KENERGY CORP.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

KENERGY CORP.
TABLE OF CONTENTS

Independent Auditor's Report ………………………………………………… 1

Financial Statements:

Consolidated Balance Sheets …………………………………………… 4
Consolidated Statements of Revenues and Expenses ………………… 5
Consolidated Statements of Changes in Member's Equity …………… 6
Consolidated Statements of Cash Flows ……………………………….. 7

Notes to the Consolidated Financial Statements ……………………………….. 8

Supplementary Information:

Schedule of Expenditure of Federal Awards…………………………… 22

Consolidating Statement of Revenues and Expenses ………………… 23

Schedule of Broadband Revenues and Expenses …………………….. 24

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*………………………………………………………………… 25

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance 26

Independent Auditor's Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements for Electric Borrowers ………………………………………………………. 28

Schedule of Findings and Questioned Costs ……………………………………. 30

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kenergy Corp.
Henderson, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying consolidated financial statements of Kenergy Corp., which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of revenue and expenses, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Kenergy Corp. as of December 31, 2025 and 2024, and the changes in members' equity, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Kenergy Corp. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, wither due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about Kenergy Corp.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. 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.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit, in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout our audit.
- Identify and assess the risk of misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 Kenergy Corp.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise a substantial doubt about Kenergy Corp.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and time of the audit, significant audit findings, and certain internal control matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose or forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of revenues and expenses, schedule of broadband revenues and expenses and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of revenues and expenses, the schedule of expenditures of federal awards, and the schedule of broadband revenues and expenses are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026 on our consideration of Kenergy Corp.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kenergy Corp.'s internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kenergy Corp.'s internal control over financial reporting and compliance.

ATA-KY, PSC

Henderson, Kentucky
March 27, 2026

Kenergy Corp.
Consolidated Balance Sheets
As of December 31, 2025 and 2024

ASSETS	2025	2024
Utility Plant, Net	$ 220,991,156	$ 218,188,812
Non Utility Plant (Fiber), Net	131,033,206	107,972,454
Investments	6,667,970	6,514,696
Current Assets:		
Cash and Cash Equivalents	956,383	1,763,154
Accounts Receivable, Less Allowance For Credit Losses: 2025 $292,085 and 2024 $244,744	37,987,987	22,693,958
Materials and Supplies - Electric	3,701,571	3,650,179
Materials and Supplies - Non-Utility (Fiber)	9,500,715	17,960,046
Accrued Utility Revenue	15,806,186	12,691,890
Other Current Assets	647,452	581,149
Total Current Assets	68,600,294	59,340,376
Other Assets	1,750,530	1,513,772
Total Assets	$ 429,043,156	$ 393,530,110

MEMBERS' EQUITY AND LIABILITIES	2025	2024
Members' Equity:		
Memberships	$ 236,275	$ 234,810
Patronage Capital - Electric	81,363,253	78,642,797
Patronage Capital - Fiber	(2,124,057)	(857,567)
Other	12,173,334	12,014,346
Total Members' Equity	91,648,805	90,034,386
Long-Term Debt, Net of Current Portion - Electric	150,809,536	146,927,698
Long-Term Debt, Net of Current Portion - Fiber	117,459,574	75,088,204
Total Long-Term Debt, Net of Current Portion	268,269,110	222,015,902
Current Liabilities:		
Accounts Payable - Electric	35,724,976	26,983,896
Accounts Payable - Fiber	4,460,474	7,379,581
Consumer Deposits	6,332,865	5,041,623
Current Maturities of Long-Term Debt - Electric	6,939,825	6,987,967
Current Maturities of Long-Term Debt - Fiber	1,816,044	1,116,130
Notes Payable - Fiber	8,600,000	28,300,000
Other Current and Accrued Liabilities	2,703,286	3,036,295
Total Current Liabilities	66,577,470	78,845,492
Other Noncurrent Liabilities	37,832	37,832
Deferred Credits	2,509,939	2,596,498
Total Members' Equity and Liabilities	$ 429,043,156	$ 393,530,110

The accompanying notes are an integral part of the financial statements.

Kenergy Corp.
Consolidated Statements of Revenue and Expenses
For the years ended December 31, 2025 and 2024

	2025	2024
Operating Revenue	$ 438,601,432	367,008,187
Operating Expenses		
Cost of Power	387,546,374	316,299,237
Distribution Operation	4,755,473	4,171,111
Distribution Maintenance	15,124,157	13,082,072
Customer Accounts	2,858,137	2,821,218
Consumer Service and Information	185,034	162,331
Administrative and General	4,979,776	4,942,090
Depreciation and Amortization	15,593,569	15,286,730
Taxes	422,962	552,359
Other Deductions	44,311	49,591
Total Operating Expenses	431,509,793	357,366,739
Operating Margin Before Interest Expense	7,091,639	9,641,448
Interest on Long-Term Debt	4,951,359	4,447,921
Other Interest Expense	231,132	287,325
Total Interest Expense	5,182,491	4,735,246
Operating Margin	1,909,148	4,906,202
Non-operating Margin		
Investment Income	258,422	281,951
Fiber and Broadband-net margin	(1,266,490)	(820,906)
Other Income (Expense)	(51,592)	(92,826)
Net Margin Before Operating Margins Assigned by Associated Organizations	849,488	4,274,421
Operating Margin Assigned by Associated Organizations	849,111	590,643
Net Margin	$ 1,698,599	$ 4,865,064

The accompanying notes are an integral part of the financial statements.

Kenergy Corp.
Consolidated Statements of Changes in Members' Equity
For the years ended December 31, 2025 and 2024

	Memberships	Patronage Capital	Other	Total
Balance, January 1, 2024	$ 233,190	$ 73,209,436	$ 11,824,520	$ 85,267,146
Increase (Decrease) in Membership Fees	1,620	-	22,893	24,513
Net Margin	-	4,865,064	-	4,865,064
Patronage Capital Retired	-	(289,270)	-	(289,270)
Retired Capital Credits - Gain	-	-	166,933	166,933
Balance, December 31, 2024	$ 234,810	$ 77,785,230	$ 12,014,346	$ 90,034,386
Increase (Decrease) in Membership Fees	1,465	-	15,000	16,465
Net Margin	-	1,698,599	-	1,698,599
Patronage Capital Retired	-	(244,633)	-	(244,633)
Retired Capital Credits - Gain	-	-	143,988	143,988
Balance, December 31, 2025	$ 236,275	$ 79,239,196	$ 12,173,334	$ 91,648,805

The accompanying notes are an integral part of the financial statements.

Kenergy Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024

		2025		2024
Cash Flows From Operating Activities:				
Net Margin - Electric	$	2,965,089	$	5,685,970
Net Margin - Fiber		(1,266,490)		(820,906)
Adjustments to Reconcile Net Margin to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Charged to Operations - Electric		16,247,745		15,779,608
Depreciation and Amortization Charged to Operations - Fiber		3,720,184		1,705,179
Noncash Assigned Capital Credits		(667,699)		(456,794)
Deferred Income Taxes - Fiber		(479,173)		-
Changes In:				
Accounts Receivable		(15,294,029)		(850,749)
Materials and Supplies - Electric		(51,392)		(64,781)
Materials and Supplies - Non Utility (Fiber)		8,459,331		4,063,599
Accrued Utility Revenue		(3,114,296)		(616,596)
Accounts Payable - Electric		8,741,080		(1,073,752)
Accounts Payable - Fiber		(2,919,107)		(6,135,341)
Other Current and Accrued Liabilities		(333,010)		172,237
Other Items, Net		108,485		306,546
Net Cash Provided by Operating Activities		16,116,718		17,694,220
Cash Flows From Investing Activities:				
Capital Expenditures - Electric		(23,238,263)		(24,722,060)
Capital Expenditures - Fiber		(22,536,663)		(67,513,321)
(Increase) Decrease in:				
Other Investment, Excluding Assigned Capital Credits		439,395		131,939
Net Cash Used by Investing Activities		(45,335,531)		(92,103,442)
Cash Flows From Financing Activities:				
Additional Deposits, Net of Refunds		1,307,706		(280,510)
Proceeds From Long-Term Debt - Electric		11,000,000		17,500,000
Proceeds From Long-Term Debt - Fiber		44,500,000		64,000,000
Proceeds from Notes Payable - Fiber		(19,700,000)		900,000
Principal Payments on Long-Term Debt - Electric		(7,166,303)		(6,742,907)
Principal Payments on Long-Term Debt - Fiber		(1,428,716)		(495,666)
Patronage Capital Retired		(100,645)		(122,337)
Net Cash Provided by Financing Activities		28,412,042		74,758,580
Net Increase (Decrease) in Cash and Cash Equivalents		(806,771)		349,358
Cash and Cash Equivalents, Beginning of Year		1,763,154		1,413,796
Cash and Cash Equivalents, End of Year	$	956,383	$	1,763,154
Supplemental Disclosure of Cash Flow Information:				
Interest Paid, Net of Amounts Capitalized - Electric	$	5,086,496	$	4,557,618
Interest Paid, Net of Amounts Capitalized - Fiber		5,610,101		3,836,118
	$	10,696,597	$	8,393,736

The accompanying notes are an integral part of the financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Kenergy Corp. ("Kenergy") is a nonprofit electric distribution cooperative association which provides electric power to approximately 60,176 residential, commercial and industrial member meters located in fourteen western Kentucky counties. The consolidated financial statements also include the accounts of Kenect, Inc., a wholly owned subsidiary of Kenergy. (See Note 16). All intercompany transactions and balances have been eliminated.

Variable Interest Entity

A legal entity is referred to as a variable interest entity ("VIE") if any of the following conditions exist: (1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties or (2) the entity has equity investors who cannot make significant decisions about the entity's operations or who do not absorb their proportionate share of the expected losses or receive the expected returns of the entity, Kenect, Inc. is considered to be a VIE.

A VIE's primary beneficiary is the entity that has the power to direct the VIE's significant activities and has an obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE.

A VIE must be consolidated by the Company if it is deemed to be the primary beneficiary of the VIE.

All facts and circumstances are taken into consideration when determining whether the Company has variable interests that would deem it the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company's financial statements. In many cases, it is qualitatively clear based on whether the Company has the power to direct the activities significant to the VIE and, if so, whether that power is unilateral or shared, and whether the Company is obligated to absorb significant losses of or has a right to receive significant benefits from the VIE. In other cases, a more detailed qualitative analysis and possibly a quantitative analysis are required to make such a determination.

The Company monitors the consolidated VIE to determine if any reconsideration events have occurred that could cause any of them to no longer be a VIE. The Company reconsiders whether it is the primary beneficiary of a VIE on an ongoing basis. A previously unconsolidated VIE is consolidated when the Company becomes the primary beneficiary. A previously consolidated VIE is deconsolidated when the Company ceases to be the primary beneficiary or the entity is no longer a VIE.

Basis of Accounting

The accounting policies of Kenergy reflect those prescribed by the United States Department of Agriculture Rural Utilities Service ("RUS") and the Kentucky Public Service Commission ("KPSC"), which conform with accounting principles generally accepted in the United States of America in all material respects.

Revenues

The Cooperative (Kenergy) recognizes revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. Revenue is measured based on the consideration specified in contracts with customers and is recognized when the Cooperative satisfies its performance obligations by transferring control of services to customers.

Electric operating revenues are derived from provision of electric power and related services to members at rates approved by the Kentucky Public Service Commission. Because members simultaneously receive and consume the benefits of the Cooperative's service as it is provided, electric revenue is recognized over time as electricity is delivered, based on metered usage. Estimated unbilled revenue for power delivered but not yet billed at year-end is recorded as a receivable and revenue.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Broadband revenues are earned through base access fees and a revenue-sharing arrangement for retail broadband services provided over the Cooperative's fiber network and are recognized over time as network access is provided and as the underlying broadband services are delivered to end users.

Members are typically billed monthly with payment due within a short period after billing. As a result, the Cooperative's contracts generally do not contain a significant financing component. The Cooperative's contracts with customers generally do not require material upfront payments or result in significant contract assets, and contract liabilities, when present, consist primarily of advance payments and customer deposits that are recognized as revenue when the related services are provided. The adoption of ASC 606 did not have a material impact on the Cooperative's financial statements.

Utility Plant

Utility plant is stated at original cost, net of contributions, which is the cost when first dedicated to public service. Kenergy capitalizes supervisory and overhead costs applicable to construction projects. Maintenance and repairs of property units and renewals of minor items of property are charged to maintenance expense accounts. The costs of replacing complete property units are charged to utility plant accounts and the original cost of distribution plant property units retired and cost of removal, net of salvage value, are charged to accumulated depreciation.

Depreciation

Depreciation is provided on the basis of the estimated useful lives of assets at straight-line rates, which for 2025 and 2024, were as follows:

Distribution Plant	1.90% to 7.50%
General Plant	2.00% to 20.00%
Non-Utility Plant (Fiber)	3.33%

Kenergy uses the composite method of depreciation for distribution plant and the unit method of depreciation for general plant.

Investments

As more fully described in the following notes, Kenergy's investment in a generation and transmission corporation is recorded at estimated net realizable value. All other investments of Kenergy are stated at cost, which approximates fair value.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, money market funds, and investments with an original maturity of three months or less. The carrying amount reported in the balance sheet for cash and cash equivalents approximates fair value.

Investments in Associated Organizations

Investments in associated organizations include patronage capital, capital term certificates, and other investments. Patronage capital investments are stated at cost plus undistributed allocated equities from other cooperatives. Capital term certificates and other investments are carried at cost which approximates market.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Material and Supplies

Materials and supplies inventories are stated at the lower of cost or market using the average cost method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Accounts Receivable-Allowance for Credit Losses FASB ASC 326

Accounts receivable are uncollateralized obligations of members, which are stated at the amount billed. The carrying amount of accounts receivable is reduced by the allowance for credit losses for amounts considered to be uncollectible. Management provides for probable uncollectible amounts through an allowance for credit losses account based on prior years' experience, trends, current economic conditions, other pertinent factors, and management's analysis of specific receivables. Accounts deemed to be uncollectible are charged against the allowance for credit losses.

	2025	2024	2023
Accounts receivable	$ 38,280,072	$ 22,938,702	$ 22,055,443
Less:			
Allowance for credit losses	(292,085)	(244,744)	(212,234)
	$ 37,987,987	$ 22,693,958	$ 21,843,209

	2025	2024	2023
Accrued (unbilled) revenue	$ 15,806,186	$ 12,691,890	$ 12,075,295

Unbilled Revenue

Kenergy records unbilled revenue for the amount of electricity consumed from the last meter reading date to the last day of the year.

Leases

The Cooperative accounts for leases in accordance with ASC 842 and has elected to treat its fiber system lease as an operating lease. Accordingly, no right of use assets or lease liabilities are recognized in the financial statements. (Refer to Note 15)

Deferred Credits

Deferred credits include certain customer deposits, deferred revenue or regulatory adjustments. The Cooperative recognizes deferred credits in accordance with GAAP and applicable regulatory guidelines. Amounts are amortized or recognized as income when the related expenses are incurred or obligations are met.

NOTE 2 – PLANT ASSETS – ELECTRIC AND NON-UTILITY

Utility plant at December 31, 2025 and 2024 consists of the following:

	2025	2024
Distribution Plant	$ 372,062,906	$ 365,869,737
General Plant	32,004,086	31,611,463
	404,066,992	397,481,200
Less: Accumulated Depreciation	(186,955,260)	(181,150,442)
Construction in Progress:	3,879,424	1,858,054
Total Utility Plant	$ 220,991,156	$ 218,188,812
Fiber Plant	124,952,039	93,177,262
Less: Accumulated Depreciation	(5,580,792)	(1,867,142)
Construction in Progress:	11,661,959	16,662,334
Total Non Utility Plant (Fiber)	$ 131,033,206	$ 107,972,454

Depreciation expensed for the years ended December 31, 2024 and 2023 was $19,737,041 and $17,253,899 respectively. These amounts include depreciation of transportation equipment charged to operating accounts and depreciation of Non-Utility Property charged to non-operating accounts. Interest capitalized during 2025 and 2024 related to construction of utility plant was $-0- and $-0- respectively.

NOTE 3 - LIQUIDITY

The Cooperative's cash flows are relatively consistent from year to year. As part of the Cooperative's liquidity management, management strives to maintain adequate cash reserves while continuing to support operations. Financial assets as of December 31, 2025 and 2024 available for expenses is as follows:

	2025	2024
Cash and Cash Equivalents	$ 956,383	$ 1,763,154
Accounts receivable	37,987,987	22,693,958
	$ 38,944,370	$ 24,457,112

NOTE 4 - INVESTMENTS

Generation and Transmission Corporation

As discussed in preceding notes, Kenergy purchases electric power from Big Rivers, a generation and transmission cooperative association and Century Marker, LLC (beginning June 1, 2023) for the two smelter loads – see footnote 8. The membership of Big Rivers is comprised of Kenergy and two other distribution cooperatives.

NOTE 4 – INVESTMENTS, CONTINUED

The following is a summary at December 31, 2025 and December 31, 2024 of financial information pertaining to Big Rivers:

	2025	2024
Balance Sheet Data	UNAUDITED	AUDITED
Assets:		
Current Assets	$ 170,159,000	$ 172,683,000
Noncurrent Assets	1,453,571,000	1,480,905,000
Total Assets	$ 1,623,730,000	$ 1,653,588,000
Liabilities:		
Current Liabilities	$ 110,705,000	$ 107,907,000
Noncurrent Liabilities	1,001,854,000	1,048,560,000
Total Liabilities	1,112,559,000	1,156,467,000
Equity:	$ 511,171,000	$ 497,121,000
Income Statement Data		
Revenues	$ 497,867,000	$ 433,584,000
Operating Margin	$ 6,647,000	$ 5,304,000
Net Margin	$ 11,735,000	$ 12,348,000

In years in which Big Rivers earns in excess of a 1.30 TIER, 40% of the excess net margin is returned to Big Rivers' members over the following year through a monthly bill credit. The remaining 60% of the excess net margin reduces Big Rivers' regulatory assets. Prior to accruing the excess TIER amounts in 2025 and 2024, Big Rivers' net margin was $20.0 million in 2025 and $19.3 in 2024.

On July 16, 2009, Big Rivers Electric Corporation completed a transaction referred to as the "unwind" with E.ON US. Under the unwind agreement, Big Rivers assumed from E.ON US full responsibility for operating three generation facilities and the obligation to provide power to two aluminum smelters through Kenergy Corp. E.ON US provided cash payments, asset transfers and other benefits to Big Rivers, which resulted in Big Rivers realizing income of $537,978,261 in 2009. These funds allowed Big Rivers to reduce its debt by $140,180,652, provide $252,855,791 in rate stabilization funds, and to increase its equity position to $379,391,541 from a deficit of ($154,601,580).

Under the Big Rivers Joint Plan of Reorganization in 1998, member cooperatives of Big Rivers were required to charge down their previously allocated capital credits to zero. After evaluating the key issues related to the unwind, Kenergy has elected to continue valuing the non-cash allocations at zero for financial reporting purposes, a practice which it has followed since 1998 when Big Rivers emerged from bankruptcy protection. As of December 31, 2009, the non-cash allocations from Big Rivers to Kenergy represent 69% of the total allocations. Big Rivers, which allocates margins on the tax basis, has not made any allocations for 2010-2025 due to tax losses in those years.

Kenergy Corp. will continue to record memorandum entries in its patronage capital records to reflect the value of allocations received from Big Rivers. (Refer to Note 13 – Deferred Income Taxes).

NOTE 4 – INVESTMENTS, CONTINUED

Other Investments

The more significant other investments are as follows:

Capital Term Certificates (CTC's) of the National Rural Utilities Cooperative Finance Corporation are carried at cost which approximates market. The investment at December 31, 2025 totaled $1,664,887 and 2024 totaled $2,072,573. The CTC's mature in varying amounts from 2026 to 2080 and bear interest at 3% and 5% per year.

Investment in CoBank, an international cooperative bank, is a required investment, which is carried at cost and totaled $1,012,065 and $1,029,984 at December 31, 2025 and 2024, respectively. Under the terms of this Loan Base Capital Plan, Kenergy's investment in CoBank (stock and allocated surplus from CoBank) is required to be 10% of Kenergy's average loan balance due to CoBank for the past five years accumulated through equity issued as a patronage return.

Kenergy's primary insurance carrier, Federated Rural Electric Insurance Exchange (Federated) insures electric cooperatives across the nation by offering property, general liability, automobile, crime, umbrella liability, cyber liability, director, officer and manager liability, and workers' compensation coverage. As a member-owned cooperative, Federated allocates its net margins to its members each year as patronage, and Kenergy carries its investment at cost. Kenergy's investment in Federated totaled $1,172,830 and $1,125,402 at December 31, 2025 and 2024.

Kenergy is also a member of other cooperatives from which it purchases materials, supplies and services. These entities allocate their net margins to its members as patronage dividends. Kenergy carries these investments at cost. The value of these investments was $2,793,132 and $2,262,081, as of December 31, 2025 and 2024.

	2025	2024
Patronage Capital Credits		
Investments in CoBank	$ 1,012,065	$ 1,029,984
Investments Federated	1,172,830	1,125,402
Other Investments	2,793,132	2,262,081
	4,978,027	4,417,467
Other Assets	25,056	24,656
Capital Term Certificates	1,664,887	2,072,573
	$ 6,667,970	$ 6,514,696

NOTE 5 – INVENTORIES

Inventories consisted of the following as of December 31, 2025 and 2024:

	2025	2024
Materials and Supplies - Electric	$ 3,685,698	$ 3,633,675
Materials and Supplies - Fiber	9,500,715	17,960,046
Fuel	15,873	16,504
	$ 13,202,286	$ 21,610,225

NOTE 6 – LONG-TERM DEBT

Long-Term Debt as of December 31, 2025 and 2024 consists of:

	2025	2024
First mortgage notes payable to:		
RUS in quarterly and monthly installments of varying amounts through 2031		
Interest rate term fixed to principle maturity:		
1.97% notes	$ 597,965	$ 743,442
Laddered interest rate terms of 1-6 years at an average rate of 2.86% at December 31, 2025	32,497,567	23,403,025
	33,095,532	24,146,467
CoBank in quarterly and monthly installments of varying amounts through 2029:		
Interest rate term fixed to principle maturity:		
6.17% average rate at December 31, 2025	485,578	890,282
Laddered interest rate terms of 1 to 2 years, average rate of 4.48% at December 31, 2025	1,149,579	1,644,464
	1,635,157	2,534,746
Federal Financing Bank in quarterly installments of varying amounts through December 2057		
Interest rate term fixed to maturity:		
Average interest rate of 3.98%	220,101,742	179,835,115
Interest rate term fixed for 5 years		
Average interest rate of 3.93%	5,077,204	5,259,520
	225,178,946	185,094,635

NOTE 6 – LONG-TERM DEBT, CONTINUED

	2025	2024
CFC in quarterly installments with a Level debt service note maturing 2039 4.10% interest rate fixed to maturity	17,115,344	18,344,151
	17,115,344	18,344,151
Total Long-Term Debt	277,024,979	230,119,999
Less Current Maturities	8,755,869	8,104,097
Long-Term Debt, Net of Current Portion	$ 268,269,110	$ 222,015,902

Aggregate annual maturities of long-term debt at December 31, 2025 are as follows:

	Amounts
2026	$ 8,755,870
2027	8,964,348
2028	9,275,176
2029	9,530,225
2030	9,585,020
Thereafter	230,914,341
	$ 277,024,980

Substantially all assets are pledged as security for long-term debt issued to the Rural Utilities Service, Federal Financing Bank, CoBank, and the National Rural Utility Cooperative Finance Cooperation (CFC).

NOTE 7 – SHORT-TERM BORROWINGS

Kenergy has unsecured line of credit agreements with financial institutions permitting short-term borrowings for general corporate purposes totaling $40 million. Rates for such borrowings are variable. There was $0 and $0 outstanding under these agreements at December 31, 2025 and 2024, respectively. The rate at December 31, 2025 was 5.30%. Kenergy also has a $35 million credit agreement that provides interim financing for Kenergy's RUS guaranteed Federal Financing Bank smart-grid fiber broadband loan. Rates for borrowings under this agreement are also variable. There was $8.6 million and $28.3 outstanding under this agreement at December 31, 2025 and 2024, respectively. The rate at December 31, 2025 was 5.77%.

NOTE 8 – MAJOR CUSTOMER CONCENTRATION

Operating revenue for 2025 and 2024 includes approximately $178.0 million and $129.1 million, respectively, attributable to sales of power to two aluminum smelting customers. Accounts receivable from these customers totaled $10.0 and $7.6 million at December 31, 2025 and 2024 respectively. Operating revenue also includes sales of power to five other large industrial customers totaling approximately 17.8% and 20.1% of Kenergy's operating revenue for 2025 and 2024, respectively.

NOTE 9– COST OF POWER & RATE MATTERS

Kenergy presently purchases all of its non-smelter power and energy requirements from Big Rivers Electric Corporation (Big Rivers) under wholesale power contracts which expire in 2062. Accounts payable under Big Rivers' contracts were $19.9 million and $16.9 million at December 31, 2025, and 2024 respectively. From January 1, 2015 through June 1, 2023, Kenergy purchased its power requirements for the two smelters from EDF Trading North America, LLC. Beginning June 1, 2023, Kenergy purchases its power requirements for the two smelters from Century Marketer, LLC.

On August 2, 2024, Kenergy received a $4.5 million annual increase in revenues from the Kentucky Public Service Commission. There were no rate increase requests pending with the PSC as of December 31, 2025.

NOTE 10 – RETIREMENT PLANS

NRECA Retirement and Security Plan

All eligible employees of Kenergy participate in the National Rural Electric Cooperative Association (NRECA) sponsored Retirement Security Plan (RS Plan), a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The plan sponsor's Employee Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Kenergy contributions to the RS Plan in 2025 and 2024 represent less than 5 percent of the total contributions made to the RS Plan by all participating employers. Kenergy made contributions of $2,757,884 in 2025 and $2,646,531 in 2024, which equals the amount accrued for pension expense. There have been no significant changes that affect the comparability of 2025 and 2024 contributions.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80 percent funded on January 1, 2025 and over 80 percent funded on January 1, 2024 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to the January 1st of the year in which the amount is paid to the RS Plan. The 25% differential in billing rates is expected to continue for approximately 15 years from January 1, 2013. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period. On April 30, 2013, Kenergy made a prepayment of $1,394,196 into the program, which was included in pension expense over ten years.

NOTE 10 – RETIREMENT PLANS, CONTINUED

Retirement Savings Plan

The Retirement Savings Plan is available to all eligible Kenergy employees. The plan allows participants to make contributions by salary reduction, pursuant to Section 401(k) of the Internal Revenue Code. Kenergy matched the contributions of each participant, up to 3% of the participant's base compensation until January 1, 2019. Kenergy contributed $-0- and $-0- for 2025 and 2024, respectively. Participants vest immediately in their contributions and the contributions of Kenergy.

Deferred Compensation Plan

The Kenergy Corp. 457(b) Deferred Compensation Plan allows designated senior management personnel the opportunity to make salary deferral contributions into a retirement plan once they reach the IRS limit on voluntary contributions into their 401(k) plan.

NOTE 11 – FINANCIAL INSTRUMENT – FAIR VALUES

FASB ASC 820 "Fair Value Measurement," requires Kenergy to disclose estimated fair values of its financial instruments. Fair value estimates, methods, and assumptions are set forth below for Kenergy's financial instruments:

The carrying amounts of cash and cash equivalents, accounts receivable, other current assets, accounts payable, and other current liabilities approximate fair value because of the short-term maturity of those instruments. In management's opinion, the carrying value of long-term debt also approximates fair value.

Kenergy's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. During 2019 Kenergy enrolled in an Insured Cash Sweep program that sweeps cash deposits in excess of the FDIC limit to other banks so all of the cash enrolled in the program is FDIC insured. Kenergy routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

NOTE 12- RELATED PARTY TRANSACTIONS

In previous years, Big Rivers provided billing, safety training, and other services to its three distribution cooperative members for which it was not reimbursed, and Big Rivers reimbursed its members for economic development costs. In 2013, Big Rivers began reimbursing Kenergy for certain billing and IT services which were previously incurred by Big Rivers. Services requested for reimbursement from Big Rivers during the years ended December 31, 2025 and 2024 totaled $1,218,421 and $1,076,188 respectively, of which $54,118 and $0 was included in accounts receivable as of December 31, 2025 and 2024. These amounts do not include the cost of computer programming, safety training and postage provided but not quantified.

NOTE 13 – DEFERRED INCOME TAXES

Kenergy Corp. is exempt from federal income tax under IRC Section 501 (c) (12), except to the extent of unrelated business taxable income and the activities of its wholly owned taxable subsidiary, Kenect, Inc. Income tax expense, deferred tax assets and liabilities and net operating loss carry forwards presented in these consolidated financial statements relate to these activities. The Company accounts for income taxes in accordance with ASC 740, Income Taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities, using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to reverse.

The Company recognizes deferred tax assets to the extent that it believes it is more-likely-than-not that such assets will be realized. In evaluating the need for a valuation allowance, management considers the weight of all available positive and negative evidence, including the reversal of deferred tax liabilities, projected future taxable income, tax-planning strategies, and recent financial performance.

NOTE 13 – DEFERRED INCOME TAXES, CONTINUED

Components of Deferred Tax Assets and Liabilities

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets:		
Net operating loss carryforward	$ 21,437,466	$ 18,630,740
Deferred tax asset	$ 4,501,868	$ 3,912,455
Deferred tax liabilities:		
Depreciation differences financial reporting and income tax reporting	$ 19,155,690	$ 17,870,945
Deferred tax liability	$ 4,022,695	$ 3,752,898
Net Deferred tax asset	$ 479,173	$ 159,557

The net deferred tax asset is included on the balance sheet under the caption "Other Assets".

As of December 31, 2025, the Company has federal net operating loss ("NOL") carryforwards that give rise to the deferred tax asset noted above. These NOL carryforwards may be carried forward indefinitely pursuant to current U.S. tax law. Utilization of the NOL carryforwards may be subject to annual limitations under Internal Revenue Code Section 382 in the event of an ownership change, as defined by the Internal Revenue Code.

Valuation Allowance

Management evaluated the realizability of deferred tax assets in accordance with ASC 740 and concluded that no valuation allowance was required as of December 31, 2025 and 2024. This conclusion is based on management's assessment that sufficient positive evidence exists to outweigh negative evidence, including expected future taxable income and the scheduled reversal of existing deferred tax liabilities.

Unrecognized Tax Benefits

The Company had no unrecognized tax benefits as of December 31, 2025 and 2024. The Company recognizes interest and penalties related to unrecognized tax benefits, if any, as a component of income tax expense. No interest or penalties were recognized during the years presented.

Tax Years Open to Examination

The Company's federal income tax returns for tax years 2023, 2024, and 2025 are still open under the statute of limitations remain subject to examination by the Internal Revenue Service. The Company is not currently under audit for any income tax matters.

NOTE 14 – LIMITATIONS ON DISTRIBUTIONS

Without the prior written approval of RUS, Kenergy shall not in any calendar year make any Distributions (exclusive of any Distributions to the estates of decreased natural patrons) to its members, stockholders or consumers except as follows:

> If, after giving effect to any such Distribution, the Equity of the Borrower shall be greater than 30% of its Total Assets; or
>
> If, after giving effect to any such Distribution, the Equity of the Borrower shall be greater than or equal to 20% of its Total Assets and the aggregate of all Distributions made during that calendar year when added to such Distribution shall be less than or equal to 25% of the prior year's margins.
>
> Provided however, that in no event shall Kenergy make any Distributions if there is unpaid, when due, any installment of principal of (premium, if any) or interest on any of its payment obligations secured by the mortgage, if the borrower is otherwise in default hereunder or if, after giving effect to any such Distribution, the Borrower's current and accrued assets would be less than its current and accrued liabilities.

NOTE 15 – LEASE AGREEMENTS

Kenergy entered into a leasing arrangement with its wholly owned subsidiary, Kenect, Inc. on August 23, 2022, allowing Kenect, Inc. exclusive rights and privilege to use the fiber network, including fiber strands constructed or to be constructed in the future. A summary of the leasing arrangements is as follows:

Leasing Arrangements-Fiber Optic Network

Kenect, Inc. is a lessee under a long-term lease agreement for the right to use a fiber optic network owned by Kenergy Corp. (the Network Lease). The leased assets consist of fiber optic cables and related equipment and appurtenances constructed for broadband and related services within the Company's service territory; legal title to the network remains with Kenergy Corp. The Network Lease has an initial noncancelable term of 30 years commencing in 2022 and automatically renews for successive 10-year periods unless the Company provides at least 90 days' written notice of its intent not to renew.

Under the Network Lease, Kenect, Inc. is required to pay monthly rent to Kenergy Corp. equal to Kenergy Corp.'s receipts from its sublessee under a separate sublease of the network, with payments due on the first day of each month following completion and delivery of the network. Because lease payments are based on amounts received from the sublessee rather than fixed minimum rentals, a substantial portion of the Company's lease cost is variable and is recognized in the period in which the related sublease receipts are generated in accordance with ASC 842. The lease does not contain residual value guarantees.

The lease is generally structured so that Kenergy Corp. retains ownership of the network and reserves specified fiber strands for its own use, while the Company obtains the right to use the remaining capacity. The Company is responsible for all repairs and maintenance necessary to keep the network in good working order and to coordinate scheduled maintenance with Kenergy Corp. Kenergy Corp. pays business personal property taxes on the network, while the Company is responsible for sales and use taxes related to the lease and for any federal universal service or similar fees, if applicable. The Company evaluates renewal options in determining the lease term and includes renewal periods when it is reasonably certain that such options will be exercised, consistent with the guidance in ASC 842 on determining the lease term and accounting for variable lease payments.

NOTE 15 – LEASE AGREEMENTS, CONTINUED

Subleasing Arrangements- Conexon Connect, LLC

The Company, through its wholly owned affiliate Kenect, Inc. (Kenect), is an intermediate lessor in a long-term sublease arrangement for the use of excess capacity in a fiber optic network owned by Kenergy Corp. Under a head lease between Kenergy and Kenect, Kenergy retains ownership of the network and reserves specified fiber strands for its own present and future use; Kenect in turn subleases the remaining excess capacity (the Network) to Conexon Connect, LLC (Connect) under a 30-year sublease, with automatic 10-year renewal periods unless either party provides at least 180 days' advance written notice of non-renewal.

Under the sublease, Connect pays Kenect a base access fee designed to recover Kenect's costs of constructing, operating, and maintaining the Network, calculated using per-mile, per-service drop, and per-fiber hut rates that are subject to periodic adjustment in accordance with the contract. In addition, Connect pays Kenect a variable lease component equal to 10% of Connect's gross revenue from a broad range of services provided over the Network, including telephony, telecommunications, internet access, certain government subsidy programs, backhaul, subleases, and other direct uses of the Network (excluding television and video streaming services). These revenue-sharing amounts represent variable lease payments and are recognized as lease income in the period in which the underlying revenue is earned by Connect, consistent with the variable lease payment guidance in ASC 842.

Connect is responsible for routine operation, maintenance, and repair of the Network as well as all taxes, permits, franchise fees, and licenses related to broadband services provided over the Network, while Kenergy remains responsible for maintaining the underlying electric distribution structures that support the fiber infrastructure. Both Kenect and Connect are required to maintain specified levels of insurance and to indemnify each other for certain losses arising from their respective activities under the arrangement. The sublease may be terminated prior to the end of the term upon the occurrence of certain events, including uncured material breach, insolvency or bankruptcy of a party, or if Connect ceases to primarily use the Network to provide services to Kenergy's members, and Kenect evaluates these termination provisions in determining the lease term and related disclosures under ASC 842.

Minimum future rentals related to the sublease, including the variable revenue-sharing component based on Conexon Connect's gross revenues, cannot be reasonably estimated at this time due to the dependency on future levels of services provided and customer demand over the Network. Lease income received under this agreement was $10,911,767 for the year ended December 31, 2025 and $6,651,715 for the year ended December 31, 2024

NOTE 16 – RISK MANAGEMENT

Kenergy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets: errors and omissions; injuries to employees; and natural disasters. Kenergy carries commercial insurance for all risks of loss, including workers' compensation, general liability and property loss insurance. As is customary in the utility industry, Utility Plant is not insured with the exception of substations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in 2025 and 2024.

NOTE 17 – WHOLLY OWNED SUBSIDIARY-VARIABLE INTEREST ENTITY-KENECT, INC.

On June 25, 2020, Kenergy formed a wholly owned subsidiary, Kenect, Inc., for the purpose of providing broadband internet service to its members. The Kentucky Public Service Commission gave Kenergy approval to move forward with the broadband project in Case Number 2021-00365. Kenergy will construct and own a smart grid fiber-optic network and Kenect, Inc. will utilize excess capacity on the network to provide broadband service. Kenect, Inc. has contracted with Conexon Connect, LLC to provide retail broadband service to Kenergy's members. In return, Conexon Connect, LLC will pay Kenect, Inc. a base access fee and a percentage of the revenue from broadband sales. Kenect, Inc. will then pay the entire base access fee and revenue share to Kenergy, the asset owner. The revenue and expenses related to broadband are recorded as Nonoperating Margins and the assets are recorded as Non-Utility Plant (Fiber), Net. Kenergy had $11.7 and $16.7 million in construction at December 31, 2025 and 2024. Kenergy had $9.5 million and $17.96 million in materials and supplies at December 31, 2025 and 2024.

The following table summarizes the carrying amount of the assets and liabilities of Kenect, Inc., net of intercompany balances which have been eliminated, included in the Cooperative's balance sheet as of December 31, 2025 and 2024:

NOTE 18 – UNION VOTE

On December 15, 2023, all full time and part time construction and maintenance crews, substation crews, service technicians, and meter technicians voted to join the International Brotherhood of Electrical Workers Local 1701. A contract was approved on June 18, 2025 for a three-year term.

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events have been considered and evaluated through March 27,2026 the date these financial statements were available to be issued.

Kenergy Corp.
Schedule of Expenditures of Federal Awards
December 31, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Total Federal Expenditures
Passed through the County of Henderson, Kentucky			
Coronavirus State and Local Fiscal Recovery-American Rescue Plan Act	21.027	KY 616000814	$ 588,590
Passed through the Commonwealth of Kentucky Office of Broadband Development			
Coronavirus Capital Projects Fund	21.029	#22BDP041	10,246,019
Total United States Treasury			10,834,609
Passed through the Commonwealth of Kentucky Emergency Management Department			
Department of Homeland Security			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR4864	47,191
	97.036	DR4875	190,001
			237,192
Total Federal Awards Expended			$ 11,071,801

NOTE 1- BASIS OF PRESENTATION:

The accompanying Schedule of Expenditure of Federal Awards includes the federal grant activity of Kenergy Corp. under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kenergy Corp., it is not intended to be and does not present the financial position, net margin, or cash flows of Kenergy Corp.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 3- INDIRECT COST RATE:

Kenergy Corp. has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report

Kenergy Corp.
Consolidating Statement of Revenues and Expenses
For the year ended December 31, 2025

	Kenergy Corp.	Kenect, Inc.	Eliminations	Consolidated
Operating Revenue	$ 438,601,432	$ -	$ -	$ 438,601,432
Operating Expenses				
Cost of Power	387,546,374	-	-	387,546,374
Distribution Operation	4,755,473	-	-	4,755,473
Distribution Maintenance	15,124,157	-	-	15,124,157
Customer Accounts	2,858,137	-	-	2,858,137
Consumer Service and Information	185,034	-	-	185,034
Administrative and General	4,979,776	-	-	4,979,776
Depreciation and Amortization	15,593,569	-	-	15,593,569
Taxes	422,962	-	-	422,962
Other Deductions	44,311	10,910,573	(10,910,573)	44,311
Total Operating Expenses	431,509,793	10,910,573	(10,910,573)	431,509,793
Operating Margin Before Interest Expense	7,091,639	(10,910,573)	10,910,573	7,091,639
Interest on Long-Term Debt	4,951,359	-		4,951,359
Other Interest Expense	231,132	-		231,132
Total Interest Expense	5,182,491	-	-	5,182,491
Operating Margin	1,909,148	(10,910,573)	10,910,573	1,909,148
Non-operating Margin				
Investment Income	258,422	-	-	258,422
Fiber and Broadband-net margin	(1,266,490)	10,910,573	(10,910,573)	(1,266,490)
Other Income (Expense)	(51,592)	-	-	(51,592)
Net Margin Before Operating Margins Assigned by Associated Organizations	849,488	-	-	849,488
Operating Margin Assigned by Associated Organizations	849,111	-	-	849,111
Net Margin	$ 1,698,599	$ -	$ -	$ 1,698,599

See Independent Auditor's Report

Kenergy Corp.
Consolidating Statement of Revenues and Expenses
For the year ended December 31, 2025

	2025	2024
Revenues:		
Broadband revenue share	$ 1,349,669	$ 1,234,952
Broadband base access fees	9,560,904	5,415,746
Other	1,194	1,017
Total revenues	10,911,767	6,651,715
Operating Expenses:		
Administration	177,931	181,826
Depreciation	3,720,184	1,705,179
Director fees	19,903	25,639
Interest expense	5,547,114	3,812,224
Other operating expenses	984,270	1,001,704
Property taxes	1,728,855	746,049
Total expenses	12,178,257	7,472,621
Net margin from fiber operations	$ (1,266,490)	$ (820,906)

See Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Kenergy Corp.
Henderson, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Kenergy Corp., as of and for the year ended December 31, 2025, and the related notes to the financial statements and have issued our report thereon dated March 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kenergy Corp.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kenergy Corp.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Kenergy Corp.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kenergy Corp.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA-KY PSC

Henderson, Kentucky
March 27, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Kenergy Corp.
Henderson, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenergy Corp.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Kenergy Corp.'s major federal programs for the year ended December 31, 2025. Kenergy Corp.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kenergy Corp. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Kenergy Corp. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Kenergy Corp.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Kenergy Corp.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kenergy Corp.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Kenergy Corp.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Kenergy Corp.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Kenergy Corp.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Kenergy Corp.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ATA-KY, PSC

Henderson, Kentucky
March 27, 2026

ATA-KY, PSC
300 First Street Henderson, KY 42420
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR ELECTRIC BORROWERS

To the Board of Directors
Kenergy Corp.
Henderson, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Kenergy Corp. which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of revenue and expense, changes in members' equity, and changes in cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 27, 2026.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of Kenergy Corp.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that Kenergy Corp. failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Awardees,* § 1773 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance.

Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Kenergy Corp.'s noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding Kenergy Corp.'s accounting and records to indicate that Kenergy Corp. did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of the plant;
- Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely Financial and Operating Reports;
- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;

- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;

- Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);

- Comply with the requirements for the detailed schedule of deferred debits and deferred credits; and;

- Comply with the requirements for the detailed schedule of investments.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

ATA-KY, PSC

Henderson, Kentucky
March 27 , 2026

Kenergy Corp.
Schedule of Findings and Questioned Costs
December 31, 2025

SECTION 1- FINANCIAL STATEMENTS:

Type of report the auditor issued on whether the financial statements audited were Prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material Weaknesses Identified?	None
• Significant deficiencies identified?	None reported
Non-compliance material to the financial statements noted.	None
Federal Awards	
Internal control over major programs:	
• Material Weaknesses Identified?	None
• Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs.	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None
Identification of major federal programs:	
Coronavirus Capital Projects 21.029	$ 10,246,019
Dollar threshold used to distinguish between Type A and Type B programs	$ 1,000,000
Auditee qualified as a low risk auditee?	Yes

SECTION II- FINDINGS- FINANCIAL STATEMENT AUDIT:

None. There were no findings resulting from the financial statement audit of Kenergy Corp.

SECTION III- FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL PROGRAM AUDIT:

None. There were no material findings or questioned costs related to major federal programs for the year ended December 31, 2025.

SECTION IV- STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS:

None. There were no findings resulting from the financial statement audit and major federal program audit of Kenergy Corp. for the year ended December 31, 2024.