United Cooperative Services

Your Touchstone Energy® Cooperative

ANNUAL REPORT 2025



CAMERON SMALLWOOD
United CEO

"Stability is the result of careful planning, disciplined financial management and decisions that position the cooperative to better serve our members tomorrow."

IMAGE CREATED USING AI | CHATGPT

As I reflect on 2025, one word comes to mind—stability.

That may seem like an unusual way to describe a year when so much around us changed. Technology continued to evolve. Costs fluctuated. Our communities continued to grow, and demand for both electricity and high-speed internet continued to increase. Yet through all the change, your cooperative remained steady.

I don't believe stability happens by accident. It's the result of careful planning, disciplined financial management and decisions that position the cooperative to better serve our members tomorrow.

One of the clearest examples of that planning was our approach to power supply. While many utilities across the country experienced significant cost pressures in 2025, United's rates remained relatively steady since the cooperative began purchasing wholesale power through a new supplier in 2023.

That same commitment to long-term planning has also shaped one of the most significant accomplishments in our cooperative's history—the completion of United's high-speed fiber network. Last year, United surpassed 30,000 internet subscribers—a milestone that represents far more than a number. It reflects years of thoughtful planning, strategic investment and a commitment to improving the quality of life in the communities we serve.

When United began planning its fiber network six years ago, only 10 percent of our members had access to high-speed internet. Today, that number has grown to 90 percent, and more than 35,000 members rely on United's fiber network every day. That is the kind of long-term investment that strengthens our communities and creates opportunities for generations to come.

That same commitment to the future was also reflected in the completion of our reconstructed Cleburne headquarters. The project required patience and significant investment, but the new facility positions the cooperative well for future growth. It provides room for our growing employee group, creates additional opportunities for community organizations to use our meeting space and ensures we have the infrastructure necessary to continue serving members for decades to come.

Throughout 2025, we also remained committed to helping members manage their energy costs. That may seem like an unusual goal for an electric cooperative, but we have always believed that our responsibility is not simply to sell electricity. Our responsibility is to help members make wise decisions about their energy use and save money whenever possible.

Whether through United's free energy audits, rebates, or other member resources, we continue looking for ways to help members stretch every dollar. When our members succeed financially, the cooperative succeeds as well.

One question I often ask myself is, "How do we know if we're moving in the right direction?"

One of the best answers comes directly from our members, who continue to tell us we are delivering on our promise to provide exceptional service and value. That commitment is reflected in some of the highest customer satisfaction scores in the industry, as measured by the American Customer Satisfaction Index (ACSI®), a national benchmark that tracks customer sentiment across industries.

We are certainly proud of those rankings, but what they really represent is the confidence our members continue to place in their cooperative.

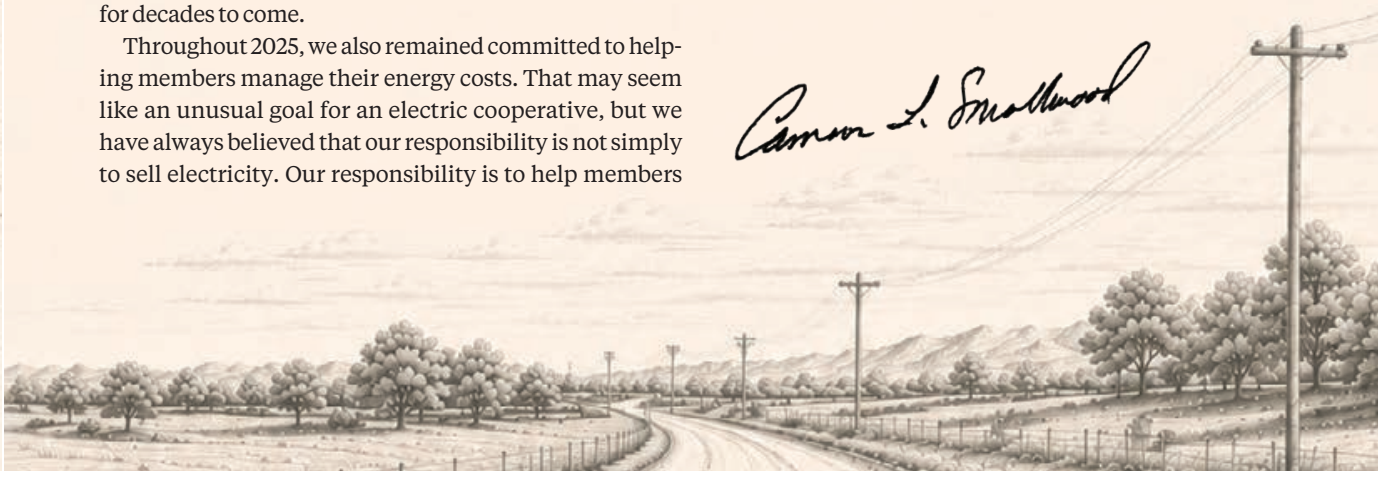
That same member-first philosophy extends beyond the services we provide. United employees live, work and raise their families in the same communities as the members we serve, so investing in our communities is personal. In 2025, United employees volunteered more than 500 hours to support more than 30 schools, nonprofit organizations and community initiatives across our service territory. Together with the generosity of our members through Operation Round Up, these efforts reflect what makes the cooperative model so special—neighbors helping neighbors.

Listening to our members remains just as important. Through surveys, community meetings, focus groups, telephone town halls and everyday conversations, we continue learning what matters most to the members we serve. Those conversations help shape our decisions and our investments because at the end of the day, this cooperative belongs to its members, and we never want to lose sight of that responsibility.

On behalf of our board of directors and employees, thank you for the trust you place in United Cooperative Services. It is a privilege to serve you each day, and we look forward to continuing that responsibility in the years ahead.

May God bless you and your family and thank you again for allowing us to serve as your cooperative.

Cameron L. Smallwood

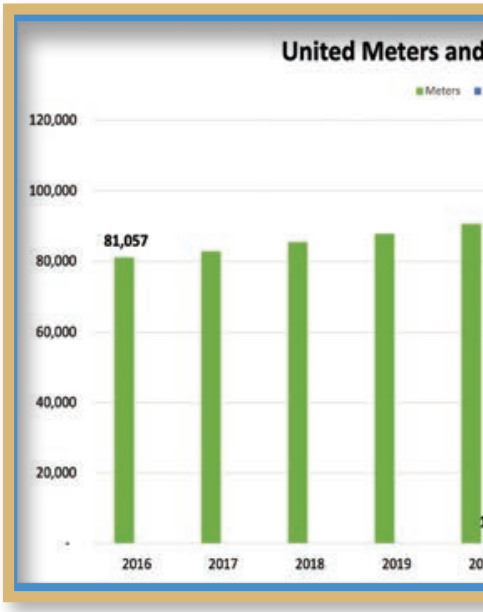


• Balance Sheets

As of December 31, 2025 and 2024

	As of December 31, 2025	2024
ASSETS		
UTILITY PLANT		
Electric plant in service at cost	$ 755,667,274	$ 705,946,324
Construction work in progress	47,689,098	41,039,976
Total utility plant	$ 803,356,372	$ 746,986,300
Less accumulated provision for depreciation	197,338,658	185,713,854
Net utility plant	$ 606,017,715	$ 561,272,446
INTERNET SERVICE PLANT		
Internet plant in service at cost	$ 212,128,082	$ 144,190,116
Construction work in progress	55,610,485	90,239,853
Total non-utility plant	$ 267,738,567	$ 234,429,969
Less accumulated provision for depreciation	21,839,770	16,807,991
Net non-utility plant	$ 245,898,797	$ 217,621,978
OTHER PROPERTY AND INVESTMENTS AT COST		
Investments in associated organizations	$ 574,272,364	$ 577,161,507
Total property and investments	$ 574,272,364	$ 577,161,507
CURRENT ASSETS		
Cash and cash equivalents	$ 7,128,368	$ 14,592,788
Restricted Cash	$ 10,697,459	$ 10,907,209
Accounts receivable-less allowance for doubtful accounts	34,348,230	33,402,371
Material and supplies (at average cost)	8,313,103	9,950,616
Other current and accrued assets	1,094,302	884,512
Total current assets	$ 61,581,462	$ 69,737,496
DEFERRED DEBITS	$ -	$ -
TOTAL ASSETS	$ 1,487,770,338	$ 1,425,793,427

	2025	2024
LIABILITIES AND MEMBERS' EQUITY		
EQUITIES AND MARGINS		
Memberships	$ 114,965	$ 119,915
Patronage capital	311,943,114	297,134,283
Accumulated other comprehensive income	12,859,107	11,575,664
Other equities	(16,484,098)	(11,358,009)
Total equities and margins	$ 308,433,088	$ 297,471,853
LONG-TERM DEBT		
RUS mortgage notes	$ 114,900,217	$ -
CFC mortgage notes	20,557,068	22,733,434
CoBank mortgage notes	28,994,426	29,325,562
FFB mortgage notes	436,407,734	525,090,448
Securitized bonds	419,954,992	428,577,180
Economic development loan	-	-
Total long-term debt	$ 1,020,814,437	$ 1,005,726,624
ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	$ 1,930,448	$ 1,563,494
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 14,731,000	$ 13,321,000
Current portion of securitized bonds	$ 8,622,188	$ 8,198,564
Current portion of postretirement benefits	550,000	400,000
Line of Credit	50,000,000	15,000,000
Accounts payable - purchased power	21,948,806	20,034,837
Accounts payable - other	5,416,513	13,945,945
Consumer deposits	5,526,868	5,124,810
Accrued taxes	6,104,355	5,426,337
Accrued interest	2,635,125	2,778,061
Other current and accrued liabilities	34,322,256	31,109,695
Total current liabilities	$ 149,857,111	$ 115,339,249
DEFERRED CREDITS	$ 6,735,254	$ 5,692,207
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,487,770,338	$ 1,425,793,427





2025 FINANCIAL REVIEW

SALES OF ELECTRICITY & INTERNET SERVICES

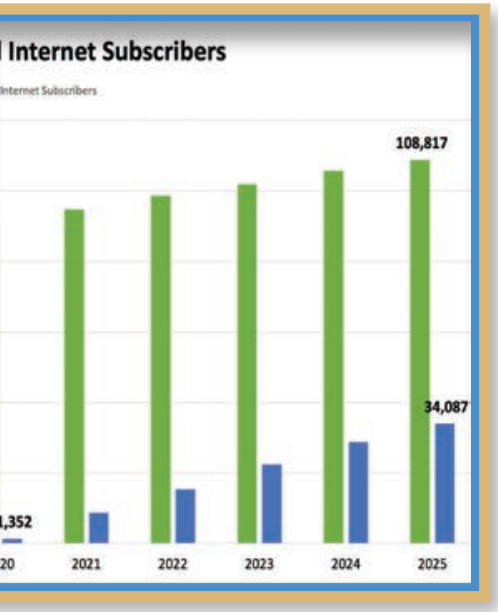
In 2025, United delivered 2,849 gigawatt hours to the membership, its highest ever and marking the fifth consecutive year that United's sales have surpassed 2,500 gigawatt hours. This was the 6th highest total among Texas cooperatives and in the top 5% of cooperatives nationwide. 2025 residential sales increased 47 gigawatt hours and commercial sales increased 43 gigawatt hours for an overall percentage increase of 3.3% over 2024's sales. 2025 saw the continued deployment of fiber internet services to the membership, with 34,087 subscribers at year end. This was an 18% growth rate from 2024 and continued the significant expansion dating back to August of 2020.

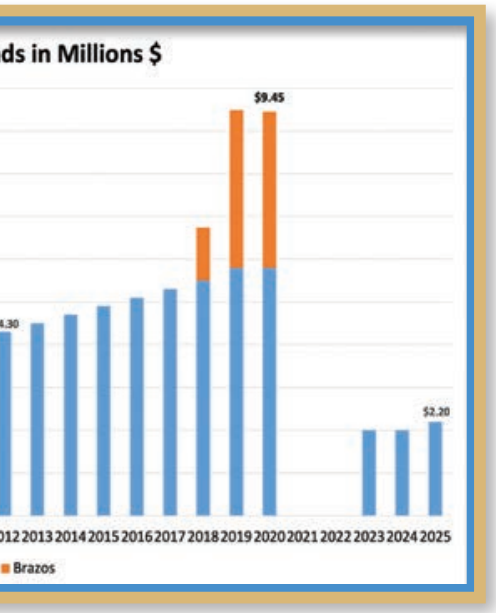
PLANT INVESTMENT AND EQUITY POSITION

In the past five years, United has invested in electric distribution and internet plant for new construction and system improvements

• Statements of Revenue and Patronage Capital

For the Years Ended December 31, 2025 and 2024





	For the Years Ended December 31, 2025	2024
NET SALES	$ 355,740,231	$ 326,675,145
OPERATING EXPENSES		
Purchased power	$ 248,124,073	$ 244,612,524
Distribution expense - operations	12,625,335	11,087,875
Distribution expense - maintenance	18,107,847	15,447,129
Consumer accounts	7,319,618	6,501,394
Customer service and information	2,413,607	2,324,648
Administrative and general	8,716,096	8,181,400
Depreciation and amortization	27,547,084	25,940,290
Taxes	2,656,692	2,877,300
Interest on long-term debt	14,652,459	11,710,130
Other interest and deductions	2,328,993	2,459,300
Total operating expenses	$ 344,491,805	$ 331,141,990
Net operating margins	$ 11,248,426	$ (4,466,845)
INTERNET SERVICE REVENUE (EXPENSES)		
Internet Service Revenue	$ 27,017,075	$ 21,639,743
Cost of Sales	(2,062,120)	(2,027,914)
Operating expenses	(26,193,376)	(22,386,892)
Total internet service margins	$ (1,238,420)	$ (2,775,063)
NONOPERATING MARGINS		
Interest income	$ 1,039,518	$ 1,205,957
Other	(480,634)	(746,841)
Total nonoperating margins	$ 558,885	$ 459,116
Generation and transmission cooperative and other capital credits	$ 1,399,176	$ 3,520,734
NET MARGINS FOR YEAR	$ 11,968,067	$ (3,262,058)
Patronage capital - beginning of year	297,134,283	296,746,472
Transfers from (to) other equities	5,041,789	5,652,736
Retirement of capital credits	(2,201,025)	(2,002,867)
PATRONAGE CAPITAL - END OF YEAR	$ 311,943,114	$ 297,134,283

totaling over $539 million. Multiple factors produced this sizable investment, most notably significant electric meter growth and the launch of fiber internet services. Funding for these improvements comes from both current operations and a large portion funded by long-term loans. United has an equity ratio of 29%, which is below the median on a national level of 41% for electric distribution co-ops of like size.

FINANCIAL PERFORMANCE

Net margins for 2025 were $11,968,067. Allocable margins were $15,858,640 with members receiving a patronage capital margin allocation equivalent to 4.44% of their 2025 billed electric service.

Times Interest Earned Ratio (TIER) is an important ratio measuring United's ability to repay debt. United's lenders require that our TIER level not fall below 1.25 and our Operating TIER level not fall below 1.10 when averaging the two highest annual results over the last three years. United reports an average TIER of 1.74 when using the two highest TIER results from the last three years and an average Operating TIER of 1.94.

Costs composed of distribution, consumer, and administrative expenses amounted to $452 per meter in 2025 compared to a national average of $442 for electric distribution co-ops of like size. United's five-year average for this ratio from 2021 through 2025 is $403 versus $419 for like-sized distribution co-ops.

United By The Numbers 2025

Keeping track of your co-op's growth

1

AVERAGE METER COUNT – 109,000
- Top 5 percent (#35) in the U.S. among co-ops
- 4.7 times the average Texas co-op
- 7 times the average U.S. co-op

2

MILES OF LINE – APPROX. 11,800
- 3rd most in Texas (co-ops)
- Top 15 (#13) in the U.S.
- LA to NYC round-trip twice



3

FIBER CABLE MILES – 10,200
- Perimeter of Texas is ~3,100 miles, so more than 3 loops around the Lone Star State



4

FIBER CABLE MILES ADDED IN 2025 – 1,400
- 26.6 miles per week



5

TOTAL MWH SOLD – 2,849,000
- Top 5 percent (#30) in the U.S.
- Just over double the amount of MWh sold in 2000



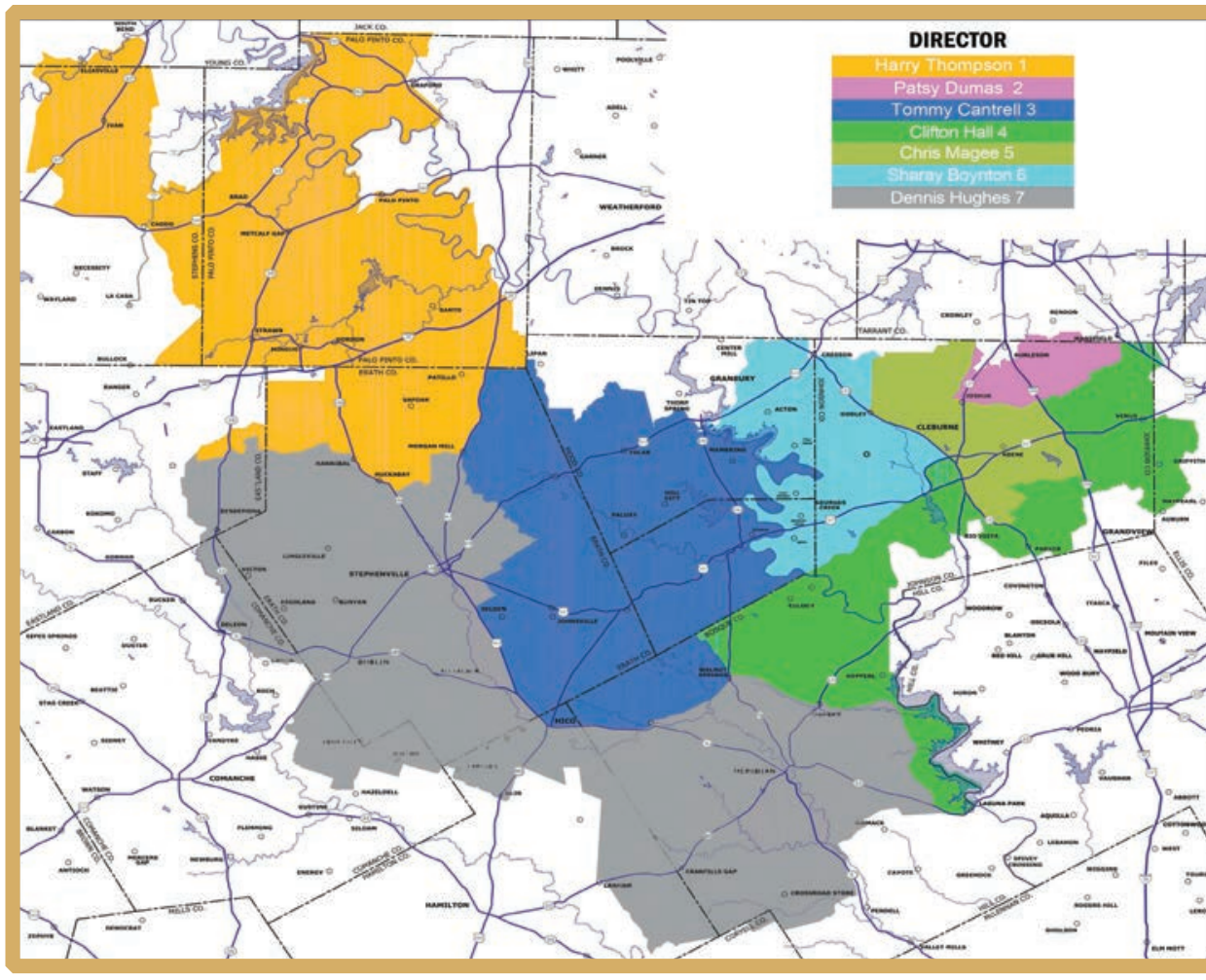
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METER GROUND PERCENT - 3.03 PERCENT
- 6th consecutive year above 3 percent
- U.S. median – 0.7 percent
- TX median – 1.4 percent
- Like-size median – 1.9 percent

7

AVERAGE METERS PER MILE – 9.2
- Median of like-size co-ops – 16

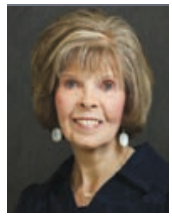




The United Cooperative Services Board of Directors consists of United members and business professionals elected from seven service territory districts by the United membership; each charged with the responsibility of setting cooperative policies and providing oversight of all cooperative business.



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President
District 3



PATSY DUMAS
Vice President
District 2



HARRY THOMPSON
Secretary-Treasurer
District 1



CLIFTON HALL
District 4



CHRIS MAGEE
District 5



SHARAY BOYNTON
District 6



DENNIS HUGHES
District 7

Briscoe, Burke & Grigsby LLP

CERTIFIED PUBLIC ACCOUNTANTS

April 9, 2026

To the Members of United Cooperative Services:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of United Cooperative Services as of December 31, 2025 and 2024, and the related consolidated statements of income and patronage capital, and cash flows for the years then ended and in our report dated April 9, 2026, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it was derived.

The complete audit report as described above is on file at the Cooperative's headquarters office.

Briscoe, Burke & Grigsby LLP

Certified Public Accountants