located on North Sound Road, Grand Cayman. The Company owns seven additional transformer substation sites, located on approximately seven acres of land on Grand Cayman. Between 2019 and 2023, the Company purchased several land parcels for renewable energy facilities. These parcels total approximately 570 acres in area.

3.8 Employees

As of December 31, 2025, CUC had 293 employees, approximately 77% of whom are Caymanian. The Company's work force is non-unionized, and management believes that employee relations are good.

As a result of the Company's comprehensive training and employee development programs, in addition to its scholarship programme, the Company has developed specialized skills and knowledge among its workers, with particular emphasis on engineering technical expertise. CUC's priority is to hire and promote Caymanian employees while at the same time attracting overseas experience and knowledge as necessary to supplement its expertise. The Company has 17 different countries outside of the Cayman Islands represented in its workforce. CUC has a commitment to promoting a culture of inclusivity and equal opportunities for all employees, regardless of their background or characteristics. CUC conducted instructor-led respect in the workplace training, which garnered much dialogue with employees interacting and discussing various issues. In terms of gender representation, CUC continues to attract women to its workforce. It has seen an increase in women joining the Company in technical roles. As of year-end 2025, women comprise approximately 21% of the workforce. CUC participates in the Investors In People ("IIP") programme, a continuous business improvement framework and international quality standard. CUC has maintained the IIP standard certification since 2006, was awarded gold level accreditation in July 2017 and on reassessment in 2023, the Company was again awarded the gold level accreditation. The achievement of the IIP gold level accreditation demonstrates strong leadership, a compelling vision, and a culture of improvement in order to achieve higher performance.

Approximately 64% of employees are currently shareholders in the Company. An Employee Share Purchase Plan exists to encourage employee ownership of Class A Ordinary Shares of the Company (the "Class A Ordinary Shares").

3.9 Insurance

The Company has property, machinery breakdown and business interruption ("BI") insurance on its generation assets, property and substations. Insurance terms and coverages include $325.0 million in property and machinery breakdown insurance and business interruption insurance with a 24-month indemnity period on non-named wind and other insured 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 million for other events. Each "loss occurrence" is subject to a deductible of $1.0 million, except for Named Windstorm (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 believes is appropriate and consistent with insurance policies obtained by similar companies.

There can be no assurances that CUC will be able to obtain or maintain insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential liability claims could prevent or inhibit the business of the Company.

On July 1, 2025, the Company renewed its annual Property Insurance on favourable rate terms. The Company continues its efforts in improving the resiliency of its infrastructure to mitigate the increasing risk of property damage due to climate change. No insurance claims have been made by the Company during the preceding 10 years.

3.10 Environmental Matters

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

The Company's Environmental Management System ("EMS") is registered to the ISO environmental standard (ISO 14001:2015) which requires that an external audit of the system be conducted on an annual basis. During 2025 the external audit of the management system resulted in zero major nonconformities and only one minor nonconformity. As part of the EMS, an internal audit of the system is also required and was successfully conducted during October 2025. The internal audit of the EMS also resulted in no major nonconformities, but 12 minor nonconformities. CUC reports on various ESG data such as Scope 1 and 2 emissions that form the baseline for the Company's annual sustainability reporting.

The Company continued to focus its efforts on reducing greenhouse gas emissions through many initiatives including: the continued high fuel efficiency performance of its modern power generation fleet at 19.19 kWh per imperial gallon in 2025, the utilization of a waste heat recovery system and steam turbine producing electricity using waste heat, the conversion of 96% of all street lighting to Light Emitting Diodes and the purchase of renewable energy from the Bodden Town Solar 1, Ltd.'s 5 MW solar farm, CORE power generators and Distributed Energy Resources DER.

The Company manages several environmental initiatives through the EMS. During 2025, EMS activities included: (i) the ongoing segregation of scrap metals consisting mainly of aluminum conductor and damaged transformers for recycling overseas, (ii) recycling used oil and batteries, (iii) ongoing emergency preparedness planning, (iv) continuous employee, contractor and public education programmes, (v) stringent environmental and structural design standards, and (vi) air quality, process water cooling, fuel and lubricating oil monitoring and control operating standards.
In addition to the above, the Company also works to improve its waste management further by minimizing waste output through increased recycling of general waste. In 2017, the Company introduced recycling of office plastics and glass, in addition to aluminum. Cardboard recycling was introduced in 2018 and office paper in late 2019. As of December 31, 2025, nearly 243,469 lbs. of these waste types have been diverted from the local landfill since the project commenced.

The Company complies in all material respects with all Cayman Islands planning and environmental regulations and the financial and operational effects on capital expenditures are negligible. Although environmental regulations in the Cayman Islands are less onerous than those in North America, the Company acts responsibly in environmental matters and in compliance with all material aspects of the environmental regulations of the Cayman Islands.

None of the existing transformers used in the T&D system use polychlorinated biphenyls. An underground fuel pipeline eliminates the need for trucking fuel to the Company's generating plant and reduces the potential damage to Grand Cayman's coral reefs and beaches from a fuel oil spill. CUC is responsible for the piping of the fuel from the vendors' distribution terminals on the coast of Grand Cayman to the bulk tank holding facilities at the Company's generating plant. The Company continues to burn ultra-low sulfur diesel fuel oil that results in significantly lower levels of exhaust emissions than that produced through the burning of heavy fuel oil. Existing diesel generating units used have undergone significant changes and improvements to ensure that they provide electricity in the most efficient manner. New generating units are designed to provide an increased kWh output per gallon of fuel consumed than older generators. This improved efficiency reduces the impact on local air quality and reduces fuel costs borne by CUC and its customers. CUC has also installed higher exhaust stacks on its new generating units to further improve the local air quality in accordance with best industry practice. The Company is also evaluating long-term options for producing electricity from sustainable sources to reduce its dependence on fossil fuels and its associated environmental impacts.

In 2018, CUC initiated a project to replace all High Pressure Sodium ("HPS") streetlights on Grand Cayman with Light Emitting Diode ("LED") lights. As at the end of 2025, 96% of the lights had been replaced with LEDs across Grand Cayman. The project is expected to result in numerous benefits for the Company and the community through increased energy efficiency and a longer lifespan compared to HPS lighting. The reduction in energy used by the LED fixtures for the total project is projected at 3.8 gigawatt hours per year, correlating to a reduction in consumption of 195,000 imperial gallons of diesel and a reduction of approximately 5.2 million pounds of CO_2 emissions.

CUC also maintains a Turtle Friendly Street Light project, jointly with the Department of Environment ("DoE") and the National Roads Authority ("NRA"). The pilot project facilitated the installation of turtle-friendly LED lighting along ecologically sensitive areas of Grand Cayman's coastline. These specially designed light fixtures reduce misorientation events by hatching turtles supporting efforts to increase the survival rates of endangered species. A report released by the DoE in 2022 indicated that the turtle friendly lights reduced the amount of misorientation events that occurred. CUC will continue working with the DoE and NRA to install additional turtle-friendly lights in areas identified as critical nesting areas.

Increasing Renewable Energy and Reducing Greenhouse Gas

In March 2007, the UK's ratification of the United Nations Framework Convention on Climate Change ("UNFCCC") and its Kyoto Protocol were extended to the Cayman Islands Government. This framework aims to reduce greenhouse gas ("GHG") emissions produced by certain industries. As an overseas territory, the Cayman Islands are required to give available national statistics on an annual basis to the UK which are expected to be added to its inventory and reported to the 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 each participating country to quantify its fuel consumption as best as possible across a variety of sectors, production processes, and distribution means. On an annual basis, CUC supplies the Government with this data in respect of the Company's diesel fuel consumption.

The Company's efforts to reduce GHGs, to reduce losses in transmission, distribution, and station losses also improve energy efficiencies. The Company continues to promote its Energy Smart programme with the objective of educating its customers about energy efficiency and conservation at home and in the workplace. The Company is working with the Government and URCO to increase the amount of power generation from renewable sources through various means including the CORE programme. See Section 3.5 "Generating Capacity and Capital Expenditures".

In July 2023, the Cayman Islands' Ministry of Sustainability & Climate Resiliency and the Energy Policy Council led a five-year review of the NEP and Implementation Plan. Approved in 2017, the initial NEP covered the period 2017 – 2037 and is 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 covers the period from 2024 to 2045 and focuses on renewable energy, energy conservation methods and the promotion of energy efficiency.

4.0 BUSINESS RISKS

The following is a summary of the Company's significant business risks. A complete list of the business risks to which CUC is subject is presented in the section "Business Risks" of CUC's management's discussion and analysis for the year ended December 31, 2024 ("MD&A"), which section is incorporated by reference herein. The MD&A is available under CUC's profile on SEDAR+ at www.sedarplus.com.

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 assets from use or age, latent defects and design or operator error, among other things. These risks could lead to longer-than-forecast 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.

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 costs also impact 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 program 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 program, 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 laws concerning air emissions, discharges to surface and subsurface waters, land use activities, and the handling, storage, processing, use, emission and disposal of materials and waste products. Over and above meeting local compliance obligations, CUC also adopted other international standards such as ISO 14001 requirements for Environmental Management Systems and GHG Reporting Standards which form CUC's baseline reporting requirements for ESG and Sustainability Reporting.

As discussed above, through the EMS, CUC has determined that its exposure to environmental risks is not significant and does not have a material impact on its 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 natural disasters such as hurricanes and earthquakes, adverse conditions will always be recognized as risks. These risks are partially mitigated by the Company's comprehensive insurance policies, which management of the Company believes are 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 the 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.

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: (i) support the operation of generation, transmission and distribution facilities; (ii) provide customers with billing, consumption and load settlement information, where applicable; and (iii) support financial and general operations.

Information and operations technology systems may be vulnerable to unauthorized 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.

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 of the world. 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 is not expected to materially impact the Company's consolidated financial results in 2026.

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.

5.0 GENERAL DESCRIPTION OF CAPITAL STRUCTURE

5.1 Share Capital

The authorized share capital of the Company consists of CI$3,562,520 divided into:

a) 60,000,000 Class A Ordinary Shares of nominal or par value of CI$0.05 each, 42,425,045 of which were issued and outstanding as of December 31, 2025 and each of which is entitled as such to one vote on each matter at any general meeting of shareholders of the Company. The holders of Class A Ordinary Shares are entitled to dividends after payment of all dividends to which the holders of the Class B Preference Shares (as defined below), Class C Preference Shares and the Class D Preference Share (as defined below) (together, the "Preference Shares") are entitled, including any arrears of dividends, in proportion to the amounts paid up on the Class A Ordinary Shares held by them, provided that, in the event that the dividend payable to the holders of Class A Ordinary Share in any year exceeds $0.18 (CI$0.15) per share, the Company shall pay an amount equivalent to such excess multiplied by four to the holders of each Class B and Class D Preference Share contemporaneously with such payment. The Class A Ordinary Shares may be issued by the Company for an issue price to be determined by the Company from time to time;

b) 250,000 9% Class B Cumulative Participating Preference Shares ("Class B Preference Shares") of nominal or par value of $1.00 (CI$0.84) each, 249,001 of which were issued and outstanding as of December 31, 2025. The Class B Preference Shares entitle the holders thereof to a fixed cumulative preferential dividend at the rate of 9% per annum as well as the participating dividend noted above.

   The Class B Preference Shares do not carry the right to vote except (i) in the event the Company is in arrears in the payment of dividends on the Class B Preference Shares, or (ii) as otherwise prescribed by the Articles. Class B Preference Shares may be issued at any time and from time to time by the Company in one or more series. In the event the Company fails to pay dividends, the holders of Class B Preference Shares and the Class D Preference Share shall have four votes for each such share held by them at any general meeting of shareholders of the Company. In the event that holders of Class C Preference Shares become entitled to vote for the election of a director, the holders of Class B

Preference Shares, acting together with holders of the Class C Preference Shares, will be entitled to elect one director on the basis of one vote for each Class B Preference Share held.

Subject to the Companies Act of the Cayman Islands, Class B Preference Shares are redeemable at the sole option of the Company at any time upon receipt by the Company of a written request to redeem such shares from the holder of the Class B Preference Shares to be redeemed at such price (not exceeding $20.00 per share) as may be negotiated between the Company and the holders;

c) 419,666 Class C Preference Shares of nominal or par value of $1.00 (CI$0.84) each, all of which have been issued and subsequently redeemed but still form part of the authorized capital of the Company. Class C Preference Shares may be issued at any time and from time to time by the Company in one or more series.

Subject to the Articles and the Companies Act of the Cayman Islands, the Board may fix the number of Class C Preference Shares in each series and the designation, rights, privileges, restrictions and conditions attached to the Class C Preference Shares in each series, including without any limitation any voting rights, any right to receive dividends, any terms and conditions of redemption or purchase, any conversion rights and any rights on liquidation, dissolution or winding up of the Company.

In the event that holders of Class B Preference Shares become entitled to vote for the election of a director, the holders of Class C Preference Shares acting together with the holders of Class B Preference Shares will be entitled to elect one director on the basis of five votes for each Class C Preference Share held; and

d) One unissued Class D Cumulative Participating Preference Share (the “Class D Preference Share”) of nominal or par value of $0.67 (CI$0.56) which may at any time be issued by the Company. The Class D Preference Share entitles the holder thereof to a fixed cumulative preferential dividend at a rate to be determined in the sole discretion of the Board. The Class D Preference Share does not carry the right to vote except (i) in the event the Company is in arrears in the payment of dividends, or (ii) as otherwise prescribed in the Articles.

The holders of the Class B Preference Shares and the Class D Preference Share are entitled to notice of, and to be present at, any general meeting of the Company but have no right to speak at or vote at such meeting, except as discussed above.

On a return of assets on liquidation or otherwise, holders of the Preference Shares will be paid the amount of the par value and premium of each share together with any accrued and unpaid dividends to the date of payment on such share in preference to such payments to be made to the holders of Class A Ordinary Shares and on parity with payments to be made to the other holders of the Preference Shares.

In the event that any of the Preference Shares or the Class A Ordinary Shares are subdivided, consolidated or changed into a greater or lesser number of shares, an appropriate adjustment will be made in the rights and conditions attached to the other Preference Shares so as to maintain the relative rights of the holders of such shares.

Subject to the restrictions prescribed by the Articles and in the Companies Act of the Cayman Islands, the Company may fix, before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to the Class B Preference Shares and the Class D Preference Share.

Class A Ordinary Share Rights Offering

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" and individually each a "Right") 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.

5.2 Debt

CUC's principal activity as the sole provider of electricity to Grand Cayman requires the Company to have ongoing access to capital to build and maintain the electricity system for the community it serves.

Senior Unsecured Loan Notes Outstanding ($ thousands)

The following table shows all outstanding senior unsecured loan notes (the "Notes") and the amounts outstanding thereunder.

Description	December 31, 2025	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 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 Green Notes due 2049	10,000	10,000
5.88% Senior Unsecured Loan Notes due 2052	80,000	80,000
	379,675	**399,611**
Less: Current portion of long-term debt	(19,935)	(19,935)
Less: Deferred Debt Issue Costs	(1,545)	(1,661)
	358,195	**378,015**

Required long-term debt repayments on the Notes per fiscal year are as follows:

Year	$
2026	19,935
2027	17,792
2028	17,792
2029	26,801
2030	26,801
2031 and later	**270,554**
Total	**379,675**

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 at December 31, 2025, the Company was in compliance with all debt covenants.

To help ensure access to capital, the Company targets a long-term capital structure containing 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 including the Rights Offering and the Company's share purchase plans.

The Company's capital structure as of December 31, 2025 compared to December 31, 2024 is shown in the table below:

	December 31, 2025 (millions $)	%	December 31, 2024 (millions $)	%
Total Debt	413.1	50	398.0	55
Shareholders' Equity	412.0	50	393.4	45
Total	825.1	100	791.4	100

The current portion of long-term debt includes annual principal payments of $1.4 million for the 3.34% Note, $2.1 million for the 4.85% Note, $2.3 million for the 5.10% Note, $4.3 million for the 3.65% Note, $5.7 million for the 7.50% note, $0.5 million for the 3.85% Note and $3.6 million for the 3.54% Note. Interest is payable semi-annually for all outstanding Notes.

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.

Short-Term Financing
($ thousands)

Credit Facilities	Total Credit Financing Facilities December 31, 2025	Total Utilised December 31, 2025	Total Available December 31, 2025
Provided by Scotia:			
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
Total	82,000	35,000	47,000
Provided by RBC:			
Corporate Credit Card Line**	500	500	-
Short – Term Financing	82,500	35,500	47,000

A commission at a rate of 0.55% per annum is levied on the Letter of Credit amount. Interest is payable on the amount of the Operating Line of Credit utilised at 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.

6.0 DIVIDEND POLICY

Class A Ordinary Share dividends are normally paid, at the discretion of the Board, in March, June, September and December. The most recent Class A Ordinary Share dividend was paid in December 2025 at the rate of $0.19 per share. Dividends have been paid on the Class A Ordinary Shares each quarter since 1984 except for December 2004, when the Board elected not to declare a dividend in consideration of the impact of Hurricane Ivan on the cash flow of the Company. Regular quarterly dividend payments on the Class A Ordinary Shares resumed in March 2005. In May 2025, the Board of Directors approved a 3% increase in the quarterly dividend from $0.185 to $0.19 per Class A Ordinary Share.

Holders of the Class A Ordinary Shares are entitled to dividends if, as and when declared by the Board, whereas holders of the Class B Preference Shares are entitled to receive fixed annual dividends at a rate of $1.80 per share. Regular dividends on the Class B Preference Shares are normally paid in January, April, July and October of each year. Regular dividends have been paid at the prescribed rate on all outstanding preference shares of the Company in accordance with the Articles. Holders of the Class B Preference Shares are also entitled to receive on an annual basis, in accordance with the Articles, a participating dividend in the event that the total Class A Ordinary Share dividend paid in any financial year exceeds $0.18, with the participating dividend to be calculated by multiplying the amount of the excess by four.

A Class B Preference Share participating dividend of $2.22 per share was paid on March 15, 2025. The Company has historically paid Class B Preference Share participating dividends together with the Class A Ordinary Share dividends in March of each year.

The following table sets forth a summary of dividends paid per Class A Ordinary Share and Class B Preference Share for the financial years ended December 31, 2023, December 31, 2024 and December 31, 2025:

	2025 ($)	2024 ($)	2023 ($)
Class A Ordinary Shares	0.75	0.735	0.715
Class B Preference Shares	4.10	4.02	3.94

7.0 CREDIT RATINGS

Debt securities issued by CUC are rated by Standard and Poor's ("S&P") and DBRS Morningstar ("DBRS") as set out below. The ratings assigned to CUC's securities are reviewed by these agencies on an ongoing basis. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities and are not recommendations to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the credit rating organization. CUC's credit ratings are as follows:

Agency	Rating
Standard and Poor's	BBB+/ Stable: Senior Unsecured Debt BBB+/ Stable: Long-Term Corporate Credit Rating

DBRS	A (low)/ Stable: Senior Unsecured Debt A (low)/ Stable: Issuer Credit Rating

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 ratings reflect (1) CUC's key credit metrics for 2023 and the first nine months of 2024 were 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 maintain financial discipline such that Funds From Operations (FFO) to debt remains above 15%.

S&P long-term debt ratings are on a scale that ranges from AAA to C, which represents the range from highest to lowest quality of such securities. S&P uses "+" or "-" designations to indicate the relative standing of securities within a particular rating category. S&P credit ratings are current opinions of the financial security characteristics with respect to the ability to pay under contracts in accordance with their terms. This opinion is not specific to any particular contract, nor does it address the suitability of a particular contract for a specific purpose or purchaser. An issuer rated BBB is regarded by S&P as having adequate capacity to meet financial commitments but more subject to adverse economic conditions.

DBRS rates debt instruments by rating categories ranging from AAA to D, which represents the range from highest to lowest quality of such securities. DBRS states that its long-term debt ratings are meant to give an indication of the risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. According to DBRS, a rating of A by DBRS is in the middle of three subcategories within the third highest of nine major categories, and such rating is assigned to debt instruments considered to be of satisfactory credit quality and for which protection of interest and principal is still substantial, but the degree of strength is less than with AA rated entities. Entities in the A category are considered by DBRS to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated entities. The assignment of a "(high)" or "(low)" modified within each rating category indicates relative standing within such category.

The Company has paid customary rating fees to DBRS and S&P in connection with the ratings. In the past two years, the Company has not made any payments to either DBRS or S&P in respect of any other services provided by either DBRS or S&P.

8.0 MARKET FOR SECURITIES

The Class A Ordinary Shares are listed in United States dollars on the Toronto Stock Exchange ("TSX") under the trading symbol "CUP.U". The following table sets forth the reported high and low trading prices and trading volumes for the Class A Ordinary Shares for the one-year period ended December 31, 2025. The closing price of the Class A Ordinary Shares on the TSX as of December 31, 2025 was $13.68 per share.

	High ($)	Low ($)	Volume (#)
January 2025	14.24	13.50	25,222
February 2025	14.20	13.10	38,084
March 2025	13.31	13.10	19,205
April 2025	13.31	12.95	22,171
May 2025	14.24	12.99	77,904
June 2025	13.80	13.12	39,473
July 2025	13.49	12.60	66,540
August 2025	15.99	12.83	66,153
September 2025	13.96	13.00	80,579
October 2025	13.95	13.08	54,582
November 2025	13.85	13.10	18,593
December 2025	13.68	12.91	74,768
Fiscal 2025	**15.99**	**12.60**	**583,278**

Fortis Energy Caribbean Inc. ("FECI"), (previously known as Fortis Energy Bermuda Ltd), a wholly-owned subsidiary of Fortis Inc., is the controlling shareholder of the Company and held approximately 60% of the issued and outstanding Class A Ordinary Shares on a non-diluted basis as of December 31, 2025, and increased its shareholding in the Company by approximately 2% as a result of the Rights Offering – see Section 5 "General Description of Capital Structure – 5.1 Share Capital – Class A Ordinary Share Rights Offering". No person or entity, other than FECI, owns beneficially or of record, directly or indirectly, more than 10% of the issued and outstanding Class A Ordinary Shares, to the knowledge of the Company.

9.0 DIRECTORS AND OFFICERS

The following table discloses the name, place of residence and office of each member of the Board as of December 31, 2025. All directors have been elected to serve until the next annual general meeting of shareholders of the Company, scheduled to be held on May 11, 2026, or until their successors are elected or appointed in accordance with applicable laws.

Name and Residence	Position with the Company or Principal Occupation	Director Since
Jennifer P. Dilbert, MBE, JP (4) Grand Cayman, Cayman Islands	Retired Financial Regulator, Diplomat and Information Commissioner for the Cayman Islands.	2017
Sheree L. Ebanks (1)(2)(4) Grand Cayman, Cayman Islands	Chief Executive Officer, Cayman Islands Institute of Professional Accountants, the regulatory body responsible for oversight of the accounting profession in the Cayman Islands.	2014
Woodrow Foster (4)	Managing Director, Fosters, Ltd., an independent grocery store chain.	2014

Grand Cayman, Cayman Islands		
Jennifer Frizzelle (2) Grand Cayman, Cayman Islands	Retired Audit Partner and Chief Financial Officer of KPMG (Cayman Islands).	2022
Karen Gosse (4) Newfoundland and Labrador, Canada	Vice President, Finance, Fortis Inc., a diversified utility holding company.	2023
Sophia Harris (1) Grand Cayman, Cayman Islands	Retired Managing Partner of the Cayman Office of law firm Bedell Cristin (previously known as Solomon Harris) which she established in 1997.	2019
J.F. Richard Hew (3) Grand Cayman, Cayman Islands	President and Chief Executive Officer, Caribbean Utilities Company, Ltd.	2003
Stuart Lochray(1) Toronto, Canada	Executive Vice-President, Strategy & Business Development, Fortis Inc., a diversified utility holding company.	2024
Mark Macfee (2) Grand Cayman, Cayman Islands	Retired Telecommunications and Media executive.	2019
Kay Menzies (2) Belize	President and CEO, Hydro Belize Limited	2023
David Smailes(1) Grand Cayman, Cayman Islands	Vice President & Group CIO, RF Group, a wealth and investment management firm.	2024
Gary J. Smith (1)(4) Newfoundland and Labrador, Canada	Executive Vice-President, Operations and Technology, Fortis Inc., a diversified utility holding company.	2016

Notes:

1. Member of the Governance and Sustainability Committee. Mrs. Harris is Chair of the Governance and Sustainability Committee.
2. Member of the Audit Committee. Mr. Macfee is Chair of the Audit Committee.
3. Executive officer of the Company. The Chair of the Board is a non-executive position of the Company.
4. Member of the Human Resources Committee. Mr. Foster is Chair of the Human Resources Committee.

All of the above directors have held their principal occupations or held executive positions with the same or associated firms for the past five years, with the exception of Ms. Kay Menzies, who joined Hydro Belize Limited (formerly known as Fortis Belize Limited) in June 2021 having previously served as Managing Director of Karl H. Menzies, an import and distribution company in Belize. The mandatory retirement age of 70 years for retirement from service as a director was removed from the Articles upon special resolution of the shareholders at the May 7, 2024 annual meeting of shareholders – see "Section 1.0 Corporate Structure".

The following table discloses the name, place of residence and office of each executive officer of the Company as of December 31, 2025, each of whom have held the same or similar positions at the Company for the past five years, with the exception of Dr. Jay who was appointed as an executive officer in October 2023.

Name and Residence	Office
J.F. Richard Hew, Grand Cayman, Cayman Islands	President & Chief Executive Officer
Dr. Stephen Jay, Grand Cayman, Cayman Islands	Vice-President, Energy Operations
Letitia T. Lawrence, Grand Cayman, Cayman Islands	Vice-President Finance, Corporate Services & Chief Financial Officer
Sacha N. Tibbetts, Grand Cayman, Cayman Islands	Vice-President, Customer Service & Technology

To the knowledge of the Company, the directors and executive officers of the Company collectively beneficially owned, or controlled or directed, directly or indirectly, 85,777 Class A Ordinary Shares, representing 0.20% of the issued and outstanding Class A Ordinary Shares as of December 31, 2025.

10.0 AUDIT COMMITTEE

10.1 Education and Experience

The Audit Committee is comprised of four individuals as of December 31, 2025. The education and experience of each committee member that is relevant to his or her responsibilities as a member of the Audit Committee are described below.

Name	Relevant Education and Experience
Mark Macfee (Chair) Grand Cayman, Cayman Islands	Mr. Macfee recently retired as President of the Yello Media Group (previously the Chief Executive). Prior to joining the Yello Media Group, Mr. Macfee was the Executive Vice President of Cable & Wireless Ltd's, Northern Caribbean businesses. Mr. Macfee is a Fellow of the Institute of Chartered Accountants of England and Wales and holds a joint honours degree in Economics and Accounting from the University of Wales.
Sheree L. Ebanks Grand Cayman, Cayman Islands	Mrs. Ebanks is the Chief Executive Officer of the Cayman Islands Institute of Professional Accountants, the regulatory body responsible for oversight of the accounting profession in the Cayman Islands. Mrs. Ebanks also sits on the Professional Accountancy Development & Advisory Group ("PAO") of the International Federation of Accountants. She serves as a Director and Chair of the Audit Committee of RBC Royal Bank of Canada (Cayman) Ltd., is the Chairman of the Cayman Islands Public Service Pensions Board and previously served as Director and Head of Wealth Management and Fiduciary Services at Butterfield Bank (Cayman) Limited. Mrs. Ebanks is an Accredited Director with the Chartered Governance Institute of Canada and holds an MBA from the University of Liverpool.

Jennifer Frizzelle Grand Cayman, Cayman Islands	Ms. Frizzelle is a retired Audit Partner and Chief Financial Officer of KPMG (Cayman Islands) where she focused on financial services, specifically in the hedge fund and alternative investments space. She also served as the Chief Operating Officer and Chief Financial Officer of a sub-region of 14 KPMG offices in various off-shore jurisdictions. Ms. Frizzelle holds a Bachelors of Science, Accounting degree from the University of Southern California. Ms. Frizzelle serves as the Chair of the Audit, Compliance, and Risk Policy Committee and a director on the Board of Directors of Butterfield Bank (Cayman) Limited. She is also the Chair of the Finance Committee and a director on the Board of Directors for R3 Cayman Foundation, a non-profit charity organization in the Cayman Islands.
Kay Menzies Belize	Ms. Menzies is the President and CEO of Hydro Belize Limited ("HBL"), formerly known as Fortis Belize Limited (FBL), a position which she held since June 2021. Ms. Menzies also served on the Board of Directors of Belize Electricity Limited, as Deputy Chair since 2022 and on the Audit & Risk Committee. Prior to her appointment as the President and CEO of HBL, Ms. Menzies was employed as the Managing Director of Karl H Menzies, an import & distribution company in Belize. Ms. Menzies has an MBA from Loyola University in New Orleans and has almost thirty years of experience in business and business advocacy. Ms. Menzies serves in an advisory capacity to the Belize Chamber of Commerce & Industry and served two consecutive terms as President.

The Board has determined that each of the Audit Committee members is financially literate; that Mr. Macfee and Mrs. Ebanks and Mrs. Frizzelle are all independent; and that Ms. Menzies, although not independent on account of her role as an executive officer of an affiliate company (FBL) until October 2025, is exempt from the requirement to be independent under NI 52-110 pursuant to Section 3.3(2) of that instrument. The Company has relied on this exemption such that Ms. Menzies be a member of the Audit Committee in accordance with NI 52-110. The Board has determined in its reasonable judgment that Ms. Menzies is able to exercise the impartial judgment necessary to fulfill her responsibilities as an Audit Committee member and that her appointment is required in the best interests of the Company and its shareholders.

Financially literate means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Independent means free from any direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment as more particularly described in NI 52-110.

10.2 Audit Committee Mandate

The text of the Audit Committee mandate, which was amended in September 2024, is attached as Schedule A to this Annual Information Form.

10.3 Pre-Approval of Audit and Non-Audit Services

The Audit Committee requires written pre-approval of all audit and non-audit services provided to the Company by the Company's external auditor. Non-audit services have included performing certain procedures in relation to the Company's annual returns filed with the Government, continuous disclosure documents, quarterly financial statements and debt covenant certificates, as well as providing technical advice. The Audit Committee considers non-audit business advisory services to be in the context of auditor independence.

10.4 Interest of Experts and External Auditor Service Fees

The external auditors of the Company for the one-year period ended December 31, 2025 were Deloitte LLP ("Deloitte"), Springdale Street, St. John's, Newfoundland and Labrador, Canada. Deloitte was first appointed at the annual general meeting of shareholders of the Company held on May 11, 2017. The Company has been advised by Deloitte that the partners and senior management of Deloitte, together with each employee or consultant of Deloitte who participated in and who was in a position to directly influence the preparation of Deloitte's audit report on the audited consolidated financial statements of the Company for the year ended December 31, 2025, hold no interest in the securities of CUC and that Deloitte is independent with respect to the Company in accordance with the independence requirements of The International Federation of Accountants.

Audit Fees charged by Deloitte to CUC in Fiscal 2025 and Fiscal 2024, respectively, for audit, audit-related and non-audit services were as follows:

	December 31, 2025 (US$)	December 31, 2024 (US$)
CUC Audit fees	372,145	368,480
DataLink Special Report	16,627	15,428
Total	**388,772**	**383,908**

11.0 MATERIAL CONTRACTS

The following is a list of the "material contracts" of the Company required to be filed on SEDAR+ under NI 51-102 and that were entered within the most recently completed financial year or prior to the most recently completed financial year and that are still in effect:

- the T&D Licence and
- the Generation Licence,

each of which is described above under Section 3.2 "Regulation".

12.0 REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Class A Ordinary Shares and Class B Preference Shares is TSX Trust Company of Toronto, Ontario, Canada. The register of transfers of each of the Class A Ordinary Shares and Class B Preference Shares are located in Toronto, Ontario, Canada.

13.0 ADDITIONAL INFORMATION

Additional information relating to the Company may be found under CUC's profile on SEDAR+ at www.sedarplus.com.

Further additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's management information circular dated March 21, 2025 with respect to the annual meeting of shareholders of the Company held on May 12, 2025. Additional financial information is provided in the 2025 Financial Statements and the MD&A, both of which are included in the Annual Report.

Requests for copies of the aforementioned documents as well as this Annual Information Form should be directed to the Company Secretary, Caribbean Utilities Company, Ltd., P.O. Box 38, Grand Cayman, KY1-1101, Cayman Islands (phone: (345) 949-5200; fax: (345) 949-4621; e-mail: investor@cuc.ky).

SCHEDULE A

AUDIT COMMITTEE MANDATE

1.0 OBJECTIVE

The Caribbean Utilities Company, Ltd. (CUC) Audit Committee focuses on ensuring integrity of financial information, the clarity in reporting and greater transparency in disclosure. In doing so, it is the responsibility of the Audit Committee to maintain free and open means of communication with the Directors, External Auditor, Internal Auditors and the senior Management of the Company.
The Committee shall provide assistance to the Directors in fulfilling their duties related to the following oversight responsibilities:

1.1 Integrity of the Company's financial statements, financial disclosures and internal controls over financial reporting and disclosure controls and procedures.
1.2 Company's compliance with legal and regulatory requirements, including assistance to the Board in compliance with the continuous disclosure obligations as required by the Canadian Securities Administrators (CSA) rules and policies.
1.3 External Auditor's qualifications and independence.
1.4 Performance of the Company's Internal Auditor and External Auditors.

2.0 DEFINITIONS

2.1 **"Board"** means the board of directors of the Company;
2.2 **"CICA"** means the Canadian Institute of Chartered Accountants or any successor body;
2.3 "**Committee"** means the Audit Committee of the Board;
2.4 **"Company"** means Caribbean Utilities Company, Ltd. (CUC);
2.5 **"Director"** means a member of the Board;
2.6 **"External Auditor"** means the firm of chartered accountants appointed by the shareholders to act as External Auditor of the Company;
2.7 **"Financially literate"** means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected in the Company's financial statement;
2.8 **"Independent"** means free from any direct or indirect material relationship with the Company which, in the view of the Board, could reasonably be expected to interfere with the exercise of a Member's independent judgment as more particularly described in National Instrument 52-110;
2.9 **"Internal Auditor"** means the person employed or engaged by the Company to perform the internal audit function of the Company;
2.10 "**Management"** means the senior officers of the Company;
2.11 **"MD&A"** means the Company's management discussion and analysis prepared in accordance with National Instrument 51-102F1 in respect of the Company's annual and interim financial statements; and
2.12 **"Member"** means a member of the Committee.

3.0 AUTHORITY

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

3.1 Pre-approve all auditing and permitted non-audit services performed by the Company's external audit firm.

3.2 Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
3.3 Meet with Management, Internal Auditor, External Auditors, or outside counsel, as necessary.
3.4 The Committee may delegate authority to subcommittees, including the authority to preapprove all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting.

4.0 ORGANISATION AND COMPOSITION

4.1 The Committee shall be appointed annually by the Board and shall be comprised of three or more Directors:-

(A) none of whom is a member of Management or an employee of the Company;
(B) all of whom are Independent;
(C) the Chair of the Board shall be a member of the Committee;
(D) every Audit Committee member must be financially literate; and
(E) a member shall be appointed Chair of the Committee by the Board.

5.0 MEETINGS

5.1 The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.
5.2 Meetings of the Committee shall be held at the call (i) of the Chair of the Committee, or (ii) of any two (2) members, or (iii) of the External Auditor.
5.3 The President & Chief Executive Officer, the Vice President, Finance, Corporate Services & Chief Financial Officer, External Auditor and Internal Auditor shall receive notice of and unless otherwise determined by the Chair of the Committee shall attend all meetings of the Committee. For clarity, the External Auditor must attend the Committee meetings at which the Company's annual audited consolidated and non-consolidated financial statements and unaudited condensed consolidated interim financial statements are reviewed.
5.4 A quorum at any meeting shall be a majority of the Members of the Committee.
5.5 The Committee will meet without Management present for a portion of each meeting.
5.6 The Committee shall meet separately with Management, with Internal Auditors and with External Auditors at least once in each year.
5.7 The Chair of the Committee shall act as chair of all meetings of the Committee at which the Chair is present. In the absence of the Chair from any meeting of the Committee, the Members present at the meeting shall appoint one of their members to act as chair of the meeting.
5.8 The Secretary of the Company shall act as secretary of all meetings of the Committee unless otherwise determined by the Chair of the Committee.
5.9 Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

6.0 RESPONSIBILITIES

The Committee will carry out the following responsibilities:

6.1 <u>Financial Statements</u>

(A) Review Management's and the External Auditor's reports of significant accounting and reporting issues and understand their impact on the financial statements. These issues include:

(I) Complex or unusual transactions and highly judgmental areas.

(II) Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles.

(III) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

(B) Review analyses prepared by Management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

(C) Review with Management and the External Auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the External Auditor's activities or on access to requested information, and any significant disagreements with Management.

(D) To use reasonable efforts to satisfy itself, at least annually, as to the adequacy of the Company's accounting personnel and senior financial Management responsible for financial reporting;

(E) Review with Management and the External Auditor any correspondence with regulators and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies;

(F) To meet periodically with Management to review and understand the Company's structure, industry risks and major financial exposures of the Company. Use reasonable efforts to satisfy itself as to the adequacy and implementation of the Company's policies for the Management of the risk related to foreign currency transactions, interest rate fluctuations and the use of derivative financial instruments.

(G) Review and recommend for Board approval the annual audited financial statements and to review the quarterly financial statements, including the Company's disclosures under MD&A, interim and annual earnings press releases relating to the disclosure of the statements before the issuer publicly discloses this information.

(H) The audit committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statement, other than the public disclosure referred to in 1.7 and must periodically assess the adequacy of those procedures.

(I) Review disclosures made by CEO and CFO during the quarterly and annual disclosure certification process about significant deficiencies in the design or operation of internal controls or any fraud or untoward conduct that involves Management or other employees who may or may not have a significant role in the Company's internal controls. (Canadian NI 52-109).

6.2 <u>Internal Control</u>

(A) Consider the effectiveness of the Company's internal control system, including information technology security and control.

(B) Understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses.

(C) Review and evaluate that management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all individuals understand their roles and responsibilities.

6.3 <u>Internal Audit</u>

(A) Review with Management and the Internal Auditor the charter, plans, activities, staffing, internal audit reports and organizational structure of the internal audit function.

(B) Ensure there are no unjustified restrictions or limitations on, and review and concur in the appointment, replacement, or dismissal of the Internal Auditor.

(C) Review the assessment of the effectiveness of the internal audit functions.

(D) On a regular basis, meet separately with the Internal Auditor to discuss any matters that the committee or internal audit believes should be discussed privately.

6.4 <u>External Audit</u>

(A) Review the External Auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

(B) Review the performance of the External Auditors, and recommend approval of appointment or discharge of Auditors and External Auditor compensation. In performing this review, the Committee will:

(I) At least annually, obtain and review a report by the External Auditor describing (in connection with the External Auditor’s determination of its independence) all relationships between the External Auditor and the Company.

(II) Take into account the opinions of Management and Internal Auditor.

(III) Review and evaluate the lead partner of the External Auditor.

(IV) Present its recommendations with respect to the External Auditor to the Board.

(V) Ensure the rotation of the lead audit partner every five years and other audit partners every seven years, and consider whether there should be regular rotation of the audit firm itself.

(VI) Present its conclusions with respect to the External Auditor to the full board.

(VII) Approve the Company hiring policies related to employees or former employees of the External Auditors.

(VIII) On a regular basis, meet separately with the External Auditors to discuss any matters that the committee or Auditors believe should be discussed privately.

(C) The External Auditor should communicate the following with the Committee prior to the completion of the audit:

(I) the audit and non-audit services that the External Auditor is providing to the Company;

(II) the level of responsibility assumed by the External Auditor under generally accepted auditing standards; and

(III) a summary of the planned audit approach:

(i) the general approach to the audit;
(ii) areas of the financial statements identified by the Auditor, Management or the Committee as having a high risk of material misstatement and the Auditor's response thereto;
(iii) the materiality and audit risk levels;
(iv) the preliminary assessment of internal control, the planned extent of audit work related to internal control and the effect of any control reliance on year-end procedures;
(v) how matters communicated with the Committee during the planning process affect the planned nature and scope of the audit;
(vi) the effects of any new developments in accounting standards or regulatory requirements on the entity's financial reporting;
(vii) planned reliance on other Auditors, how the expectations will be communicated to the other Auditors and how their findings will be communicated to the Committee;
(viii) use of specialists, if any;
(ix) the timing of the audit;
(x) the experience and qualifications of the senior members of the External Auditor team and the quality control procedures of the External Auditor;
(xi) the External Auditor’s engagement letter; and,
(xii) the estimated External Auditor’s fees.

(D) The Committee shall discuss with the External Auditor matters arising out of the audit upon completion of the audit. The Committee shall be advised on at least the following:

(I) identification and discussion of audit assurance standards concerning:

(i) knowledge of any fraud and misstatements arising from error;
(ii) any illegal or possibly illegal acts;
(iii) identification of any significant weaknesses in internal control identified by the Auditor; and
(iv) related party transactions identified by the Auditor which are not in the normal course of operations and which involve significant judgments made by Management concerning measurement or disclosure.

(II) matters that have a significant and material effect on the accounting principles used in the Company's financial reporting;

(i) the selection of and changes in any significant accounting policies;
(ii) the effect of significant accounting policies in controversial areas or those unique to the industry;
(iii) the existence of acceptable alternative policies and methods, and the acceptability of the particular policy or method used by Management;
(iv) the effect on the financial statements of significant unusual transactions;
(v) the use of accruals, provisions or estimates that have a significant effect upon the financial statements, the reasonableness of significant adjustments and the clarity of the disclosures in the financial statements;
(vi) the basis for the External Auditor's conclusions regarding the reasonableness of the estimates made by Management;
(vii) factors affecting the asset and liability carry values and the Auditor's conclusion regarding reasonableness of assumptions made by Management.

(III) summary of all unadjusted differences and the effect on the financial statements.

(IV) Resolve any disagreements between Management and the External Auditor regarding financial reporting.

(E) To use reasonable efforts to satisfy itself that any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Company have been appropriately disclosed in the Company's audited financial statements;

(F) Approve the retention of the External Auditor for any non-audit service and the fee for such service;

(G) Oversee the work of the External Auditor.

6.5 Compliance

(A) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

(B) Establish procedures for:

(I) The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(II) The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(C) Review the findings of any examinations by regulatory agencies, and any Internal/External Auditor's observations.

(D) Review the process for communicating the code of conduct to Company's personnel, and for monitoring compliance therewith.

(E) Obtain regular updates from Management and corporate legal counsel regarding compliance matters.

6.6 Reporting Responsibilities

(A) Regularly report to the Board of Directors about Committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's External Auditors, and the performance of the internal audit function.

(B) Provide an open avenue of communication between Internal Auditor, the External Auditors, and the Board of Directors.

(C) Review required disclosure to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including fees for audit and non-audit services.

(D) Review any other reports the Company issues that relate to Committee responsibilities.

6.7 <u>Policy on Reporting Allegations of Suspected Improper Conduct and Wrongdoing (Speak Up Policy)</u>

(A) The Chair of the Audit Committee shall have direction to call a meeting of the Committee to review suspected violations of the Speak Up Policy of the Company,and shall have the authority to engage independent counsel before presenting such violations to the Committee.

6.8 <u>Other Responsibilities</u>

(A) To review and report annually to the Board with respect to the expenses of the Chair of the Board and President of the Company; and
(B) Discuss with Management the Company's major policies with respect to financial risk assessment and management.
(C) To review the Company's policy on insurance management and the preservation of assets generally.
(D) Perform other activities related to this mandate as requested by the Board of Directors.
(E) Institute and oversee special investigations as needed.
(F) Confirm annually that all responsibilities outlined in this mandate have been carried out.
(G) Evaluate the Committee's and individual members' performance at least annually.