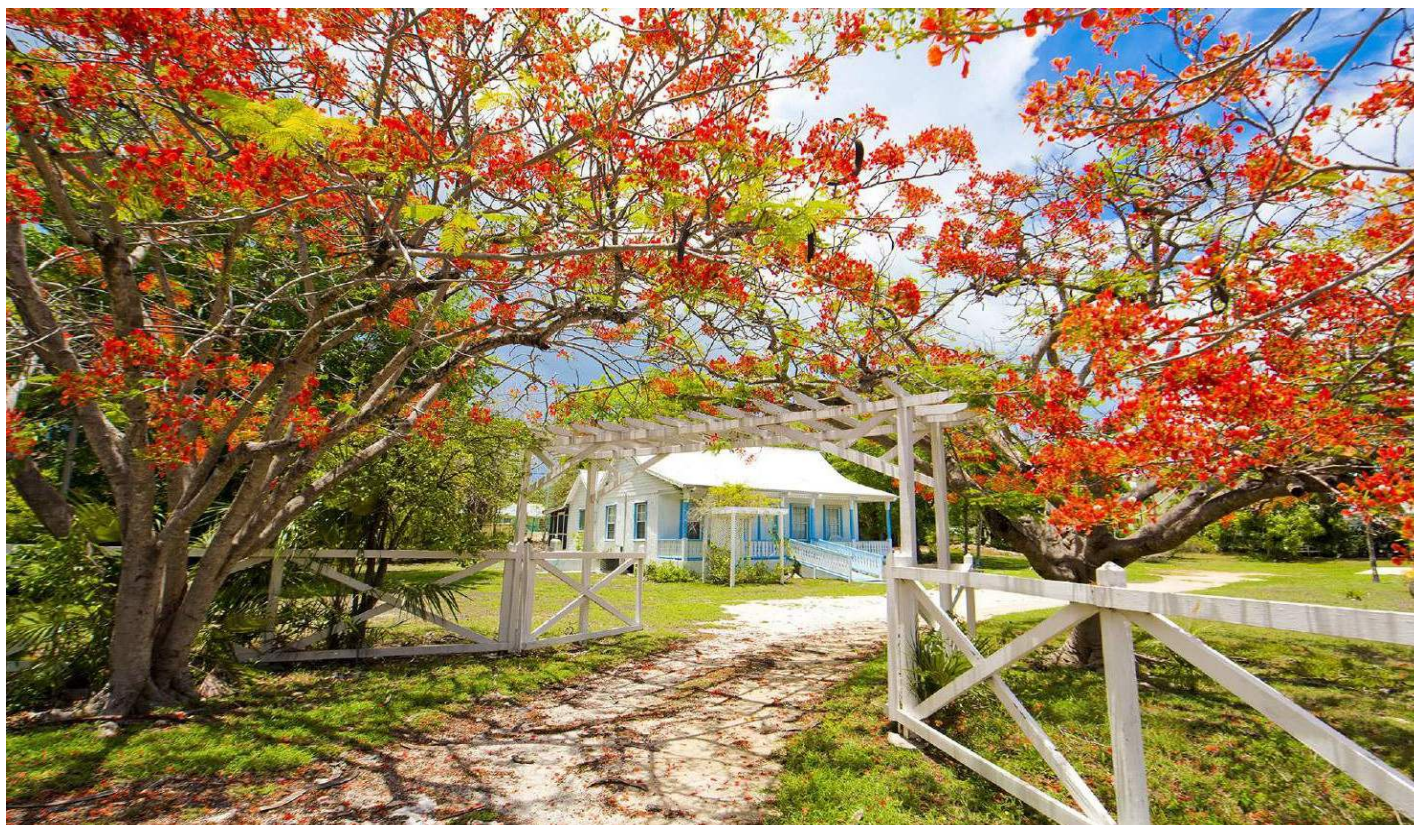


Caribbean Utilities Company, Ltd.

2024 ANNUAL REPORT





About the Company

Caribbean Utilities Company, Ltd., (“CUC” or the “Company”), commenced operations as the only electric utility in Grand Cayman on May 10, 1966. The Company currently has an installed generating capacity of 166 megawatts (“MW”). The record peak load of 128.0 MW was experienced on September 17, 2024. CUC is committed to providing a safe and reliable supply of electricity to over 34,000 customers. The Company has been through many challenging and exciting periods but has kept pace with Grand Cayman’s development for over the past 58 years.

About the Cayman Islands

The Cayman Islands, a British Overseas Territory with a population of approximately 84,000, are comprised of three islands: Grand Cayman, Cayman Brac, and Little Cayman. Located approximately 150 miles south of Cuba, 460 miles south of Miami and 167 miles northwest of Jamaica, the largest island is Grand Cayman with an area of 76 square miles.

A Governor, presently Her Excellency Mrs. Jane Owen, is appointed by His Majesty the King. A democratic society, the Cayman Islands have a House of Parliament comprised of representatives elected from 19 electoral districts. In June 2023, Moody’s affirmed the Cayman Islands Government’s Aa3 bond issuer rating, Aaa country ceiling rating, and stable economic outlook.

Rate of Exchange

The closing rate of exchange on December 31, 2024 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was Cdn\$1.4389 (December 31, 2023: Cdn\$1.3226) per US\$1.00. The official exchange rate for the conversion of Cayman Islands dollars into United States dollars as determined by the Cayman Islands Monetary Authority is fixed at CI\$1.00 per US\$1.20. Thus, the rate of exchange as of December 31, 2024 for conversion of Cayman Islands dollars into Canadian dollars was Cdn\$1.7267 (December 31, 2023: Cdn\$1.5871) per CI\$1.00. All amounts in this Annual Report are stated in United States dollars, unless otherwise noted.

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Readers should review the note on page 7 in this Annual Report, in the Management's Discussion and Analysis section, concerning the use of forward-looking statements, which applies to the entirety of this Annual Report to shareholders of CUC.

Highlights

Financial Results in Brief

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

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change %
Operating Revenues	293,682	287,225	2%
Electricity Sales Revenues	121,913	114,220	7%
Fuel Factor	163,615	166,573	-2%
Renewables	6,155	6,432	-4%
Z-Factor	1,999	-	100%
Total Operating Expenses	253,192	248,808	2%
Finance Charges	5,854	6,455	-9%
Net Earnings for the Year	42,687	38,660	10%
Total Assets	850,962	777,807	9%
Total Shareholders' Equity	393,374	324,742	21%
Cash Flow Related to Operating Activities	91,464	80,781	13%
The following items are fully stated, not in thousands:			
Earnings per Class A Ordinary Share	1.08	1.00	8%
Dividends per Class A Ordinary Share (paid and declared)	0.735	0.715	3%
Book Value per Class A Ordinary	9.32	8.51	10%
Share Class A Ordinary Shares			
Market Price:			
High	14.45	14.65	
Low	11.00	10.76	
Year End	13.98	10.90	

Performance

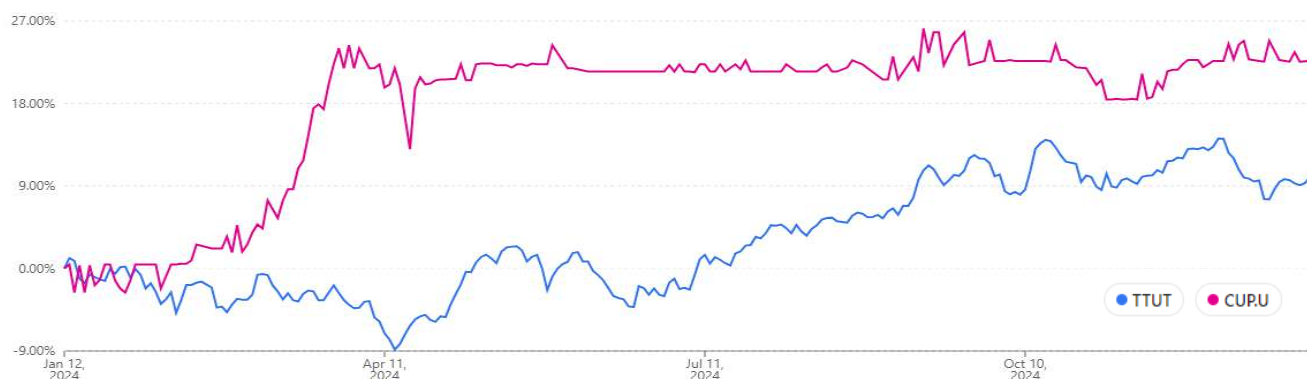
Net earnings for the year ended December 31, 2024 were \$42.7 million, a \$4.0 million increase compared to net earnings of \$38.7 million for the year ended December 31, 2023. This increase is primarily attributable to a 3% increase in kilowatt-hour ("kWh") sales, a 3.2% increase in base rates effective June 1, 2024, Z-Factor revenues, higher other income and lower finance charges, partially offset by higher depreciation and general & administration and maintenance costs.

In May 2024, the Board of Directors approved a 3% increase in the quarterly dividend from \$0.18 to \$0.185 per Class A Ordinary Share.

The Class A Ordinary Shares (CUP.U) are traded on the Toronto Stock Exchange and closed at \$13.98 per share with dividend yield of 5.32%.

The Company currently trades at 13.3x 2025 estimated earnings per share ("EPS"), which compares with the average 2025 estimated price to earnings ratio of 16.5x for the Canadian utilities peer group. Over the last five years, CUC's 12-month trailing P/E multiple has averaged 17.1x¹.

The graph below depicts the Company's share performance chart in comparison to the S&P/TSX Capped Utilities Index ("TTUT", in blue) for the period January 1, 2024 to December 31, 2024.



¹ Equity Research published by TD Securities Inc. on November 15, 2024

Your Investment, Our Commitment

Fuel & Oil

36¢

The average price per imperial gallon of fuel decreased by 9% in 2024 compared to 2023. Our generators consumed approximately 40.9 million gallons of diesel fuel and 119,600 gallons of lube oil in 2024 to meet electrical demand. The Company continues to focus its efforts on reducing greenhouse gas emissions through its investment in high fuel efficiency generation fleet and alternative energy projects.

Capital Expenditures

23¢

\$100.6 million was spent on the replacement and upgrading of the generating units and transmission and distribution system, including investment in alternative energy.

Loans & Loan Interest

28¢

A total of \$37.9 million was paid in interest and principal repayments on loans.

Dividends

7¢

In May 2024, the Board of Directors approved a 3% increase in the quarterly dividends.

Labour & Materials

6¢

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

Total

100¢

Letter to Fellow Shareholders

Dear Shareholders,

We at Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) have been focused on cost effective sustainable initiatives to exemplify our mission:

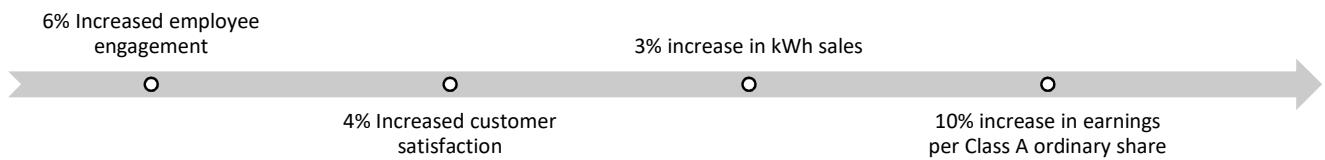
To be a leader in the growth of our community by delivering safe, reliable energy services at competitive costs and with respect to the environment while being a model corporate citizen and providing a fair return to our shareholders.

It is our pleasure to report on the performance and progress for the twelve months ended December 31, 2024 (“Fiscal 2024”).

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



Highlights of 2024 include:



During 2024, our focus on sustainable growth and strategic capital expenditures with our ongoing dedication to environmental stewardship, social responsibility, and economic sustainability positioned us for long-term success.

Financial Performance

Operating income for Fiscal 2024 increased by 5% compared to the twelve months ended December 31, 2023 (“Fiscal 2023”). The increase was primarily attributable to a 3% increase in kWh sales, a 3.2% base rate increase effective June 1, 2024 and Z-Factor revenues, partially offset by higher depreciation, general and administration and maintenance costs. Net earnings for Fiscal 2024 were \$42.7 million, a \$4.0 million or 10% increase from net earnings of \$38.7 million for Fiscal 2023.

We remain committed to delivering value to our shareholders. After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Fiscal 2024 were \$41.7 million, or \$1.08 per Class A Ordinary Share, compared to \$37.7 million, or \$1.00 per Class A Ordinary Share, for Fiscal 2023.

Projects for a Greener Future

In September 2024, CUC’s first energy storage facility was commissioned and commercially operational. The 20 megawatt (“MW”) Battery Energy Storage System (“BESS”) project will allow for increased renewable energy capacity on Grand Cayman, lower fuel costs and improve fuel efficiency by 5% to 6%, leading to a corresponding reduction in CO₂ emissions. It will also increase CUC’s reliability and its power quality.



The 20 MW Battery Energy Storage System (“BESS”) was commissioned

Three out of the five generating units at the North Sound Road plant, totalling 68 MegaWatts (“MW”) of capacity, underwent a Life Cycle Upgrade



CUC installed 57 EV charge points for public charging and 9 charge points for CUC use in 2024.

During 2024, three out of the five generating units at the North Sound Road plant, totalling 68 MW of capacity, underwent a Life Cycle Upgrade. This upgrade will extend the engines' useful lives, improve fuel efficiency and prepare the engines for dual fuel operation. The upgrade and commissioning of the remaining two units are expected to be completed in 2025.

The supply and installation of indoor Gas Insulated Switchgear ("GIS") at the Frank Sound Substation, replacing the existing temporary arrangement, aims to facilitate the acceleration of load growth and the future integration of renewable energy sources in the East End of Grand Cayman. The Company completed the engineering, design and construction the end of 2024. The GIS is expected to be operational by end of March 2025.

The rollout of CUC's Electric Vehicle ("EV") Charging Network is underway. CUC installed 57 EV charge points for public charging and 9 charge points for CUC's use in 2024. The Company's focus is on higher speed charging stations, strategically located where people live and work.

Environment, Social and Governance ("ESG")

In November 2024, CUC released its 2024 Sustainability Report. This comprehensive report captures the Company's ongoing dedication to environmental stewardship, social responsibility, and economic sustainability, as well as its commitment to fostering a more sustainable future for Grand Cayman. The report can be accessed via the Company's website at: www.cuc-cayman.com.

The Company continued to focus its efforts on reducing greenhouse gas emissions through many initiatives including but not limited to the high fuel efficiency performance of its modern power generation fleet, the utilization of the waste heat recovery system and steam turbine producing electricity using waste heat, the conversion of 94% of all street lighting to Light Emitting Diodes and the purchase of renewable energy from the Bodden Town Solar 1, Ltd.'s 5 megawatt ("MW") solar farm, Customer Owned Renewable Energy ("CORE") power generators and Distributed Energy Resources ("DER").

In April 2024, CUC developed its inaugural Green Financing Framework (the "Framework"), published in August 2024, to set standards for financing and refinancing projects through green financing instruments. The \$50.0 million in Green Note proceeds are being used for energy efficiency, climate change adaptation, and clean transportation projects. Sustainable Fitch rated the Framework as "Excellent," highlighting its alignment with international green financing principles and the Company's commitment to transparency. The Framework and its assessment are available on the Company's website: www.cuc-cayman.com. Additionally, the Company's \$80.0 million debt issuance, including the \$50.0 million in Green Notes, won the 2024 Global Banking & Markets Latin America Award for Debt Deal of the Year – Caribbean.

Health and Safety

The health and safety of all our employees, contractors, and members of the public remained paramount to the Company throughout 2024. During the year, the Company recorded no Lost Time Injuries. There were five minor medical injuries which resulted in an All Injury Frequency Rate of 2.3 (represents the number of incidents per 200 000 hours worked) slightly lower than the 2023 rate of 2.4. This rate is influenced by injuries on the job that results in the loss of productive work time and which required medical treatment.

CUC completed its Health and Safety Plan which included several focus areas such as training, mental health management initiatives, internal Health and Safety Audit and the Contractor Workshop held during the year. The Company continues with its programmes to address hazards and concerns within the workplace and strives to ensure that health and safety remains the core value of all employees. During the year, the Company conformed with the standard requirements of [ISO 45001:2018](https://www.iso.org/standard/45001.html) for which a Letter of Self-Declaration has been issued through the Internal Occupational Health & Safety Audit, led by an independent external consultant.

Reliability, Resiliency and Customer Service

CUC remains committed to excellence in customer service, concentrating on programs and projects designed to improve customer experiences, service delivery, and customer education. In November 2024, the Customer Satisfaction Survey result indicated a positive upward trend in both customer satisfaction and engagement with satisfaction rating of 73% compared to 70% in November 2023. The overall satisfaction rating for the year is 72% with notable improvements in the ratings of customer interactions, quality and reliability of service, outage response and payment options.

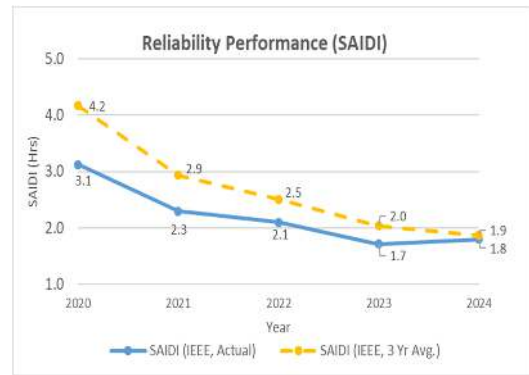
In 2024, the Company continued to prioritize customer service initiatives to build on the progress made in 2023. The focus was on enhancing key elements of our Customer Service Plan to further refine digital processes and implement additional channels for communication and interaction with customers. The goal was to elevate the customer experience through the introduction of new services, such as live chat.



During the year, the Company successfully introduced proactive mid-month consumption notifications for residential customers to enhance customer education. This initiative complements the Customer Connect tool, which is a free resource available on the Company website for all residential and small business clients. This platform allows customers to conveniently monitor their daily energy usage, customize alerts for specific consumption levels, and manage their energy expenditures.

During Fiscal 2024, an additional 10 MW of temporary generation capacity was added to the grid to support the base load needs. The temporary rental generation was commissioned during the third quarter of the year to provide a reserve margin sufficient to ensure acceptable levels of reliable service.

Building on the success of the Reliability 2.0 Programme, which aimed to limit outages to a maximum of two hours per average customer per year consistent with North American standards, the Company transitioned its efforts to enhancing resiliency. This involves strengthening the power system's ability to withstand and recover from disruptions, particularly those caused by climate change. Throughout the year, the Company advanced key resiliency projects, including the undergrounding of critical transmission lines. There were 18 named storms in the Caribbean region during 2024, the average, according to the USA National Weather Service is 10 per year. CUC seeks to ensure readiness in recognition of increasing storm activity.



Human Resources

At December 31, 2024, CUC's full-time employees totalled 275, a 5% increase from December 31, 2023. CUC maintains a stable employee base of which approximately 81% are Caymanians. The remaining employees represent 17 different countries from across the globe.

In 2024, the overall employee engagement score was 76%, exceeding our target of 74% and up 4 points from last year. The score is 10 points above industry benchmark with following notable improvement from prior year results: 77% of employees said they would recommend CUC as great place to work and 82% are optimistic about the future.

CUC also remains actively involved in the Fortis Inc.'s Diversity, Equity, and Inclusion initiatives. This involvement demonstrates the Company's 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 on 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, approximately 22% of the workforce is female.

Investors in People ("IIP") – Gold

The Investors in People model plays a crucial role in CUC's operations as the Company continuously strives to develop and evaluate its workforce. The primary goal is to recruit, retain and develop the most talented individuals within the utility industry. CUC aims to be an employer of choice for its employees. In 2024, CUC was nominated for IIP's prestigious Overseas Employer of the Year Gold Award. This nomination is a testament to its commitment to creating a positive and supportive work environment for all employees.

Employee Training and Development Programmes

The Company recognizes the importance of investing in its employees and continues to provide a range of opportunities for growth and development. In Fiscal 2024, significant resources were allocated to both formal and informal training programs, workshops, and employee coaching initiatives. Training hours continue to increase over prior years, demonstrating the Company's commitment to employee growth. Employees have expressed positive feedback, noting that the training sessions are both engaging and informative. Many have highlighted the practical skills gained, which could be directly applied to their roles. Training hours totalled 26,276, a 45% increase compared to 18,130 training hours recorded in 2023.

We are pleased to have four power line technician apprentices who successfully completed their first year Fortis Alberta training with high scores! Congratulations Kyle Smith, Nicholas Manning, Romaine Thomas, and Ralston Ebanks. Additionally, Joshua Gonzalez and Deondre Lyn successfully completed their year 2 apprenticeship training with Fortis Alberta.

This year, Joni Kirkconnell, Director of HR & Corporate Services, was a participant in the Fortis Leadership Lab, a cohort of emerging leaders who completed a yearlong internal leadership development program. The program aimed to enhance business acumen and prepare emerging leaders for successful long-term careers in the energy sector.

Recognition

The Company recognizes the importance of rewarding our employees for their outstanding contribution and dedication. To foster a positive work environment and promote employee satisfaction, we consistently implemented various rewards and recognition efforts throughout the year through our peer-to-peer nomination programme recognizing each other for exhibiting the various behaviours in line with the Company values.

This year, the Company honoured 27 employees with long service awards for their contributions to the Company. These individuals have dedicated their careers to the Company with a combined 615 years of service ranging from 10 to 40 years. At this ceremony, Mr. Geraude Holness received his 40 Year Long Service Award.

The following employees were recognized during the year: Jarron Conolly (Employee of the Year); Shawn Myles (Supervisor of the Year); Barton Solomon and Demarno Edwards (Excellence in Safety); Edlin Moore (Individual) – Otis Jackson Golden Wrench Award; and Nathaniel Augustine (Individual) and Energy Delivery Operations (Department) – Pedro Echenique Golden Bucket Award; Bruce Prendergast, Deleon Boyden, Neil Murray, Earlton Bramble, Jessie Bodden, Leandru Ebanks, Chrisoma Muirhead, Aaron Miller & Weiry Tionko (Unsung Hero); Barry Payne, Dennis Salazar and The Accounts Payable Team (Cost Saver Award); and Brittany Myrie, Ignatius Gouveia, Weiry Tionko, Andrew Carter, James Moore, Enyer Rivers & Christian Andrews, Carlos Rivers & Anet Ferguson, Peter Williams & Purdy Gouveia, and Donna Gayle (Living our Values). The Jeff Broderick Bright Spark Award went to Shamala Miller, Richard Solomon, Careen Craig, Ignatius Gouveia and Barton Solomon. This year a total of 11 employees qualified for the Wellness Champions Award in the Bronze, Silver and Gold categories.

Community Involvement

The Community Involvement Programme continues to provide the opportunity for employees to give their time and talent to the Cayman community through volunteerism. Some of the projects and events that volunteers took part included Meals on Wheels, activities with the Lighthouse School, Earth Day Clean-ups and support for the Sunrise Adult Training Centre. The Company continues to sponsor educational programmes aimed at providing the youth of the Cayman Islands with unique opportunities to learn and develop themselves. In 2024, CUC sponsored a computer coding camp in partnership with local entity Code (Cayman). The weeklong camp allowed participating children learn different coding techniques. The Company also sponsored a young Caymanian, Joshua McField to attend the COP28 summit held in Dubai. This experience allowed Joshua to listen and learn firsthand from various experts on practical insights for a sustainable future. The Company continued to sponsor various sports events throughout the community, namely the CUC CARIFTA trials, the CUC 800 and 400m Sea Swim, and the Primary Football and Cricket Leagues. CUC remains committed to the ongoing development of the community in which we live and work.

Future involvement in cleaner energy

The Cayman Islands' economy continues to show strong and stable positive growth with new customers and developments in the construction sector driving the Company's 3% kWh sales growth. The Cayman Islands Economic and Statistics Office forecasted Gross Domestic Product to expand by 2.8% during 2024. In the coming years, we anticipate a substantial rise in demand for electricity infrastructure and new customer connections, necessitating further investments in critical infrastructure to meet this growing need. The Company is uniquely positioned to support this growth and help the Cayman Islands transition to a low-carbon economy.

During the past two years, the Company has invested approximately \$200 million in infrastructure to ensure the delivery of safe, reliable, affordable and sustainable electricity to our customers. Amid the rising physical risk in the region due to climate change, the Company is dedicated to enhancing resiliency while continuing to uphold reliability and deliver excellent customer service.

Reflecting on 2024, we are proud of the remarkable achievements that would not have been possible without the dedication and hard work of our employees. We extend our sincere thanks to our employees and the Board for their steadfast support. As we look to the future, we are excited about the opportunities ahead, powered by cleaner renewable energy. We are committed to leading the energy transition and making a positive impact in the Cayman Islands.

Signed "Sheree L. Ebanks"

Sheree L. Ebanks

Chairperson of the Board of Directors

Signed "JF Richard Hew"

J.F. Richard Hew

President & Chief Executive Office

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Caribbean Utilities Company, Ltd. ("CUC" or the "Company") consolidated financial statements and related notes for the year ended December 31, 2024 (the "2024 Financial Statements"). The material has been prepared in accordance with Canadian Securities Administrators National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") relating to the MD&A and is available under the Company's profile on SEDAR+ at www.sedarplus.com together with the Company's annual information form for the year ended December 31, 2024, which contains additional information relating to the Company.

The accounting practices, which are disclosed in the notes to the 2024 Financial Statements, result in regulatory assets and liabilities, which would not occur in the absence of rate regulation. In the absence of rate regulation, the amount and timing of recovery or refund by the Company of the costs of providing services, including a fair return on rate base assets, from customers through appropriate billing rates would not be subject to regulatory approval.

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

On May, 31, 2022, the Ontario Securities Commission issued a relief order which permits the Company to continue to prepare its financial statements in accordance with U.S. GAAP. The relief extends until the earliest of: (i) January 1, 2027; (ii) the first day of the financial year that commences after the Company ceases to have rate-regulated activities; or (iii) the first day of the Company's financial year that commences on or following the later of (a) the effective date prescribed by the International Accounting Standards Board (the "IASB") for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation (the "Mandatory Rate-regulated Standard") and (b) two years after the IASB publishes a final version of the Mandatory Rate-regulated Standard. Canadian securities laws allow a reporting issuer to prepare and file its financial statements in accordance with U.S. GAAP by qualifying as a U.S. Securities and Exchange Commission ("SEC") registrant. Without the OSC relief order, the Company would be required to become an SEC registrant in order to continue reporting under U.S. GAAP, or adopt IFRS.

The Company is currently reviewing the implications of this order.

Financial information is presented in United States dollars unless otherwise specified. The 2024 Financial Statements and MD&A in this Annual Report were approved by the Audit Committee and the Board of Directors.

February 14, 2025



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

Financial and Operational Highlights

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

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Electricity Sales Revenues	121,913	114,220	7,693	7%
Fuel Factor	163,615	166,573	(2,958)	(2%)
Renewables	6,155	6,432	(277)	(4%)
Z-Factor*	1,999	-	1,999	100%
Total Operating Revenues	293,682	287,225	6,457	2%
Power Generation**	174,972	177,852	(2,880)	(2%)
Depreciation	44,282	41,119	3,163	8%
Other Expenses	33,938	29,837	4,101	14%
Total Operating Expenses	253,192	248,808	4,384	2%
Net Operating Income	40,490	38,417	2,073	5%
Net Earnings for the Year	42,687	38,660	4,027	10%
Cash Flow related to Operating Activities	91,464	80,781	10,683	13%
Per Class A Ordinary Share:				
Basic Earnings	1.08	1.00	0.08	8%
Dividends Paid	0.735	0.715	0.020	3%
Total Customers	34,280	33,611	669	2%
Total Full-Time Employees	275	263	12	5%
Customers per Employee (#)	125	131	(6)	(5%)
System Availability (%)	99.97	99.97	-	-
Peak Load Gross (MW)	128.0	124.1	3.9	3%
Millions of kWh:				
Net Generation	760.2	735.4	24.8	3%
Renewable Energy Generation	22.1	22.7	(0.6)	(3%)
Total Energy Supplied	776.9	753.6	23.3	3%
Kilowatt-Hour Sales	749.3	727.0	22.3	3%
Sales per Employee	2.72	2.76	(0.04)	(1%)

* The Z-Factor mechanism is designed to recover expenses and investments that are outside of the T&D License regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge as approved by OfReg. During 2024, projects with approved Z-Factor mechanism were completed and applicable revenue was recorded against Regulatory Asset pending approval of the Z-Factor Rate by the regulator.

**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.

Corporate and Regulatory Overview

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

The Company is regulated by the Cayman Islands Utility Regulation and Competition Office (“OfReg”), which has the overall responsibility of regulating the electricity, information and communications technology, and the petroleum industries in the Cayman Islands. OfReg assesses CUC’s performance against the performance standard expectations in accordance with the Utility Regulation and Competition Office Act (2024). Performance standards provide a balanced framework of potential penalties or rewards compared to historical performance in the areas of planning, reliability, operating and overall performance. Standards include “zones of acceptability” where no penalties or rewards would apply.

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

Customer Rates

The Licences contain the provision for a rate cap and adjustment mechanism (“RCAM”) based on published consumer price indices. CUC’s return on rate base (“RORB”) for 2023 was 7.76% (2022: 7.00%). CUC’s RORB for 2024 was targeted in the 8.25% to 10.25% range (2023: 7.50% to 9.50%).

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

Following review by OfReg, the Company increased base rates by 3.2%, with an effective date of June 1, 2024. This increase is a result of the applicable RORB and the combined changes in the United States of America (“US”) and the Cayman Islands consumer price indices, adjusted to exclude food and fuel.

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

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. OfReg has not approved the proposed rate rebalancing recommended by the COSS.

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. The difference between the calculated rate increase and the actual increase expressed as a percentage, shall be carried over and applied in addition to the normal RCAM adjustment in either of the two following years if the Company’s RORB is below the target range. In the event of a disaster, the Company would also write-off destroyed assets over the remaining life of the asset that existed at the time of destruction. Z-Factor rate changes will be required for insurance deductibles and other extraordinary expenses.

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

Deferral Mechanism

In April 2022, the Company submitted its annual rate adjustment to OfReg for review. The required rate increase as confirmed by OfReg was 5.4%, with an effective date of June 1, 2022. Due to economic conditions and rising fuel prices, OfReg approved the Company's proposal to defer billing of the required rate increase until January 1, 2023. For the period June 1, 2022 to December 31, 2022, the Company tracked the difference between billed revenues and revenues that would have been billed from the required rate increase as deferred revenue which was recovered within two years through a recovery rate of \$0.0019 per kWh. The amount recorded as a regulatory asset for the year ended December 31, 2022 was \$2.8 million and was fully recovered from customers as of December 31, 2024.

DataLink, Ltd.

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

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

Consolidation Accounting Policy

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

Results of Operations

Operating Revenues

Sales in kilowatt-hours ("kWh") for the year ended December 31, 2024 ("Fiscal 2024") were 749.3 million kWh, an increase of 22.3 million kWh or 3% compared to 727.0 million kWh for the year ended December 31, 2023 ("Fiscal 2023"). The increase was driven by the 2% growth in overall customer numbers and an increase in average consumption of residential and large commercial customer categories during 2024.

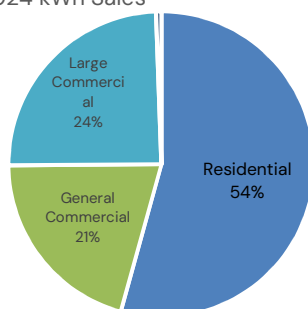
The average monthly temperature for Fiscal 2024 was 83.8 degrees Fahrenheit when compared to 84.0 degrees Fahrenheit in Fiscal 2023. The average rainfall for Fiscal 2024 was 6.1 inches when compared to 4.1 inches for Fiscal 2023. Despite the relatively cooler weather and increased rainfall, a record peak load of 128.0 MW was experienced on September 17, 2024.

Operating revenues for Fiscal 2024 totalled \$293.7 million, an increase of \$6.5 million from \$287.2 million for Fiscal 2023. The increase in operating revenues was due to higher electricity sales and Z-factor² revenue recognized in 2024 partially offset by lower fuel factor revenues.

Electricity sales revenues increased by \$7.7 million for Fiscal 2024 to \$121.9 million when compared to electricity sales revenues of \$114.2 million for Fiscal 2023. This increase is primarily driven by the 3% kWh sales growth and 3.2% base rate increase effective

June 1, 2024. Z-Factor revenue relates to the completion of the Battery Energy Storage System ("BESS") and the L2 Resiliency projects. These projects were approved for the Z-Factor Mechanism by the regulator.

2024 kWh Sales



Sales and Customer Highlights			
Total CUC customers and revenue only			
	Year Ended December 31, 2024	Year Ended December 31, 2023	% Change
Customers (fully stated, not in thousands)			
Residential	29,475	28,874	2%
General Commercial	4,694	4,627	1%
Large Commercial	111	110	1%
Total Customers	34,280	33,611	2%
Sales (in thousands kWh)			
Residential	406,886	396,680	3%
General Commercial	154,373	152,924	1%
Large Commercial	183,819	172,521	7%
Other (street lights, etc)	4,259	4,898	-13%
Total Sales	749,337	727,023	3%
Average Monthly Consumption Per Customer (kWh)			
Residential	1,162	1,153	1%
General Commercial	2,760	2,771	-
Large Commercial	139,083	138,039	1%
Revenues (in thousands of \$)			
Residential	65,254	61,582	6%
General Commercial	28,898	27,559	5%
Large Commercial	26,622	23,963	11%
Fuel Factor	163,615	166,573	-2%
Renewables	6,155	6,432	-4%
Z-Factor	1,999	-	100%
Other (street lights etc.)	1,139	1,116	2%
Total Operating Revenues	293,682	287,225	2%

Fuel factor revenues for Fiscal 2024 totalled \$163.6 million, a \$3.0 million decrease from the \$166.6 million in fuel factor revenues for Fiscal 2023. The net decrease was due to the 4% decrease in the average Fuel Cost Charge partially offset by the 3% increase in kWh sales. The average Fuel Cost Charge rate charged to consumers for Fiscal 2024 was \$0.23 per kWh, compared to the Fuel Cost Charge rate of \$0.24 per kWh for Fiscal 2023. The average fuel price per imperial gallon ("IG") used to determine the fuel cost charge rate to consumers for the year ended December 31,

² The Z-Factor mechanism is designed to recover expenses and investments that are outside of the T&D License regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge as approved by OfReg. During 2024, projects with approved Z-Factor mechanism were completed and applicable revenue was recorded against Regulatory Asset pending approval of the Z-Factor Rate by OfReg. These projects are required for maintaining and improving the reliability and safety of CUC's services.

2024 was \$3.90, compared to \$4.24 for the year ended December 31, 2023. Fuel Factor revenues consist of charges from diesel fuel and lubricating oil costs, which are passed through to consumers on a two-month lag basis with no mark-up.

The renewables revenues are a combination of charges from the Customer Owned Renewable Energy ("CORE") programme, Distributed Energy Resources ("DER") and Bodden Town Solar 1, Ltd., which are passed-through to consumers on a two-month lag basis with no mark-up. The Company has a Power Purchase Agreement ("PPA") with Bodden Town Solar 1, Ltd. for a 25-year term.

Operating Expenses

Total operating expenses for Fiscal 2024 increased by \$4.4 million to \$253.2 million from \$248.8 million for Fiscal 2023. The primary factors contributing to the increase in operating expenses were increases in depreciation, general and administration costs and maintenance costs partially offset by a decrease in power generation costs.

The primary reasons for the changes in the Company's operating expenses for the years ended December 31, 2023 and December 31, 2024 are as follows:

Significant Changes in Operating Expenses

(\$ in thousands)

Item	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change	Explanation
Power Generation	174,972	177,852	(2,880)	-2%	Decrease due to 8% decrease in average fuel cost partially offset by 3% increase in kWh generated.
Depreciation of Property, Plant and Equipment ("PP&E")	44,282	41,119	3,163	8%	Increase due to the completed capital projects during the period partially offset by the 25-year life extension resulting from the life cycle upgrades of two generating units.
General and Administration ("G&A")	14,406	12,615	1,791	14%	Increase mainly due to higher insurance premiums, employee benefits, legal and compensation cost partially offset by higher General Expenses Capitalized.
Maintenance	6,131	4,993	1,138	23%	Increase due to higher compensation cost and higher generation material costs partially offset by lower labour recharges.

Power generation expenses were as follows:

Power Generation

Fuel, Lubricating Oil and Renewables costs stated net of deferred charges (\$ thousands)

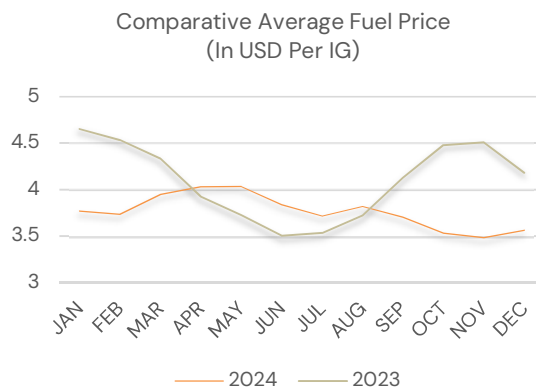
	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Fuel Costs	161,331	164,182	(2,851)	-2%
Lubricating Oil Costs (net of deferred lubricating oil costs)	2,284	2,391	(107)	-4%
Renewables Costs (net of deferred renewables costs)	6,155	6,432	(277)	-4%
Other Generation Expenses	5,202	4,847	355	7%
Total Power Generation expenses	174,972	177,852	(2,880)	-2%

The Company's average price per imperial gallon ("IG") of fuel for the year ended December 31, 2024 decreased by 9% to \$3.76 in comparison to \$4.11 for the twelve months ended December 31, 2023. The Company's average price per IG of lubricating oil for the twelve months ended December 31, 2024, decreased by 1% to \$16.26 when compared to \$16.38 for the twelve months ended December 31, 2023.

Total energy supplied to the grid for Fiscal 2024 was 776.9 million kWh, a 3% increase when compared to 753.6 million kWh for Fiscal 2023. Total energy supplied is the net amount of energy available to be transmitted and distributed for consumer use, including energy provided by renewable resources such as the CORE and DER programmes, and Bodden Town Solar 1, Ltd.'s Solar Farm.

Net fuel efficiency for Fiscal 2024 of 18.60 kWh per IG slightly decreased when compared to net fuel efficiency for Fiscal 2023 of 18.63 kWh per IG.

The fuel, lubricating oil and renewables costs are deferred for a period of two months. The deferrals are recorded in the Fuel Tracker Account (see Note 8 of the Notes to the Annual Consolidated Financial Statements for further details) and will be recovered from consumers.



Consumer Services

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

Trade receivables, less allowances for credit losses and consumer deposits as at December 31, 2024 were \$9.5 million, a decrease of \$4.3 million when compared to \$13.8 million as at December 31, 2023. This decrease was driven by the decrease in current customer receivables and decrease in allowance for credit losses partially offset by an increase in consumer deposits. The decrease in Allowance for Credit Losses was due to recovery of billing in arrears related to CCTV pole attachments and write-off of long outstanding receivables. Customer deposits as at December 31, 2024 totalled \$14.9 million, an increase of \$1.0 million when compared to customer deposits of \$13.9 million as at December 31, 2023. The increase in consumer deposits was due to the increase in consumer numbers, increase in the average customer bill and deposits from large developments.

Trade and Other Receivable					
(\$ thousands)					
	As at December 31, 2024	As at December 31, 2023	Change	% Change	
Current	20,170	25,625	-5,455	-21%	
Past due 31-60 days	1,354	1,237	117	9%	
Past due 61-90 days	346	125	221	177%	
Past due over 90 days	4,584	3,533	1,051	30%	
Total Trade and Other Receivable	26,454	30,520	-4,066	-13%	
Less: Allowance for Credit Losses	(2,058)	(2,817)	759	27%	
Less: Consumer Deposits	(14,859)	(13,889)	-970	-7%	
Net of Allowance of Credit Losses and Customer Deposits	9,537	13,814	-4,277	-31%	

Other Income and Expenses

Other income and expenses were as follows:

Other Income & Expenses				
(\$ thousands)				
	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Total Interest Costs	(20,227)	(18,443)	(1,784)	-10%
Allowance for Funds Used During Construction ("AFUDC")	14,373	11,988	2,385	20%
Total Finance Charges	(5,854)	(6,455)	601	9%
Foreign Exchange Gain	2,320	2,253	67	3%
Other Income	5,731	4,445	1,286	29%
Total Net Other Income	2,197	243	1,954	804%

Finance charges for Fiscal 2024 totalled \$5.9 million, a decrease of \$0.6 million when compared to \$6.5 million for Fiscal 2023.

The T&D Licence allows for the capitalisation of the finance cost related to capital projects. AFUDC is calculated by multiplying the Company's cost of capital rate by the average work in progress for each month. The Company's cost of capital rate is reviewed annually. During 2024, the cost of capital was 9.25% (2023: 8.5%). The AFUDC amount for Fiscal 2024 totalled \$14.4 million, an increase of \$2.4 million from \$12.0 million for Fiscal 2023.

Foreign exchange gains and losses are the result of monetary assets and liabilities denominated in foreign currencies that are translated into United States dollars at the exchange rate prevailing on the date of the balance sheet. Revenue and expense items denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing on the transaction date. Foreign exchange gains totalled \$2.3 million for Fiscal 2024 comparable to \$2.3 million for Fiscal 2023.

Other income is comprised of income from the third-party customers of DataLink, income from pipeline operations, sale of meter sockets, sale of recyclable materials, performance rewards as part of the T&D Licence and other miscellaneous income. Other income totalled \$5.7 million for Fiscal 2024, a \$1.3 million increase from \$4.4 million for Fiscal 2023. This increase was primarily attributable to income from recovery of billing in arrears related to CCTV pole attachments and higher income from pipeline operations. Revenues from DataLink recorded in other income for Fiscal 2024 amounted to \$2.1 million, comparable to \$2.1 million for Fiscal 2023.

Earnings

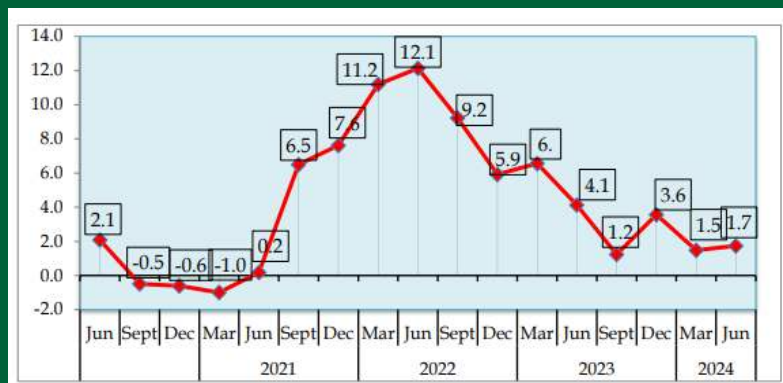
Operating income for the year ended December 31, 2024 totalled \$40.5 million, a \$2.1 million or 5% increase from operating income of \$38.4 million for the year ended December 31, 2023. This increase was primarily attributable to a 3% increase in kWh sales, 3.2% base rate increase effective June 1, 2024 and the Z-Factor revenue for approved projects. These factors were partially offset by higher depreciation, general and administrative expenses and maintenance costs.

Net earnings for Fiscal 2024 were \$42.7 million, a \$4.0 million or 10% increase from net earnings of \$38.7 million for Fiscal 2023. This increase is primarily attributable to higher operating income, higher net other income and lower finance charges.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Fiscal 2024 were \$41.7 million, or \$1.08 per Class A Ordinary Share, as compared to \$37.7 million, or \$1.00 per Class A Ordinary Share, for Fiscal 2023. The Company calculates earnings per share on the weighted average number of Class A Ordinary Shares outstanding. The weighted average number of Class A Ordinary Shares outstanding were 38,756,510 and 37,779,724 for the years ended December 31, 2024 and December 31, 2023, respectively.

The Economy

In July 2024, the Cayman Islands Economics and Statistics Office published the Cayman Islands' Consumer Price Index ("CPI") Report for Second Quarter of 2024. The average CPI in the Second Quarter 2024 was 132.7, higher by 1.7% in comparison to Second Quarter 2023. This represents a net increase in the overall index, driven mainly by higher prices of communication (10.3%) and education (9.4%) partially offset by the decline in Clothing & Footwear (-3%) and Transport sector (-3%). When compared to the previous quarter ended March 2024, the Second Quarter 2024 CPI increased by 0.1%.



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

Indicators for the Financial Services Industry

(for the years ended December 31)

	2024	2023	2022	2021	2020
Bank Licences	79	87	94	101	110
Mutual Funds	12,858	13,008	12,995	12,719	11,312
Mutual Fund Administrators	69	74	74	75	76
Registered Companies	118,443	119,626	119,128	99,327	111,568
Captive Insurance Companies	721	708	686	686	679

The tourism sector is the second main pillar of the Cayman Islands economy. In 2024, the Cayman Islands experienced steady growth in tourism. Both stayover and cruise arrivals continued to rise; however, total visitation decreased by 11% compared to the same period in 2023.

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

Tourist Arrivals to the Cayman Islands

(for the years ended December 31)

	2024	2023	2022	2021	2020
By Air	437,842	429,284	180,624	2,212	121,819
By Sea	1,076,875	1,270,981	426,293	-	538,140
Total	1,514,717	1,700,265	606,917	2,212	659,959

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

Capital Resources

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

Certain of the Company's long-term debt obligations have covenants restricting the issuance of additional debt such that consolidated debt cannot exceed 65% of the Company's consolidated capital structure, as defined by short-term and long-term debt agreements. As at December 31, 2024, the Company was in compliance with all debt covenants.

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

Capital Structure				
(\$ thousands)				
	December 31, 2024	%	December 31, 2023	%
Total Debt	397,950	50	389,145	55
Shareholders' Equity	393,374	50	324,742	45
TOTAL	791,324	100	713,887	100

The change in the Company's capital structure between December 31, 2024 and December 31, 2023 was a net effect of the \$80.0 million Senior Unsecured Notes issued in May 2024, the principal payments of \$19.8 million made on the Company's Senior Unsecured Notes and the Rights Offering during the year.

On May 15, 2024, the Company completed the private placement of \$80.0 million aggregate principal amount of 6.17% and 6.37% Senior Unsecured Green Notes in the amounts of \$40.0 million and \$10.0 million due May 15, 2039 and May 15, 2049, respectively, and 6.37% Senior Unsecured Notes in the amount of \$30.0 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

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

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

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

DBRS A (low)/ Stable

S&P BBB+/ Negative

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

In February 2025, DBRS Morningstar affirmed the Company's "A" credit rating while maintaining the categorization of low with a

stable trend. The current 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 June 2024, reflecting the outlook for Fortis Inc., S&P affirmed CUC's negative rating due to physical risks for a relatively small, island-based utility that is vulnerable to natural disasters following its risk assessment in the wake of the Hawaiian wildfires of August 2023. S&P has assessed the elevated exposure to physical events, including storms, hurricanes and flooding as an effect of climate change.

Liquidity

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

The following table outlines the summary of cash flow for Fiscal 2024 compared to Fiscal 2023:

Cash Flows				
(\$ thousands)				
	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Beginning Cash	3,987	7,948	(3,961)	-50%
Cash Provided By/(Used In):				
Operating Activities	91,464	80,781	10,683	13%
Investing Activities	(100,434)	(101,215)	781	-1%
Financing Activities	25,183	16,473	8,710	53%
Ending Cash	20,200	3,987	16,213	407%

Operating Activities:

Cash flow provided by operations, after working capital adjustments, for Fiscal 2024, was \$91.5 million, an increase of \$10.7 million from \$80.8 million for Fiscal 2023. This increase was due to the movement in regulatory deferrals which include recovery of deferred revenue and movement in accounts receivable, partially offset by movement in accounts payable and inventories.

Investing Activities:

Cash used in investing activities for Fiscal 2024 totalled \$100.4 million, a decrease of \$0.8 million from \$101.2 million for Fiscal 2023. This decrease was primarily due to slightly lower capital expenditures during Fiscal 2024. Significant projects include Life Cycle Upgrade of three generating units, transmission and distribution upgrades and the Battery Energy Storage System which were completed during the year.

Financing Activities:

Cash provided by financing activities totalled \$25.2 million for Fiscal 2024, an increase of \$8.7 million when compared to \$16.5 million of cash provided by financing activities for Fiscal 2023. The net increase was from the proceeds of long-term debt and the Rights Offering partially offset by repayment of short-term debt, loan repayments and dividend payments during 2024.

Cash Flow Requirements:

The Company expects that operating expenses and interest costs will generally be paid from the Company's operating cash flows, with residual cash flows available for capital expenditures and dividend payments. Borrowings under credit facilities may be required from time to time to support seasonal working capital requirements. Cash flows required to complete planned capital expenditures are expected to be financed through a combination of proceeds from operating cash, debt and equity transactions. The Company expects to be able to source the cash required to fund its 2025 capital expenditure programme (see the "Business Risks" section of this MD&A for details regarding the Company's liquidity risk).

Credit Facilities

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

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

As at December 31, 2024, \$82.0 million was available under the Company’s credit facilities (2023: \$22.4 million).

Contractual Obligations

As at December 31, 2024, the contractual obligations of the Company over the next five years and periods thereafter are outlined in the following table:

Contractual Obligations					
(\$ thousands)					
	Total	< 1 year	1 to 3 years	4 to 5 years	> 5 years
Total Debt	399,611	19,935	37,727	44,593	297,356
Long-Term Debt Interest	235,009	19,265	36,203	33,289	146,252
Total	634,620	39,200	73,930	77,882	443,608

Power Purchase Agreement (“PPA”)

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

Fuel Purchase Obligation

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

Financial Position

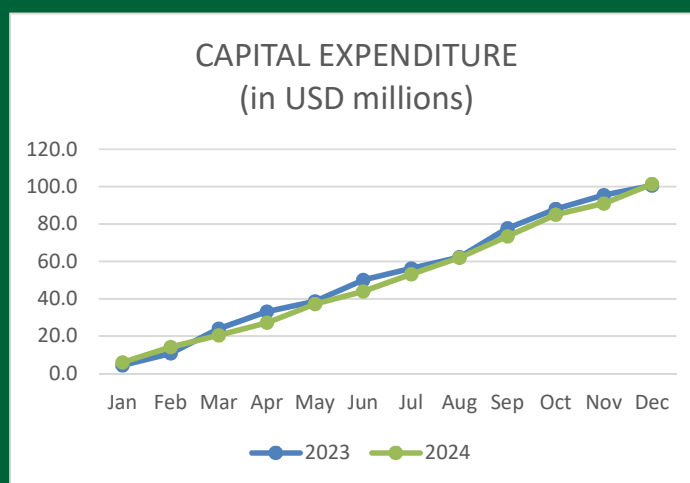
The following table is a summary of significant changes to the Company's balance sheet, when comparing Fiscal 2024 to Fiscal 2023.

Significant Changes in Balance Sheet		
(\$ thousands)		
Balance Sheet Account	Increase/ (Decrease) (\$ thousands)	Explanation
Cash and Cash Equivalents	16,213	Net increase due to cash provided by operating activities of \$91.5 million and financing activities of \$25.2 million partially offset by cash used in investing activities of \$100.4 million.
Accounts Receivable	(3,307)	Decrease due to lower fuel cost charged to customers, partially offset by higher kWh electricity sales during the year.
Regulatory Assets	(1,391)	Decrease due to lower fuel cost which are passed through to customers without mark-up and the recovery of 2022 deferred revenue. These factors were partially offset by the increase in deferred temporary generation lease and accrued Z-Factor revenues.
Regulatory Liabilities	3,192	Increase due to over collection for licence and regulatory fees.
Property, Plant and Equipment	55,491	Increase due to capital expenditures for the period, partially offset by an increase in accumulated depreciation.
Other Assets	4,955	Increase due to the extension of Lease for temporary generators and an additional 10MW temporary generator leased during the year.
Accounts Payable and Accrued Expenses	(5,035)	Decrease mainly attributable to lower fuel costs payable.
Bank Overdraft	(8,637)	Decrease due to repayment of an overdraft facility.
Short term debt	(51,000)	Decrease due to repayment of short-term debt of \$51 million.
Long-Term Debt	59,805	Increase due to long-term debt issuance of \$80.0 million in May 2024 partially offset by the principal payments made on the Company's Senior Unsecured Notes in Fiscal 2024
Share Premium	54,776	Increase due to the issuance of 4,113,826 Class A Ordinary Shares through the Rights Offering and share purchase plans.
Retained Earnings	12,958	Increase due to net earnings for the year of \$42.7 million, offset by dividend payments on the Class A Ordinary Shares of \$28.7 million and Class B Preference Shares of \$1.0 million.

Capital Expenditures

Capital expenditures net of contribution in aid of construction for Fiscal 2024 were \$100.6 million, a \$3.0 million, or 3% increase from \$97.6 million in capital expenditures for Fiscal 2023. The capital expenditures for Fiscal 2024 primarily related to:

- Distribution System Extension and Upgrades – \$24.3 million.
- Lifecycle Upgrades – \$18.6 million.
- Generation Replacement – \$13.1 million.
- Battery Energy Storage System – \$8.7 million.
- Resiliency Projects – \$8.1 million.
- Frank Sound 69/13kV Substation – \$4.7 million.
- AFUDC of \$14.4 million was capitalised in Fiscal 2024.



Capital Expenditures (\$ thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change	Forecast 2025
Transmission	14,623	5,233	9,390	179%	12,382
Distribution	30,655	29,748	907	3%	35,628
Generation	51,986	60,709	(8,723)	-14%	114,741
Other	3,302	1,902	1,400	74%	7,542
Total	100,566	97,592	2,974	3%	170,293

Off Balance-Sheet Arrangements

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

Business Risks

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

Operational Risks

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

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

Economic Conditions

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

Regulation

The Company operates within a regulated environment and the operations of the Company are subject to the normal uncertainties faced by regulated companies. Such uncertainties include approval by OfReg of adjustments to billing rates that allow a reasonable opportunity to recover, on a timely basis, the estimated costs of providing services, including a fair return on rate base assets and the assessment of penalties against the Company for not meeting regulatory performance standards. The Company's capital expenditure plan requires regulatory approval. There is no assurance that capital projects determined as being required by management of the Company will be approved by OfReg. In addition, while in the event of a large uninsurable loss the Company would apply to OfReg for recovery of these costs through higher rates, there is no assurance that OfReg would approve such application.

Environmental Matters

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

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

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

In July 2023, the Cayman Islands' Ministry of Sustainability & Climate Resiliency and the Energy Policy Council led a review of the National Energy Policy ("NEP") and Implementation Plan. Approved in 2017, the initial NEP covered the period 2017 – 2037 and was planned to be reviewed every five years, not only to monitor and report on progress, but also to reset the targets and implementation plans in recognition of opportunities that will arise from the constantly changing technological environment. The NEP seeks to establish a framework with which all stakeholders can identify, which sets the stage for the achievement of the territory's energy goals and considers the imperative need to reduce greenhouse gas emissions, thereby lowering the carbon footprint of the Cayman Islands. The revised NEP covers the period from 2024 to 2045 and focuses on renewable energy, energy conservation methods and the promotion of energy efficiency.

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

Weather and Natural Disasters

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

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

Climate Change and Physical Risks

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

Insurance – Terms and Coverage

The Company renewed its insurance policy in July 2024 for one year under similar terms and coverage as in prior years. Insurance terms and coverage include \$250.0 million in property and machinery breakdown insurance and business interruption insurance with a 24-month indemnity period and a waiting period on non-named Wind and other perils of 60-days. Any Named Wind, Quake and Flood occurrence has a 45-day waiting period. All T&D assets outside of 1,000 feet from the boundaries of the main power plant and substations are excluded, as the cost of such coverage is not considered economical. There is a single event cap of \$100 million for Named Wind, Quake or Flood and \$250 million otherwise. Each "loss occurrence" is subject to a deductible of \$1.0 million, except for Named Wind (including hurricane) and Quake for which the deductible is 2% of the value of each location that suffers loss, but subject to a minimum deductible of \$1.0 million and maximum deductible of \$4.0 million for all interests combined. The Company maintains insurance coverage to cover weather risks that management of the Company believe is appropriate and consistent with insurance policies obtained by similar companies.

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

Defined Benefit Pension Plan

The Company maintains a defined benefit pension plan, which provides a specified monthly benefit on retirement irrespective of individual investment returns. There are currently two participants in the pension plan. The assumed long-term rate of return on pension plan assets for the purposes of estimating pension expense for 2024 is 5.9%. This compares to assumed long-term rate of return of 5.9% used during 2023. There is no assurance that the pension plan assets will be able to earn the assumed rate of return. The gain on pension plan assets during 2024 was 5% due to the investment performance (2023: gain of 43%).

Market driven changes impacting the performance of the pension plan assets may result in material variations in actual return on pension plan assets from the assumed return on the assets causing material changes in consolidated pension expense and funding requirements. Net pension expense is impacted by, among other things, the amortisation of experience and actuarial gains or losses and expected return on plan assets. Market driven changes impacting other pension assumptions, including the assumed discount rate, may also result in future consolidated contributions to pension plans that differ significantly from current estimates as well as causing material changes in consolidated pension expense. The discount rate assumed for 2024 is 5.6% compared to the discount rate assumed during 2023 of 5.2%.

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

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

Cybersecurity and Information and Operations Technology

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

Information and operations technology systems may be vulnerable to 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.

Financial Instruments

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

Accounting Policies

The 2024 Annual Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used to prepare the Company’s 2023 Annual Audited Consolidated Financial Statements.

New Accounting Policies

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

Future Accounting Policies

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

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

Critical Accounting Estimates

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

Employee Future Benefits

The Company's defined benefit pension plan is subject to judgments utilised in the actuarial determination of the expense and related obligation. There are currently two participants in the Company's defined benefit pension plan. The main assumptions utilised by management of the Company in determining pension expense and obligations were the discount rate for the accrued benefit obligation, inflation and the expected rate of return on plan assets. As at December 31, 2024, the Company has long-term pension assets of \$0.2 million (December 31, 2023: Liability of \$0.5 million).

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

Depreciation is an estimate based primarily on the estimated useful life of the asset. Estimated useful life is based on current facts and historical information and takes into consideration the anticipated physical life of the assets. As at December 31, 2024, the net book value of the PP&E was \$750.6 million, compared to \$695.2 million as at December 31, 2023, increasing as a result of the Company's generation and T&D capital expenditures. Depreciation expense for Fiscal 2024 was \$44.3 million compared to \$41.1 million for Fiscal 2023. Due to the value of the Company's PP&E, changes in depreciation rates can have a significant impact on the Company's depreciation expense.

Selected Annual Financial Information

The following table sets out the annual financial information of the Company for the financial years ended December 31, 2024, 2023 and 2022.

Selected Annual Financial Information			
(\$ thousands, except Earnings per Class A Ordinary Share, Dividends declared per Class A Ordinary Share and where otherwise indicated)			
	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Total Operating Revenues	293,682	287,225	267,336
Net Earnings for the Year	42,687	38,660	33,179
Earnings on Class A Ordinary Shares	41,685	37,690	32,209
Total Assets	850,962	777,807	726,539
Short-Term Debt and Current Portion of Long-Term Debt	19,935	70,935	19,481
Long-Term Debt	378,015	318,210	338,030
Preference Shares	249	250	250
Total Shareholders' Equity	393,374	324,742	308,234
Earnings per Class A Ordinary Share	1.08	1.00	0.86
Diluted Earnings per Class A Ordinary Share	1.08	1.00	0.86
Dividends Declared per Class A Ordinary Share	0.735	0.715	0.700
Dividends Declared per Class B Preference Share	4.02	3.94	3.88

Comparative results 2024/2023

Operating revenues for Fiscal 2024 totalled \$293.7 million, an increase of \$6.5 million from \$287.2 million for Fiscal 2023. The increase in operating revenues was due to higher electricity sales and Z-factor revenue recognized in 2024 partially offset by lower fuel factor revenues.

Net earnings for Fiscal 2024 were \$42.7 million, a \$4.0 million increase from net earnings of \$38.7 million for Fiscal 2023. This increase is primarily attributable to higher operating income, other income and lower finance charges. For a discussion of the reasons for the changes in Operating Revenues, Earnings on Class A Ordinary Shares and Earnings per Class A Ordinary Share, refer to the "Operating Revenues" and "Earnings" sections of this MD&A.

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

2024 Fourth Quarter Results

Sales for the three months ended December 31, 2024 ("Fourth Quarter 2024") were 178.4 million kWh, a slight decrease of 1.3 million kWh when compared to 179.7 million kWh for the three months ended December 31, 2023 ("Fourth Quarter 2023"). The decrease was driven by a decrease in the small commercial and residential customers' kWh consumption in Fourth Quarter 2024. The average temperature during Fourth Quarter 2024 was 82.5 degrees Fahrenheit when compared to 83.6 degrees Fahrenheit in Fourth Quarter 2023. Net earnings for the Fourth Quarter were \$12.0 when compared to \$9.5 million for the Fourth Quarter 2023. Electricity sales and Z-Factor revenue for the Fourth Quarter 2024 was \$31.4 million (Fourth Quarter 2023: \$28.8 million).

Total operating expenses for the Fourth Quarter 2024 decreased by 4% or \$2.9 million to \$62.4 million from \$65.3 million for the Fourth Quarter 2023. The main contributing factors to this decrease were due to lower maintenance and transmission and distribution costs partially offset by higher depreciation and general and administration costs.

Cash flow provided by operations, after working capital adjustments, for the Fourth Quarter 2024, was \$20.3 million, an increase of \$5.2 million when compared to \$15.1 million for the Fourth Quarter 2023. This increase was primarily due to changes in non-cash working capital balances particularly the changes in accounts receivables and account payables. Cash used in investing activities totalled \$27.4 million for the Fourth Quarter 2023, an increase of \$5.3 million from \$22.1 million for the Fourth Quarter 2023. The increase was due to higher capital expenditures. Cash provided by financing activities totalled \$23.0 million for the Fourth Quarter 2024, an increase of \$18.5 million from \$4.5 million provided by financing activities for the Fourth Quarter 2023.

The increase was mainly due to proceeds from the Rights Offering offset by repayment of the overdraft loan facility. Capital expenditures for the Fourth Quarter 2024 were \$27.5 million, a \$3.6million, or 15%, increase from \$23.9 million for the Fourth Quarter 2023.

Quarterly Results

The following table summarises unaudited quarterly information for each of the eight quarters ended March 31, 2023 through December 31, 2024. This information has been obtained from CUC's unaudited interim financial statements, which management of the Company prepared in accordance with US GAAP. These operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

Quarterly Results						
(\$ thousands, except Earnings per Class A Ordinary Share and Diluted Earnings per Class A Ordinary Share)						
	Operating Revenue	Net Earnings	Earnings on Class A Ordinary Shares	Earnings per Class A Ordinary Share	Diluted Earnings per Class A Ordinary Share	
December 31, 2024	73,531	11,970	11,304	0.28	0.28	
September 30, 2024	80,676	14,446	14,334	0.38	0.38	
June 30, 2024	70,763	10,113	10,001	0.26	0.26	
March 31, 2024	68,712	6,158	6,046	0.16	0.16	
December 31, 2023	74,702	9,523	8,890	0.24	0.24	
September 30, 2023	73,574	13,936	13,824	0.36	0.36	
June 30, 2023	67,868	9,988	9,876	0.26	0.26	
March 31, 2023	71,081	5,213	5,100	0.14	0.14	

December 2024/December 2023

Net earnings for the three months ended December 31, 2024 ("Fourth Quarter 2024") were \$12.0 million, a \$2.5 million increase when compared to \$9.5 million for the three months ended December 31, 2023 ("Fourth Quarter 2023"). This increase was due to higher electricity sales and Z-Factor revenues of 31.4 million (Fourth Quarter 2023: \$28.8 million) and lower maintenance costs of \$1.0 million (Fourth Quarter 2023: \$1.2 million), partially offset by higher depreciation of \$11.4 million (Fourth Quarter 2023: \$10.6 million) and higher general and administration expenses of \$3.3 million (Fourth Quarter 2023: \$2.2 million).

After adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the Fourth Quarter 2024 were \$11.3 million, or \$0.28 per Class A Ordinary Share, as compared to \$8.9 million, or \$0.24 per Class A Ordinary Share for the Fourth Quarter 2023.

September 2024/September 2023

Operating income for the Third Quarter 2024 totalled \$13.8 million, a decrease of \$0.1 million compared to operating income of \$13.9 million for the Third Quarter of 2023. This decrease was primarily attributable to the 2% increase in kWh sales and the 3.7% and 3.2% base rate increases effective June 1, 2023 and June 1, 2024, respectively, partially offset by higher general and administration and transmission and distribution expenses.

Net earnings for Q3 2024 were \$14.4 million, a \$0.5 million or 4% increase from net earnings of \$13.9 million for Q3 2023. This increase was primarily attributable to higher other income and lower finance charges.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q3 2024 were \$14.3 million, or \$0.38 per Class A Ordinary Share, as compared to \$13.8 million, or \$0.36 per Class A Ordinary Share for Q3 2023.

June 2024/June 2023

Operating income for the Second Quarter 2024 totalled \$10.0 million, an increase of \$0.1 million compared to operating income of \$9.9 million for the Second Quarter of 2023. This increase was primarily attributable to the 5% increase in kWh sales and the 3.7% and 3.2% base rate increases effective June 1, 2023 and June 1, 2024, respectively, partially offset by higher depreciation, maintenance and general and administration costs.

Net earnings for Q2 2024 were \$10.1 million, a \$0.1 million or 1% increase from net earnings of \$10.0 million for Q2 2023. This increase was primarily attributable to higher operating income partially offset by higher finance charges.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q2 2024 were \$10.0 million, or \$0.26 per Class A Ordinary Share, as compared to \$9.9 million, or \$0.26 per Class A Ordinary Share for Q2 2023.

March 2024/March 2023

Operating income for the First Quarter 2024 totalled \$5.6 million, an increase of \$0.3 million compared to operating income of \$5.3 million for the First Quarter of 2023. This increase was primarily attributable to the 6% increase in kWh sales and a 3.7% base rate increase effective June 1, 2023 partially offset by higher depreciation, maintenance, and transmission and distribution cost.

Net earnings for Q1 2024 were \$6.2 million, a \$1.0 million increase from net earnings of \$5.2 million for Q1 2023. This increase was primarily attributable to higher other income partially offset by increase in finance charges. During Q1 2024, the increase in Other Income was due to the recovery of billing in arrears amounting to \$0.6 million for a six-year period related to CCTV pole attachments.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Q1 2024 were \$6.0 million, or \$0.16 per Class A Ordinary Share, as compared to \$5.1 million, or \$0.14 per Class A Ordinary Share, for Q1 2023.

Disclosure Controls and Procedures

The President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), together with management of the Company, have established and maintained the Company’s /disclosure controls and procedures (“DC&P”), to provide reasonable assurance that material information relating to the Company is made known to them by others, including during the year ending December 31, 2024; and information required to be disclosed by the issuer in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation. Based on the evaluation performed of DC&P, it was concluded that the DC&P of CUC is adequately designed and operating effectively as of December 31, 2024.

Internal Controls over Financial Reporting (“ICFR”)

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

The design of CUC’s internal controls over financial reporting has been established and evaluated using the criteria set forth in the 2013 Internal Control-Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, it was concluded that CUC’s internal controls over financial reporting are adequately designed and operating effectively as of December 31, 2024.

There have been no changes in the Company’s ICFR that occurred during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Outlook

With steady economic growth in the Cayman Islands, the Company is expecting growth in electricity demand in 2025 and beyond. The Company submitted a Certificate of Need (“CON”) to OfReg in June 2024, as specified in the Company’s Transmission and Distribution Licence (2008). In recognition of the evolving energy demand on Grand Cayman, the submitted CON proposes the addition of 36.1 MW of firm capacity and 100 MW of solar plus storage to be connected by June 1, 2027. Should the Company’s CON be accepted, the procurement will reduce costs to consumers and meet or exceed, the incremental National Energy Policy (“NEP”) 2027 targets allowing for 39% of renewable energy penetration to be achieved by 2027 and a reduction in CO₂ emissions by 28% in comparison to 2019. The CON is currently being review by OfReg.

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

In September 2023, in its continuous effort to reduce the cost of energy production and carbon emissions, the Company sought qualification submissions from prospective natural gas suppliers. In line with the Cayman Islands NEP and the Company’s Integrated Resource Plan, CUC is committed to increase the use of cleaner energy and reduce greenhouse gas emissions over the long term. The Request for Proposal has been finalized and was issued to prequalified bidders in September 2024.

In 2022, the Company received the regulatory approval for lifecycle upgrades to five MAN generating units totalling 68MW of capacity. These upgrades will bring the engines up to the most current specification and facilitate a further 25 years of service after the upgrade. It will also prepare the engines for dual-fuel conversion which will allow the engines to run on natural gas and diesel. As of December 31, 2024, three out of five generating units have completed the life cycle upgrade. All units are expected to be completed by the fourth quarter of 2025.

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

With the increasing physical risk and continuing impact of climate change, CUC has established a more progressive approach to system hardening and resiliency of existing and proposed electrical utility infrastructure in Grand Cayman. As a result, standards have been set that will, on average, ensure that the infrastructure will have the capacity for weathering sustained winds of 108mph, with a safety factor allowance increasing potential resiliency to a Category 3 hurricane on the Saffir-Simpson scale. For transmission infrastructure, some additional measures have been utilized such as limited undergrounding, storm guying, concrete poles, and indoor Gas Insulated Switchgear substations.

During 2024, CUC completed 95% of the L2 transmission route Phase’s 1 and 2 underground civil infrastructure which encompasses roughly 3,450 feet or approximately two-third of a mile. CUC also completed 95% of the George Town Revitalization underground civil infrastructure which encompasses roughly 1,910 feet or over one-third of a mile. CUC is positioned to these sections commissioned in early 2025.

In October 2024, the Company submitted its 2025–2029 Capital Investment Plan (“CIP”) in the amount of \$463 million to OfReg for approval. OfReg is reviewing the CIP and a decision is expected in Q1 2025.

Subsequent Events: Outstanding Share Data

At February 14, 2025, the Company had issued and outstanding 42,122,142 Class A Ordinary Shares and 249,021, 9% cumulative Participating Class B Preference Shares.

Management's Responsibility for Financial Reporting

The accompanying Annual Consolidated Financial Statements of Caribbean Utilities Company, Ltd. and all information in the 2024 Annual Report have been prepared by management, who are responsible for the integrity of the information presented, including the amounts that must of necessity be based on estimates and informed judgements. These Annual Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States. Financial information contained elsewhere in the 2024 Annual Report is consistent with that in the Annual Consolidated Financial Statements.

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

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

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

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

Signed "Letitia T Lawrence"

Letitia T. Lawrence

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

Signed "JF Richard Hew"

J.F. Richard Hew

President & Chief Executive Officer
Caribbean Utilities Company, Ltd.

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Caribbean Utilities Company, Ltd (the "Company"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Regulatory Assets and Liabilities - Impact of Rate Regulation - Refer to Note 8 to the financial statements

Key Audit Matter Description

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

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

How the Key Audit Matter Was Addressed in the Audit

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
St. John's, Canada
February 14, 2025

Consolidated Balance Sheets

(Expressed in thousands of United States Dollars)

	Note	As at December 31, 2024	As at December 31, 2023
Assets			
Current Assets			
Cash		20,200	3,987
Accounts Receivable (Net of Allowance for Credit Losses of \$2,058 and \$2,817)	7	24,396	27,703
Regulatory Assets	8	33,171	34,562
Inventories	9	6,452	5,690
Prepayments		4,641	4,289
Total Current Assets		88,860	76,231
Property, Plant and Equipment, net	10	750,646	695,155
Other Assets		6,820	1,865
Intangible Assets, net	11	4,419	4,556
Defined Benefit Pension Asset	21	217	-
Total Assets		850,962	777,807
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts Payable and Accrued Expenses	12	32,530	37,565
Regulatory Liabilities	8	3,803	611
Bank Overdraft	18	-	8,637
Short Term Debt	18	-	51,000
Current Portion of Long-Term Debt	13	19,935	19,935
Consumers' Deposits and Advances for Construction	19	14,970	13,972
Current Portion Lease Liability	5	3,513	1,944
Total Current Liabilities		74,751	133,664
Defined Benefit Pension Liability	21	-	472
Long-Term Debt	13	378,015	318,210
Other Long-Term Liabilities	5, 15	4,822	719
Total Liabilities		457,588	453,065
Shareholders' Equity			
Share Capital ⁴	14	2,756	2,512
Share Premium		249,075	194,299
Retained Earnings		141,213	128,255
Accumulated Other Comprehensive Gain/Loss		330	(324)
Total Shareholders' Equity		393,374	324,742
Total Liabilities and Shareholders' Equity		850,962	777,807

See accompanying Notes to Annual Consolidated Financial Statements

Agreed on behalf of the Board of Directors by:

Signed "Sheree Ebanks"
Sheree L. Ebanks
 Chairperson of the Board of Directors

Signed "JF Richard Hew"
J.F. Richard Hew
 Director

⁴Consists of Class A Ordinary Shares of 42,122,022 and 38,008,196 issued and outstanding as at December 31, 2024 and 2023, respectively and Class B Preference Shares of 249,021 and 249,500 issued and outstanding as at December 31, 2024 and 2023, respectively.

Consolidated Statement of Earnings

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

	Note	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating Revenues			
Electricity Sales		121,913	114,220
Fuel Factor		163,615	166,573
Renewables		6,155	6,432
Z-Factor		1,999	-
Total Operating Revenues	6	293,682	287,225
Operating Expenses			
Power Generation	23	174,972	177,852
Depreciation		44,282	41,119
General and Administration	23	14,406	12,615
Transmission and Distribution	23	7,079	6,757
Maintenance	23	6,131	4,993
Consumer Services	23	5,201	4,578
Amortisation of Intangible Assets		1,121	894
Total Operating Expenses		253,192	248,808
Operating Income			
Other Income (Expenses):			
Finance Charges	20	(5,854)	(6,455)
Foreign Exchange Gain	22	2,320	2,253
Other Income		5,731	4,445
Total Net Other Income		2,197	243
Net Earnings for the Year			
Preference Dividends Paid- Class B			
Earnings on Class A Ordinary Shares			
Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid (in thousands)			
	16	38,757	37,780
Earnings per Class A Ordinary Share			
	16	1.08	1.00
Diluted Earnings per Class A Ordinary Share			
	16	1.08	1.00
Dividends Declared per Class A Ordinary Share			
		0.735	0.715

See accompanying Notes to Annual Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(Expressed in thousands of United States Dollars)

		Year Ended December 31, 2024	Year Ended December 31, 2023
Net Earnings for the Year		42,687	38,660
Other Comprehensive Loss:			
Net Actuarial gain	21	654	1,441
Amortisation of Net Actuarial Loss		-	92
Total Other Comprehensive Income		654	1,533
Comprehensive Income		43,341	40,193

See accompanying Notes to Annual Consolidated Financial Statements

Consolidated Statements of Shareholders' Equity

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

	Class A Ordinary Shares (in thousands)	Class A Ordinary Shares Value (\$)	Preference Shares (\$)	Share Premium (\$)	Accumulated Other Comprehensive Gain (\$)	Retained Earnings (\$)	Total Equity (\$)
As at December 31, 2023	38,008	2,262	250	194,299	(324)	128,255	324,742
Net earnings	-	-	-	-	-	42,687	42,687
Common share issuance and redemption	4,114	245	(1)	54,776	-	-	55,020
Defined benefit plans	-	-	-	-	654	-	654
Dividends on common shares	-	-	-	-	-	(28,727)	(28,727)
Dividends on preference shares	-	-	-	-	-	(1,002)	(1,002)
As at December 31, 2024	42,122	2,507	249	249,075	330	141,213	393,374
As at December 31, 2022	37,665	2,241	250	190,023	(1,857)	117,577	308,234
Net earnings	-	-	-	-	-	38,660	38,660
Common share issuance and redemption	343	21	-	4,276	-	-	4,297
Defined benefit plans	-	-	-	-	1,533	-	1,533
Dividends on common shares	-	-	-	-	-	(27,012)	(27,012)
Dividends on preference shares	-	-	-	-	-	(970)	(970)
As at December 31, 2023	38,008	2,262	250	194,299	(324)	128,255	324,742

See accompanying Notes to Annual Consolidated Financial Statements

Consolidated Statements of Cash Flows

(expressed in thousands of United States Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating Activities		
Net Earnings for the year	42,687	38,660
Items not affecting cash:		
Depreciation	44,282	41,119
Amortisation of Intangible Assets	1,121	894
Amortisation of Deferred Financing Costs	118	122
	88,208	80,795
Net changes in working capital balances related to operations:		
Accounts Receivable	3,307	(6,068)
Inventory	(762)	2,261
Prepaid Expenses	(352)	(286)
Accounts Payable	(5,357)	(4,513)
Net Change in Regulatory Assets and Regulatory Liabilities	4,583	7,046
Other	1,837	1,546
Cash flow related to operating activities	91,464	80,781
Investing Activities		
Purchase of Property, Plant and Equipment	(100,275)	(100,277)
Costs related to Intangible Assets	(983)	(1,275)
Proceeds on Disposed Asset	798	95
Contributions in Aid of Construction	26	242
Cash flow related to investing activities	(100,434)	(101,215)
Financing Activities		
(Decrease) / Increase in Bank Overdraft	(8,637)	8,637
Proceeds from Long-Term Debt Financing	80,000	-
Repayment of Long-Term Debt	(19,935)	(19,481)
Proceeds from Short Term Debt Financing	-	51,000
Repayment of Short-Term Debt	(51,000)	-
Dividends Paid	(27,358)	(25,084)
Net Proceeds from Share Issuance	52,113	1,401
Cash flow related to financing activities	25,183	16,473
Increase (Decrease) in net cash	16,213	(3,961)
Cash - Beginning of year	3,987	7,948
Cash - End of year	20,200	3,987
Supplemental disclosure of cash flow information:		
Interest paid during the year	19,592	18,370

See accompanying Notes to Annual Consolidated Financial Statements

Notes to Annual Consolidated Financial Statements

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

1. Nature of Operations and Consolidated Financial Statement Presentation

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

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

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

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

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

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

All intercompany balances and transactions have been eliminated on consolidation.

Rate Regulated Operations

CUC’s base rates are designed to recover all non-fuel and non-regulatory costs and include per kilowatt-hour (“kWh”) electricity charges and fixed facilities charges. Fuel cost charges, renewables costs, and regulatory fees are billed as separate line items. Base rates are subject to an annual review and adjustment each June through the Rate Cap and Adjustment Mechanism (“RCAM”) based on published consumer price indices. CUC’s return on rate base (“RORB”) for 2023 was 7.76% (2022: 7.00%). CUC’s RORB for 2024 was targeted in the 8.25% to 10.25% range (2023: 7.50% to 9.50%).

Following review by OfReg, the Company increased base rates by 3.2%, with an effective date of June 1, 2024. This increase is a result of the applicable RORB and United States (“US”) and Cayman Islands consumer price indices, adjusted to exclude food and fuel.

In April 2022, the Company submitted its annual rate adjustment to OfReg for review. The required rate increase as confirmed by OfReg was 5.4%, with an effective date of June 1, 2022. Due to economic conditions and rising fuel prices, OfReg approved the Company's proposal to defer billing of the required rate increase until January 1, 2023. For the period June 1, 2022 to December 31, 2022, the Company tracked the difference between billed revenues and revenues that would have been billed from the required rate increase as deferred revenue. The amount recorded as a regulatory asset for the year ended December 31, 2022 was \$2.8 million and was fully recovered from customers during Fiscal 2024 at \$0.0089 per kWh.

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. OfReg did not approve the proposed rate rebalancing recommended by the COSS.

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant accounting policies relate to:

Revenue Recognition

The majority of the Company's revenue is generated from electricity sales to customers based on published tariff rates, as approved by OfReg. Electricity is metered upon delivery to customers and recognised as revenue using OfReg approved rates when consumed. Meters are read each month and bills are issued to customers based on these readings. As a result, revenues/kWhs recorded as at December 31, 2024 are based upon actual bills for the period.

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

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

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

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

Consolidation Policy

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

Kilowatt-Hour ("kWh") Sales

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

Cash

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

Accounts Receivable

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

Allowance for Credit Losses

The Company adopted ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which requires the use of reasonable and supportable forecasts in the estimate of credit losses and the recognition of expected losses upon initial recognition of a financial instrument, in addition to using past events and current conditions. The guidance also requires quantitative and qualitative disclosures regarding the activity in the allowance for credit losses for financial assets within the scope of the guidance. Adoption did not have a material impact on the consolidated financial statements and related disclosures.

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

Inventories

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

Property, Plant and Equipment ("PP&E")

PP&E are stated at cost less accumulated depreciation.

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

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

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

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

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

	Years
Transmission and Distribution	20 to 50
Generation	20 to 50
Other: Motor Vehicles	5 to 15
Battery Energy Storage System	10 to 15
Equipment and Computers	3 to 20
Buildings	20 to 50

Depreciation, by its very nature is an estimate based primarily on the estimated useful life of the asset. Estimated useful lives are based on current facts and historical information and take into consideration the anticipated physical life of the assets.

Leases

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

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

Intangible Assets

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

Foreign Exchange

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

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

Other Income

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

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

Segment Information

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

Fair Values

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

Capital StockDividend Reinvestment Plan (the "Plan")

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

Customer Share Purchase Plan ("CSPP")

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

Employee Share Purchase Plan (“ESPP”)

The Company provides interest-free advances to employees to purchase Class A Ordinary Shares, with such advances recovered through payroll deductions over the next year. The maximum semi-annual participation is 1,000 Class A Ordinary Shares per employee. The ESPP is non-compensatory as shares purchased by the employee are obtained at the average market price calculated using the closing prices of Class A Ordinary Shares on the Toronto Stock Exchange (“TSX”) over a specified period. The amount owing to the Company from employees is included as an offset to Share Capital and Share Premium on the Balance Sheet (2024: \$0.4 million, 2023: \$0.4 million).

Performance Share Unit (“PSU”) Plan

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

Employee Benefit Plans

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

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

Financial Instruments

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

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

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

Derivatives

The Company uses derivatives to reduce the impact of volatility in the Fuel Cost Charge paid by the Company’s customers for the fuel that the Company must purchase in order to provide electricity service. The programme utilises call options to promote transparency in pricing and to create a ceiling price for fuel costs at pre-determined contract premiums.

The derivatives entered into by the Company relate to regulated operations and all contracts are recognised as either regulatory assets or liabilities and are measured at fair value. Any resulting gains or losses and changes to fair value are recorded in the regulatory asset/regulatory liability accounts, subject to regulatory approval. Cash inflows and outflows associated with the settlement of all derivative instruments are included in operating cash flows on the Company’s statements of cash flows.

Taxation

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

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

3. Future Accounting Policies

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

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

4. New Accounting Policies

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

5. Leases

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

In 2022, the Company contracted to lease 5MW of temporary generation equipment ("Temporary Generation") to provide a reserve margin adequate to ensure acceptable levels of reliable service. The lease period is for a minimum of 24 calendar months commencing on the day the equipment was received by the Company in November 2022. The lease was subsequently extended to October 2027. Note 8 (h)

In 2023, the Company contracted to lease an additional 5MW of Temporary Generation to meet reliably the growing generation needs. The lease period is for a minimum of 12 calendar months, with option to renew, commencing on the day the equipment is received by the Company. The lease agreement includes rental payments, mobilization and demobilization costs and variable cost based on excess generation. The renewal option was exercised, and the lease will now expire in December 2027. Note 8 (i)

In March 2024, the Company contracted to lease an additional 10MW of Temporary Generation ("Block Three") to meet the projected increasing energy demand for 2024. The lease period is for a minimum of 12 calendar months with option to renew commencing on the day the equipment was received by the Company in Q2 2024. Block Three increased the total temporary generation to 20MW in December 31, 2024. The regulatory treatment of Block Three is pending OfReg's approval. Note 8 (j)

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

Operating Leases			
(\$ thousands) Operating	Classification	As at December 31, 2024	As at December 31, 2023
Lease Assets	Other Assets	6,813	1,854
Current Portion Lease Liability	Current Portion of Lease Liability	3,513	1,944
Non-current Operating Lease Liability	Other Long-Term Liabilities	3,298	-

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

(\$ thousands)	Classification	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating Lease Costs	Operating Expenses	226	204
Variable Lease Costs	Operating Expenses	-	4
Total Lease Costs		226	208

Total payments made related to the lease of Temporary Generation amounted to \$2.8 million (2023: \$1.3 million) for the year ending December 31, 2024. OfReg has approved that all rental fees and costs associated with the temporary rental generation units contracted in 2022 will be treated as Regulatory Assets to be amortized over a 10-year period (Note 8i). The additional Temporary Generation contracted in 2023 will be recovered from the customer through an approved Z-factor rate (Note 8i). The regulatory treatment of Temporary Generation acquired in 2024 is pending OfReg's approval (Note 8j).

As of December 31, 2024, the Company had the following future minimum lease payments:

Future Minimum Lease Payments		
(\$ thousands)	Operating Lease	
2025	2,985	
2026	1,839	
2027	1,946	
Thereafter	-	
Total	6,770	
Less: Imputed Interest	(475)	
Present Value of Lease Liability	6,295	

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

6. Operating Revenues

Operating Revenues			
(\$ thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023	Change %
Electricity Sales Revenues			
Residential	65,254	61,582	6%
Commercial	55,520	51,522	8%
Other (street lighting etc.)	1,139	1,116	2%
Total Electricity Sales Revenues	121,913	114,220	7%
Fuel Factor	163,615	166,573	-2%
Renewables	6,155	6,432	-4%
Z-Factor	1,999	-	100%
Total Operating Revenues	293,682	287,225	2%

Electricity Sales Revenue

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

Fuel Factor

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

Renewables

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

Z-Factor

Z-Factor mechanism is designed to recover expenses and investments that are outside of the T&D License regular rate setting process. The expense or investment is recovered through a Z-factor rate surcharge as approved by OfReg. During 2024, BESS and Resiliency projects with approved Z-Factor mechanism were completed and applicable revenue was recorded against Regulatory Asset pending approval of the Z-Factor Billing Rate by OfReg.

7. Accounts Receivable, net

Accounts Receivable		
(\$ thousands)	As at December 31, 2024	As at December 31, 2023
Billings to Consumers	24,684	28,250
Other Receivables	1,770	2,270
Allowance for Credit Losses	(2,058)	(2,817)
Accounts Receivable, net	24,396	27,703

Other Receivables

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

Allowance for Credit Losses

Accounts receivable are recorded net of an allowance for credit losses. The change in the allowance for credit losses balance from December 31, 2024 to December 31, 2023 is listed in the following table.

Allowance for Credit Losses		
(\$ thousands)	As at December 31, 2024	As at December 31, 2023
Beginning of Year	(2,817)	(2,241)
Credit Loss Expensed net of deferral	(223)	(582)
Write-off	386	23
Recoveries	596	(17)
Allowance for Credit Losses, net	(2,058)	(2,817)

8. Regulatory Assets and Liabilities

Regulatory Assets and Liabilities			
(\$ thousands)			
Asset/Liability	Description	As at December 31, 2024	As at December 31, 2023
Regulatory Assets	Fuel Tracker Account (a)	24,386	30,408
Regulatory Assets	Miscellaneous Regulatory Assets (b)	29	56
Regulatory Assets	Government & Regulatory Tracker Account (c)	-	35
Regulatory Assets	Deferred 2022 Revenues (f)	-	1,382
Regulatory Assets	Temporary Generation Lease 2022 (h)	2,455	1,515
Regulatory Assets	Temporary Generation Lease 2023 (i)	2,313	1,166
Regulatory Assets	Temporary Generation Lease 2024 (j)	1,989	-
Regulatory Assets	Z-Factor BESS (k)	1,900	-
Regulatory Assets	Z-Factor Resiliency (l)	99	-
Total Regulatory Assets		33,171	34,562
Asset/Liability	Description	As at December 31, 2024	As at December 31, 2023
Regulatory Liabilities	Demand Rate Recoveries(d)	-	(243)
Regulatory Liabilities	Deferred COVID-19 Costs (e)	-	(269)
Regulatory Liabilities	Government & Regulatory Tracker Account (c)	(3,803)	-
Regulatory Liabilities	Deferred Fuel Revenues (g)	-	(99)
Total Regulatory Liabilities		(3,803)	(611)

- a) Fuel Tracker Account – The T&D Licence established a fuel tracker mechanism to ensure the Company and the consumers neither gain nor lose from the pass-through of fuel costs. The purpose of the fuel tracker account is to accumulate actual fuel and renewables costs incurred less fuel factor revenues collected. This account represents deferred accumulated fuel and renewables costs to be recovered from or reimbursed to the consumers on a two-month lag. The receivable or payable value represents a regulatory asset or liability. The net position of the fuel tracker accounts fluctuates monthly and is affected by fuel prices and electricity consumption.
- b) Miscellaneous Regulatory Assets – Represent costs incurred by the Company, other than fuel and the specifically itemised licence and regulatory fees, to be recovered through the Company's base rates on terms as agreed with OfReg.
- c) Government and Regulatory Tracker Account – The balance in this account represents the difference between the fixed amounts to be collected and actual amounts collected from customers.
- d) Demand Rate Recoveries – The introduction of demand rates for the large commercial customers, to be phased in over a three-year period beginning on January 1, 2018, was intended to be revenue neutral. As of December 31, 2024, the balance from the regulatory liability was cleared against the Fuel Tracker account.
- e) Deferred COVID-19 Costs - The Company was granted approval by OfReg to recover various COVID-19 related expenses, including potential bad debts resulting from suspension of disconnections during the pandemic. Actual bad debts were lower than the original estimates resulting in a regulatory liability of \$0.5 million which was payable to customers within two years through future rates from January 1, 2023. As at December 31, 2024, a total of \$0.5 million was fully paid to customers.
- f) Deferred 2022 Revenues – Due to global economic condition and increasing fuel prices, OfReg granted the Company approval to defer the required June 1, 2022 rate increase to January 1, 2023. For the period from June 1, 2022 to December 31, 2022, the Company recorded the difference between billed revenues and revenues that would have been billed from the required rate increase as a Regulatory Asset amount due from customers. The amount recorded as a regulatory asset for the

year ended December 31, 2022 was \$2.8 million and was fully recovered from customers during Fiscal 2024 at \$0.0089 per kWh.

- g) Fuel Relief Program - In October 2022, OfReg granted the Company approval of the proposed CUC Fuel Relief Programme applicable to all customers to reduce the fuel cost spike. The Programme will cap the amount of the fuel factor paid by customers at \$0.24/kWh for consumption effective October 1, 2022 through December 31, 2022. The amount recorded as a Regulatory Asset was fully recovered during the year.
- h) Temporary Generation Lease 2022 – During 2022, the Company contracted to lease a 5MW temporary generation equipment to provide a reserve margin adequate to ensure acceptable levels of reliable service. OfReg granted the Company approval for all rental fees and costs associated with the temporary rental generating units, and other non-fuel and non-lube O&M costs to be treated as a Regulatory Asset. Over the 10-year period effective November 1, 2022, CUC will charge the amortized amount of the total charges on an annual basis.
- i) Temporary Generation Lease 2023 - During 2023, the Company contracted to lease an additional 5MW of Temporary Generation (“Block Two”) to meet the increasing energy demand. The lease period is for a minimum of 12 calendar months with the option to renew commencing on the day the equipment was received by the Company in September 2023. In January 23, 2024, OfReg granted the Company approval for all rental fees and costs associated with Block Two to be treated as a Regulatory Asset until the end of the lease term. At the end of the rental period, the amount will be recovered from the customer through an approved Z-Factor rate. The period of recovery is pending approval from OfReg.
- j) Temporary Generation Lease 2024 - In March 2024, the Company contracted to lease an additional 10MW of Temporary Generation (“Block Three”) to meet the projected increasing energy demand for 2024. The lease period is for a minimum of 12 calendar months with option to renew commencing on the day the equipment was received by the Company in Q2 2024. Block Three increased the total temporary generation to 20MW in Q3 2024. The regulatory treatment of Block Three is pending OfReg’s approval.
- k) Z-Factor BESS - In 2019, OfReg approved the BESS project business case which includes provision for the recovery of costs under the Z-Factor mechanism. The actual Z-factor shall be calculated based on the actual capital costs and depreciated Book Value of the project each year. The BESS project will be depreciated over 10 years and the calculated Net Revenue Requirement is equal to 10% of the average asset plus expenses (depreciation, additional operating and maintenance) less debt interest. Net revenue requirement to be recovered from the customers represents Z-Factor revenue from October 1, 2024 to December 31, 2024. The Z-Factor billing rate is pending OfReg’s approval.
- l) Z-Factor Resiliency – In 2022, OfReg approved the L2 Resilience project business case which includes provision for the recovery of costs under the Z-Factor mechanism. The L2 Resiliency project spans an extensive timeframe but the portion completed significantly contributed to the reliability of the service. The L2 Resiliency project will be depreciated over 40 years and the net revenue requirement to be recovered from the customers related to the completed section amounted to \$0.1 million. The Z-Factor billing rate is pending OfReg’s approval.

9. Inventories

Inventories		
(\$ thousands)	As at December 31, 2024	As at December 31, 2023
Fuel	4,995	4,960
Lubricating Oil	836	317
Line Spares	621	387
Network & Fiber Equipment	–	26
Total Inventories	6,452	5,690

10. Property, Plant and Equipment

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

Property, Plant and Equipment			
(\$ thousands)	Cost	Accumulated Depreciation	Net Book Value December 31, 2023
Transmission & Distribution (T&D)	587,542	212,783	374,759
Generation	606,255	316,266	289,989
Other:			
Land	10,446	–	10,446
Buildings	22,912	15,178	7,734
Equipment, Motor Vehicles and Computers	36,833	24,947	11,886
Total of T&D, Generation and Other	1,263,988	569,174	694,814
Telecommunications Assets	472	131	341
Property, Plant and Equipment	1,264,460	569,305	695,155

Included in PP&E are a number of capital projects in progress with a total cost to date of \$168.1 million (December 31, 2023: \$140.9 million).

Also included in Generation and T&D is freehold land with a cost of \$9.0 million (December 31, 2023: \$9.0 million) intended for future generation and T&D expansion. In addition, line inventory with a cost of \$13.8 million (December 31, 2023: \$10.0 million) is included in T&D. Engine spares with a net book value of \$14.1 million (December 31, 2023: \$13.8 million) are included in Generation.

The capitalisation of 'Financing Costs' is calculated by multiplying the Company's Cost of Capital rate by the average work-in-progress for each month. The cost of capital rate for Fiscal 2024 was 9.25% (2023: 8.5%) and will be adjusted annually. As a result, during Fiscal 2024, the Company recognised \$14.4 million in AFUDC (2023: \$12.0 million). GEC of \$9.9 million was recognised for the year ended December 31, 2024 (2023 \$9.1 million).

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

11. Intangible Assets

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

Intangible Assets			
(\$ thousands)	Cost	Accumulated Amortisation	Net Book Value December 31, 2023
Deferred Licence Renewal Costs	1,890	1,483	407
DataLink, Ltd. Deferred Licence Renewal Costs	200	157	43
Computer Software	13,757	9,820	3,937
Other Intangible Assets in Progress	127	33	94
Trademark Costs	75	-	75
Total Intangible Assets	16,049	11,493	4,556

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

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

Amortisation of Intangible Assets					
(\$ thousands)	2025	2026	2027	2028	2029
Computer Software	793	1,116	1,191	1,315	497
Licence Renewal Costs	113	113	113	113	113
Amortisation of Intangible Assets	906	1,229	1,304	1,428	610

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

	Year Ended December 31, 2024	Year Ended December 31, 2023
Computer Software	3.27 years	2.84 years
Deferred Licence Renewal costs	6.58 years	6.95 years
Datalink Deferred Licence Renewal Costs	2.25 years	3.25 years
Total weighted-average amortisation period	3.57 years	3.35 years

12. Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses		
(\$ thousands)	As at December 31, 2024	As at December 31, 2023
Fuel Cost Payable	22,380	28,354
Trade Accounts Payable & Accrued Expenses	5,583	5,505
Accrued Interest	2,526	2,009
Dividends Payable	653	634
Other Accounts Payable	1,388	1,063
Total Accounts Payable and Accrued Expenses	32,530	37,565

13. Long-Term Debt

Long-Term Debt		
(\$ thousands)	As at December 31, 2024	As at December 31, 2023
7.50% Senior Unsecured Loan Notes due 2024	-	5,713
4.85% Senior Unsecured Loan Notes due 2026	4,286	6,429
3.34% Senior Unsecured Loan Notes due 2028	5,714	7,143
3.65% Senior Unsecured Loan Notes due 2029	21,428	25,714
5.10% Senior Unsecured Loan Notes due 2031	15,910	18,182
3.90% Senior Unsecured Loan Notes due 2031	40,000	40,000
3.54% Senior Unsecured Loan Notes due 2033	32,728	36,364
3.85% Senior Unsecured Loan Notes due 2034	4,545	5,000
3.83% Senior Unsecured Loan Notes due 2039	20,000	20,000
6.17% Senior Unsecured Loan Green Notes Due 2039	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	-
6.37% Senior Unsecured Loan Green Note Due 2049	10,000	-
4.14% Senior Unsecured Loan Notes due 2049	40,000	40,000
4.14% Senior Unsecured Loan Notes due 2049	20,000	20,000
5.88% Senior Unsecured Loan Notes due 2052	80,000	80,000
	399,611	339,545
Less: Current portion of Long-Term Debt	(19,935)	(19,935)
Less: Deferred Debt Issue Costs	(1,661)	(1,400)
	378,015	318,210

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% Senior 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.

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.

Covenants

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

Year	\$
2025	19,935
2026	19,935
2027	17,792
2028	17,792
2029	26,801
2030 and later	297,356
Total	399,611

Repayment of Long-Term Debt

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

All long-term debt is denominated in United States dollars.

14. Capital Stock

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

Capital Stock	As at December 31, 2024	As at December 31, 2023
Authorised:		
Class A Ordinary Shares of CI\$0.05 each	60,000,000	60,000,000
9% Cumulative Participating Class B Preference Shares of \$1.00 each	250,000	250,000
Class C Preference Shares of \$1.00 each	419,666	419,666
Cumulative Participating Class D Share of CI\$0.56 each	1	1
Issued and Outstanding (Number of Shares):		
Class A Ordinary Shares	42,122,022	38,008,196
Class B Preference Shares	249,021	249,500
Issued and Outstanding (\$ Amount):		
Class A Ordinary Shares	2,507,263	2,262,393
Class B Preference Shares	249,021	249,500
Total Class A Ordinary Shares & Class B Preference Shares	2,756,284	2,511,893

15. Performance Share Unit ("PSU") Plan

In September 2013, the Board approved a PSU plan under which officers and certain employees would receive PSUs. Each PSU represents a unit with an underlying value which is based on the value of one common share relative to the S&P/TSX Capped Utilities Index ("TTUT").

PSUs outstanding as at December 31, 2024 relate to grants in 2022 in the amount of 33,784, in 2023 in the amount of 58,921, and in 2024 in the amount of 83,162. The vesting period of the grant is three years, at which time a cash payment may be made to plan participants after evaluation by the Board of Directors of the achievement of certain payment criteria.

For the year ended December 31, 2024, an expense of \$1.1 million (December 31, 2023: \$0.3 million) was recognised in earnings with respect to the PSU plan. As at December 31, 2024, the total liability related to outstanding PSUs is \$1.5 million (December 31, 2023: \$0.7 million) and is included in Other Long-Term Liabilities.

16. Earnings per Share

The Company calculates earnings per share on the weighted average number of Class A Ordinary Shares outstanding. The weighted average Class A Ordinary Shares outstanding were 38,756,510 and 37,779,724 for the years ended December 31, 2024 and December 31, 2023 respectively.

The weighted average number of Class A Ordinary Shares used for determining diluted earnings were 38,756,510 and 37,779,724 for the years ended December 31, 2024 and December 31, 2023, respectively. Diluted earnings per Class A Ordinary Share was calculated using the treasury stock method.

17. Fair Value Measurement

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

The Company is required to determine the fair value of all derivative instruments in accordance with the following hierarchy. The three levels of the fair value hierarchy are defined as follows:

Level 1: Fair value determined using unadjusted quoted prices in active markets.

Level 2: Fair value determined using pricing inputs that are observable.

Level 3: Fair value determined using unobservable inputs only when relevant observable inputs are not available.

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

future earnings or cash flows.

There have been no changes in the methodologies used as at December 31, 2024. The estimated fair value of the Company's financial instruments are as follows:

Financial instruments				
(\$ thousands)	As at December 31, 2024		As at December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-Term Debt, including Current Portion*	397,950	352,938	338,145	298,988

*Net of Debt costs

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

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

18. Short-Term Debt

The Company has the following amount of unsecured credit financing facilities with the Scotiabank & Trust (Cayman) Limited ("Scotia") and Royal Bank of Canada ("RBC"). The total available amount was \$82.0 million at December 31, 2024 (\$22.4 million at December 31, 2023).

In March 2023, the Company drew down \$30.0 million against its credit facilities with Scotia Bank and Trust (Cayman) Limited to assist with the short-term operational and capital investment needs until the Company's long term financing plan was in place. An additional \$15.0 million was drawn in July 2023 and \$6.0 million in December 2023. The total of \$51.0 million short-term debt was repaid in 2024.

Short-Term Financing			
(\$ thousands)			
Credit Facilities	Total Credit Financing Facilities December 31, 2024	Total Utilised December 31, 2024	Total Available December 31, 2024
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	-	51,000
Total	82,000	-	82,000
Provided by RBC:			
Corporate Credit Card Line**	500	500	-
Short – Term Financing	82,500	500	82,000

* During 2024, a Letter of Credit amounting to \$3.9 million was issued to Wartsila in relation to the Utility Scale Battery Energy Storage System. This remain unused as of December 2024.

** Included in accounts payable and accrued expenses.

Short-Term Financing

(\$ thousands)

Credit Facilities	Total Credit Financing Facilities December 31, 2023	Total Utilised December 31, 2023	Total Available December 31, 2023
Provided by Scotia:			
Mastercard Agreement	500	-	500
Letter of Credit**	13,000	-	13,000
Operating, Revolving Line of Credit	10,000	8,637	1,363
Catastrophe Standby Loan	7,500	-	7,500
Demand Loan Facility- Interim Funding of Capital Expenditures	51,000	51,000	-
Total	82,000	59,637	22,363
Provided by RBC:			
Corporate Credit Card Line*	500	500	-
Short – Term Financing	82,500	60,137	22,363

*Included in Accounts payable and accrued expenses

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

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

19. Consumers' Deposits and Advances for Construction

The Company requires a deposit equivalent to 45 days of estimated usage for all service connections. Once the service is disconnected, the deposit will be applied to the last bill or refunded to the customer. Deposits related to service connections amounted to \$14.9 million as at December 31, 2024 (\$13.9 million at December 31, 2023). Advances for construction as December 31, 2024 amounted to nil compared to \$0.1 million at December 31, 2023.

20. Finance Charges

The composition of finance charges was as follows:

Finance Charges	Year Ended December 31, 2024	Year Ended December 31, 2023
(\$ thousands)		
Interest Costs - Long-Term Debt	18,085	15,933
Other Interest Costs	2,142	2,510
AFUDC *	(14,373)	(11,988)
Finance Charges	5,854	6,455

*Refer to PP&E with regards to AFUDC (Note 10) methodology.

21. Employee Future Benefits

All employees of the Company are members of a defined contribution pension plan established for the exclusive benefit of employees of the Company and which complies with the provisions of the National Pensions Law. As a term of employment, the Company contributes 7.5% of wages or salary in respect of employees who have completed 15 years of continuous service and have attained the age of 55 years and 5% of wages or salary for all other employees. All contributions, income and expenses of the plan are accrued to, and deducted from, the members' accounts. The total expense recorded in respect of employer contributions to the plan for Fiscal 2024 amounted to \$1.5 million (Fiscal 2023: \$1.4 million). The pension plan is administered by an independent Trustee.

During 2003, the Company established a defined benefit pension plan for a director of the Company. In May 2005, the Company's Board of Directors approved the establishment of a defined benefit pension plan for the retired President and Chief Executive Officer. The pension cost of the defined benefit plan is actuarially determined using the projected benefits method. In April 2007, the Company established an independent trust and the defined benefit plans were amalgamated at that time. An independent actuary performs a valuation of the obligations under the defined benefit pension plans at least every three years. The latest actuarial valuation of the pension plans for funding purposes is as at December 31, 2024.

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

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

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

Plan Assets by Allocation (%)		
	As at December 31, 2024	As at December 31, 2023
Equity Assets	61%	60%
Fixed Income Investments	26%	25%
Alternative Investments	11%	–
Cash Alternatives	–	13%
Cash and Cash Equivalents	2%	2%
Plan Assets by Allocation	100%	100%

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

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

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

Asset Allocation

(\$ thousands)

As at December 31, 2023

	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Equity Assets	3,671	-	-	3,671
Fixed Income Investments	-	1,524	-	1,524
Money Market Funds	-	6	-	6
Cash Alternatives	810	-	-	810
Cash and Cash Equivalents	114	-	-	114
Asset Allocation	4,595	1,530	-	6,125

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

(\$ thousands)	As at December 31, 2024	As at December 31, 2023
Net actuarial gain/ (loss)	330	(324)
Cumulative employer contributions in excess of net periodic benefit cost	(113)	(148)
Net asset (liability) amount recognised in statement of financial position	217	(472)

During 2025, the Company's expected contributions to the defined benefit pension plan will be nil (2024: \$0.2 million).

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

(\$ thousands)	Total
2025	397
2026	406
2027	414
2028	421
2029	430
2030-2032	2,243

22. Foreign Exchange

The closing rate of exchange on December 31, 2024 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was Cdn\$1.4389 (December 31, 2023: Cdn\$1.3226) per US\$1.00. The official exchange rate for the conversion of Cayman Islands dollars into United States dollars as determined by the Cayman Islands Monetary Authority is fixed at CI\$1.00 per US\$1.20. Thus, the rate of exchange as of December 31, 2024 for conversion of Cayman Islands dollars into Canadian dollars was Cdn\$1.7267 (December 31, 2023: Cdn\$1.5871) per CI\$1.00. All amounts are stated in United States dollars, unless otherwise noted.

23. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications have no effect on the reported results of operations. An adjustment has been made to the Consolidated Income Statement for fiscal year ended December 31, 2023, to reclassify the short term incentive from General & Administrative Expense to the various expense line items.

24. Segment Reporting

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

Single Reportable Segment		
(\$ thousands)		
	Year Ended December 31, 2024	Year Ended December 31, 2023
Electricity sales revenues:		
Residential	65,254	61,582
General Commercial	28,898	27,559
Large Commercial	26,622	23,963
Others (street lights etc.)	1,139	1,116
Z-Factor	1,999	-
Total Segment Revenues*	123,912	114,220
Significant Expenses:		
Depreciation & Amortisation	45,403	42,013
Payroll & Other Benefits	23,653	21,982
Insurance	6,449	5,878
Maintenance Cost**	3,687	2,952
General and administrative expenses**	3,016	1,676
Other**	3,411	1,545
Segment profit/(loss)	42,687	38,660

*All amounts related to fuel and renewables which are 100% passed through to customers without mark-up are excluded in the presentation above. Fuel Factor and Renewables revenues and related power generation cost expenses totalled \$169.8 million and 173.0 million in 2024 and 2023, respectively.

**The financial information presented above differs from the income statement due to variations in the classification of specific expenses. In particular, the presentation adjustments are attributable to the allocation of insurance and payroll and other benefits costs, which are distributed across multiple functional categories in the income statement. Additionally, certain items classified as “Other” in this presentation are included under different expense line items, such as consumer services and transmission and distribution costs, in the income statement.

25. Commitments

As at December 31, 2024, the Company’s consolidated commitments in each of the next five years and for periods thereafter are as follows:

Commitments					
(\$ thousands)	Total	2025	2026–2027	2028–2029	2030 Onward
Letter of Guarantee	1,000	1,000	-	-	-
Lease Liability	6,770	2,985	1,839	1,946	-
Commitments	7,770	3,985	1,839	1,946	-

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

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

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

As a result of the Company's bulk fuel inventory, the value of CUC's closing stock of fuel at December 31, 2024 was \$5.0 million (December 31, 2023: \$4.7 million). This amount includes all fuel held in CUC's bulk fuel storage tanks, service tanks and day tanks located at the North Sound Road Power Plant.

26. Other Matters

On July 11, 2017 OfReg issued ICT 2017-1 Determination Pole Attachment Reservation Fees (the "2017 Determination"). OfReg's decision was that DataLink's charge of reservation fees in the manner provided for in the current contracts was, in its view, contrary to the Information and Communication Technology Authority Law (2011 Revision). Under the 2017 Determination, DataLink was required to remove references to reservation fees in its contracts with other telecommunication providers and negotiate a refund to the telecommunication providers of fees charged, including fees charged prior to 2017. DataLink was ordered to amend the contracts within 30 days of the 2017 Determination and negotiate the amounts to be refunded within 60 days of the 2017 Determination.

As a result of a legal review and assessment of the directives contained in ICT 2017 -1, DataLink sought a stay of the decision and permission to apply for judicial review from the Cayman Islands Grand Court. Both the stay and permission to apply for Judicial Review were granted on August 11, 2017. The judgement, issued in July 2019, ruled that the decision of the regulator was *ultra vires* and was therefore quashed as the 2017 Determination was not issued as a draft in accordance with the Utility Regulation and Competition Law 2016.

On February 11, 2024, OfReg issued a draft ICT 2024-1 Determination of ICT Consultation 2016-2 Part B and Part C (the "Draft 2024 Determination"). In the Draft 2024 Determination, OfReg proposed alterations to the pole attachment rate and charging principles. DataLink proceeded with filing an application for leave to apply for judicial review. The Court granted the application, halting the decision-making process under the Draft 2024 Determination. The preparation for the judicial review process is currently underway.

Ten-Year Summary (Unaudited, supplementary)

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

	2024	2023
Operating Revenues	293,682	287,225
Other Revenues and Adjustments	8,051	6,698
Total Revenues	301,733	293,923
Operating Expenses	253,192	248,808
Income before Interest	48,541	45,115
Finance Charges	5,854	6,455
Net Earnings for the Year	42,687	38,660
Capitalisation:		
Class A Ordinary Shares (nominal value)	2,507	2,262
9% Cumulative Participating Class B Preference Shares (nominal value)	249	250
Share Premium	249,075	194,299
Long-Term Loans	397,950	338,145
Total Capitalisation	649,781	534,956
Capital Expenditures		97,591
Earnings per Class A Ordinary Share (\$/Share)	1.08	1.00
Dividends per Class A Ordinary Share (\$/Share)	0.735	0.715
Book value per Class A Ordinary (\$/Share)	9.32	8.51
Statistical Record:		
Net kWh Generation (millions of kWh)	760.2	735.4
Net kWh Sales (millions of kWh)	749.3	727.0
Peak Load (MW) Gross	128.0	124.1
Plant Capacity (MW)	165.55	165.55
Total Customers (actual number)	34,280	33,611

Ten-Year Summary (Unaudited, supplementary)

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

2022	2021	2020	2019	2018	2017	2016	2015
267,336	198,478	177,450	203,246	194,578	170,941	161,702	188,880
5,886	4,904	4,451	6,403	6,061	4,934	5,079	4,876
273,222	203,382	181,901	209,649	200,639	175,875	166,781	193,756
235,268	168,255	148,594	173,777	166,192	143,561	134,802	163,613
37,954	35,127	33,307	35,872	34,447	32,314	31,979	30,143
4,775	4,808	7,242	6,772	7,677	8,539	6,768	7,301
33,179	30,319	26,065	29,100	26,770	23,775	25,211	22,842
2,241	2,224	2,208	1,993	1,978	1,964	1,943	1,927
250	250	250	250	250	250	250	250
190,023	185,687	181,671	129,816	126,370	123,376	119,096	116,201
357,511	293,291	307,306	322,050	255,013	271,596	222,746	236,594
550,025	481,452	491,435	454,109	383,611	397,186	344,035	354,972
95,761	60,202	53,409	60,592	57,992	52,408	47,207	77,947
0.86	0.79	0.74	0.84	0.78	0.70	0.75	0.71
0.700	0.700	0.700	0.700	0.695	0.680	0.675	0.66
8.18	7.94	7.80	7.10	6.92	6.78	6.74	6.62
680.4	662.0	651.5	678.8	641.8	654.3	650.3	623.7
674.1	660.5	644.3	667.7	628.8	621.8	606.7	582.0
113.6	111.2	108.6	113.5	103.6	105.6	103.4	100.7
165.55	160.95	160.95	160.95	160.95	160.95	160.95	131.65
33,119	32,185	31,293	30,537	29,822	29,160	28,678	28,204

Board of Directors



Standing from left:

Sophia Harris [^]
*Retired Managing Partner
 Bedell Cristin
 Grand Cayman
 Cayman Islands*

Gary Smith [^] ^{^^}
*Executive Vice President
 Eastern Canadian and Caribbean
 Operations
 Fortis Inc.
 St. John's, Newfoundland
 Canada*

Karen Gosse ^{^^}
*Vice President Finance
 Fortis Inc.
 St. John's, Newfoundland
 Canada*

Kay Menzies ^{*}
*President & Chief Executive Officer
 Fortis Belize Limited
 Belize*

Stuart Lochray
*Senior Vice President
 Capital Markets & Business
 Development
 Fortis Inc.
 St. John's, Newfoundland
 Canada*

Mark Macfee ^{*}
*Retired President
 Yello Media Group
 Grand Cayman
 Cayman Islands*

Woodrow Foster ^{^^}
*Managing Director
 Foster's
 Grand Cayman
 Cayman Islands*

Jennifer Frizzelle ^{*}
*Retired Partner
 KPMG
 Grand Cayman
 Cayman Islands*

Seated from left:

David Smailes
*Vice President & Group Chief
 Information Officer
 RF Group
 St. John's, Newfoundland
 Canada*

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

Sheree L. Ebanks ^{*} [^] ^{^^}
*Chairperson of the Board of Directors
 Caribbean Utilities Company, Ltd.
 Grand Cayman
 Cayman Islands*
*Chief Executive Officer
 Cayman Islands Institute of Professional
 Accountants
 Grand Cayman
 Cayman Islands*

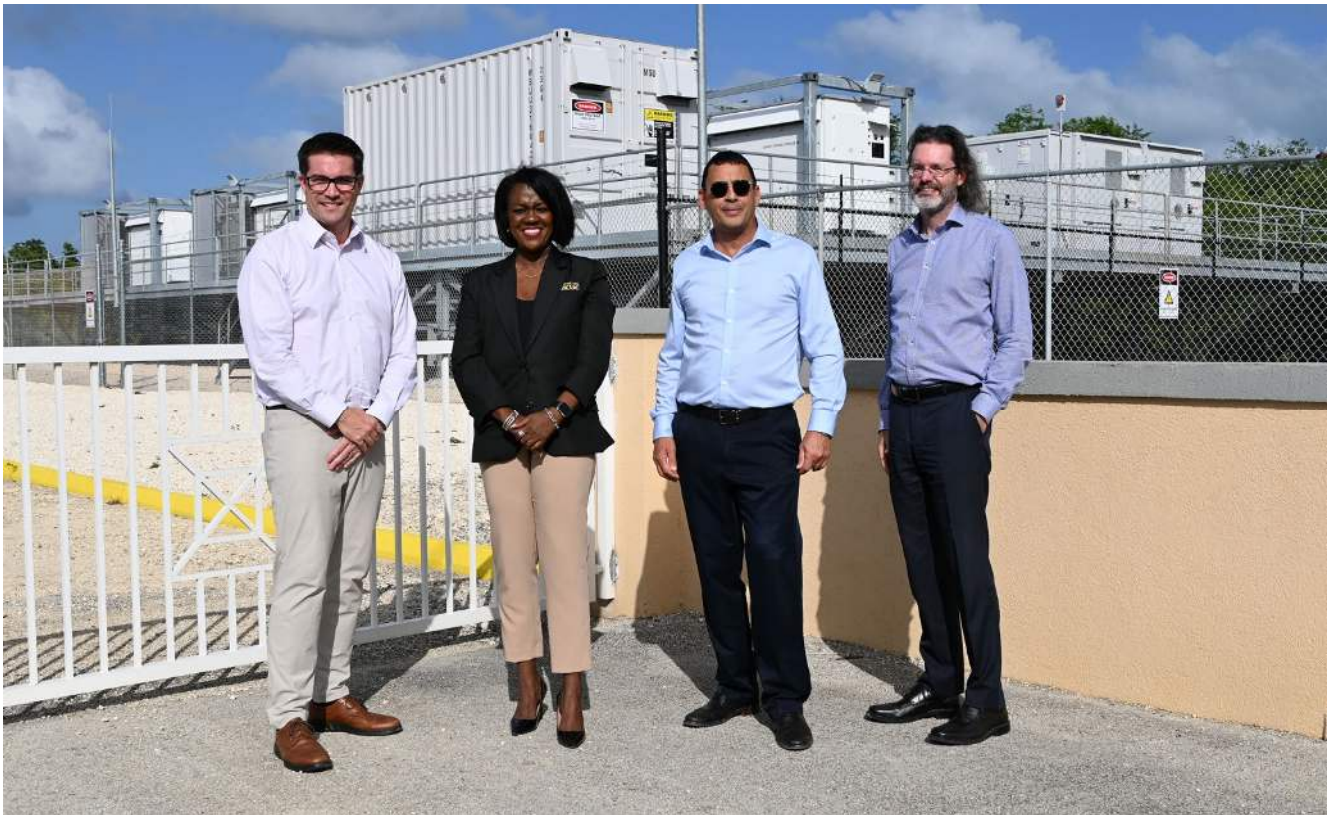
Jennifer Dilbert, MBE, JP [^]
*Retired Civil Servant
 Grand Cayman
 Cayman Islands*

^{*} Member Audit Committee (Chairperson: Mark Macfee)

[^] Member Governance and Sustainability Committee (Chairperson: Sophia Harris)

^{^^} Member Human Resources Committee (Chairperson: Woodrow Foster)

Executive



Left to Right:

Sacha N. Tibbetts

Vice President Customer Services & Technology

Letitia T. Lawrence

Vice President Finance, Corporate Services & Chief Financial Officer

J.F. Richard Hew

President & Chief Executive Officer

Stephen Jay

Vice President Energy Operations

Missing from Photo:

Claire Stafford

Company Secretary & Data Protection Officer

Shareholder and Corporate Information

Shareholders

Registered shareholders as of December 31, 2024 were as follows:

Class of Shares	Shareholders	Shares Held
Class A Ordinary Shares	2,208	42,122,022
9% Class B Preference Shares	122	249,021

Fortis Energy Caribbean Inc., a wholly-owned subsidiary company of Fortis Inc., held 25,351,430 Class A Ordinary Shares, or 60% of the outstanding shares as of December 31, 2024. Approximately 16% of the outstanding registered shares are held by residents of the Cayman Islands. Holders of Class B Preference Shares are primarily residents of the Cayman Islands.

Annual General Meeting

Shareholders are invited to attend the Annual General Meeting of the Company to be held on May 12, 2025 at 3:00 p.m. If you are unable to attend, please complete and return the form of proxy in accordance with the instructions set out in the accompanying meeting material.

Dividends

Class A Ordinary Shares:

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

Class B Preference Shares:

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

Dividend Reinvestment Plan

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

Customer Share Purchase Plan

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

Solicitors

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

Principal Bankers

Scotiabank & Trust (Cayman) Islands
P.O. Box 689
Grand Cayman KY1-1107
CAYMAN ISLANDS

Auditors

Deloitte, LLP
5 Springdale Street
Suite 1000
St. John's, NL A1E 0E4
Canada

Duplicate Annual Reports

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

Registrar and Transfer Agents

TSX Trust Company
P.O. Box 4229, Station A
Toronto, ON, Canada M5W 0G1
North America (toll free): 1-800-387-0825
Direct: (416) 682-3860
Fax: (888) 249-6189
E-mail: shareholderinquiries@tmx.com
Website: www.tsxtrust.com
(Acting as principal agent)

Caribbean Utilities Company, Ltd.

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

Toronto Stock Exchange Listing

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

Registered Office

Caribbean Utilities Company, Ltd.
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Telephone: (345) 949-5200
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We invest in people Gold