

# 2025 Operating Statement



OF CRNOGORSKI  
ELEKTROPRENOSNI  
SISTEM AD

Podgorica, May 2026.



**Aleksandar Mijušković**

Chairman of the Board of Directors of CGES

# Chairman of the Board of Directors statement

Dear shareholders and partners of CGES,

Today, the energy sector is going through one of the biggest transformations in its history. The development of renewable energy sources, the energy transition and the growth of electricity consumption are changing the way electric power systems function, in a complex global environment characterised by geopolitical crises and disruptions in energy markets.

According to the assessments of relevant international institutions, the modern energy sector faces significant challenges that affect both prices and security of supply, as well as market stability. In such conditions, the importance of the transmission system comes to the fore. A reliable and developed transmission network enables the secure operation of the electric power system and is one of the basic prerequisites for connecting electricity markets, while its further improvement remains a key condition of the energy transition.

The role of CGES in this process is clear - to ensure stable system operation and reliable electricity transmission at all times.

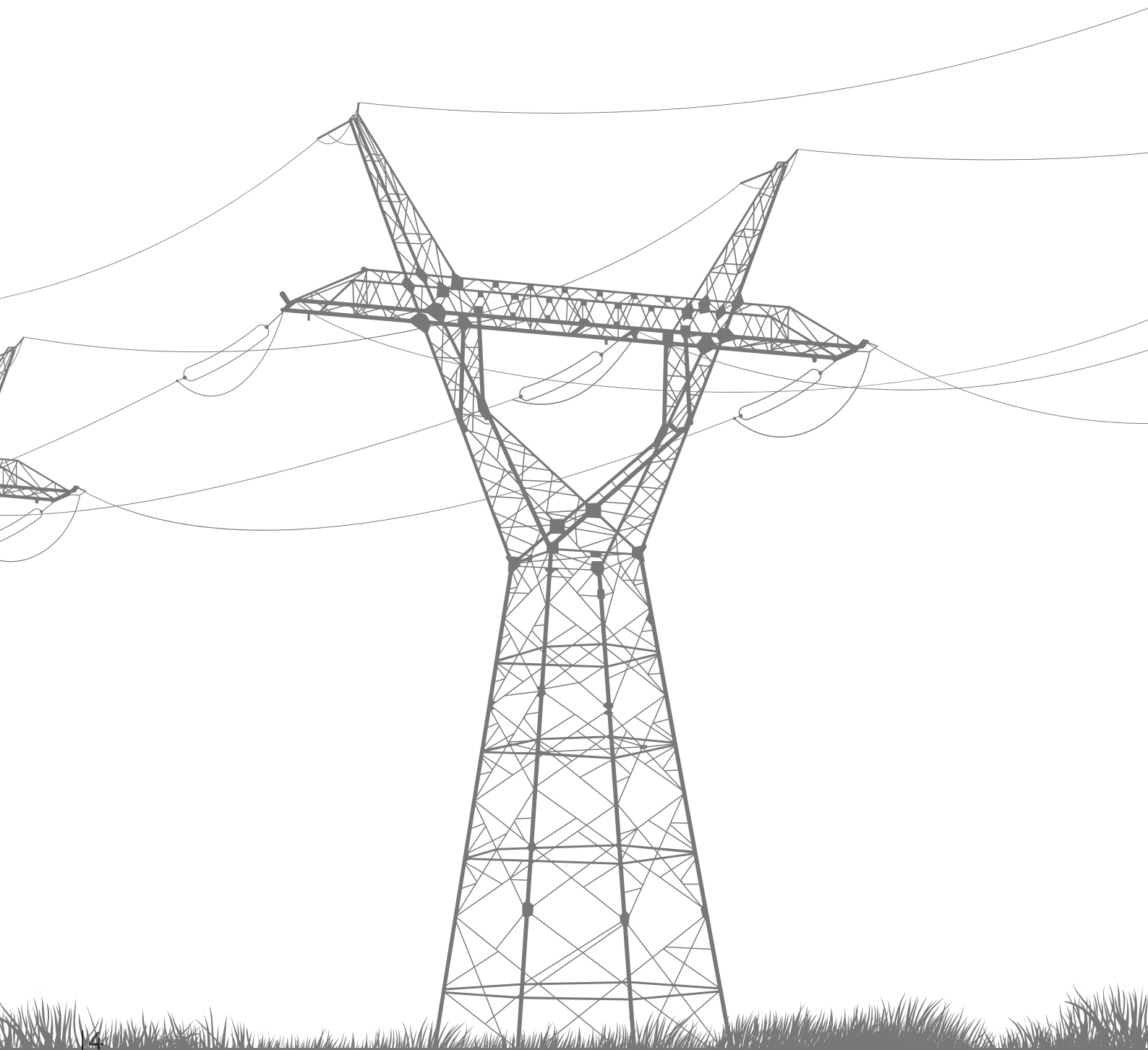
Such responsibility is also confirmed by the achieved results.

In the reporting period, CGES recorded stable operations and achieved a net income of 21 million euros, thus confirming the continuity of good results. We hereby confirm that it is possible to simultaneously provide a reliable and high-quality

transmission service at stable rates and achieve value growth for the company's owners.

CGES continues the development of the transmission system in the coming period through a five-year investment plan, which foresees the implementation of significant infrastructure projects. The implementation of the mentioned projects primarily ensures the improvement of the 400 kV network through the construction of new interconnections with neighbouring transmission systems and the construction of new substations, as well as the extension of the capacity of the existing network through the increase of transmission capacity at the 220 kV and 110 kV levels. In parallel, we are working on the installation of the first shunt reactor in our transmission system, which will ensure the improvement of voltage conditions, as well as on the modernisation of the infrastructure. The development follows the needs of the energy sector and the goals of the energy transition, while respecting the interests of the state, shareholders and citizens of Montenegro.

Stable system operation and reliable electricity transmission remain at the centre of our activities. In this direction, we continue to strengthen the role of Montenegro on the electric power map of Europe through a stronger connection of the region with the European Union market, thereby creating a stable foundation for the secure and reliable functioning of the electric power system in the years to come.



**Ivan Asanović**  
Executive Director

# Executive Director's statement

Dear shareholders, business partners, friends of our company,

It is my pleasure to present to you the results of our company's operations for 2025 - a year in which we simultaneously achieved strong investment progress and stable financial results in the interest of our shareholders.

The energy transition and the development of green energy are unthinkable without a reliable transmission network. As a company that manages key electricity infrastructure, we enable investments in renewable sources to be sustainable, secure and profitable in the long term.

During 2025, we implemented significant investments in the construction of new overhead lines, as well as in the reconstruction and modernisation of substations. These investments strengthen network capacities, increase system security and create a stable basis for long-term growth of the company's revenues and value.

All investment projects were implemented while maintaining financial stability. The achieved net income of almost 21 million euros confirms efficient management and responsible position towards resources. Such results allowed us to consistently take

care of the interests of shareholders, along with the continuation of a strong investment cycle.

I particularly emphasise the fact that in 2025 we rewarded the trust of shareholders for the seventh time and paid a dividend in the gross amount of five million euros, which for a majority state-owned company is an exceptional success and a clear indicator of financial maturity and institutional responsibility. Our relationship with shareholders is based on transparency, predictability and a balance between investing in system development and creating direct value for capital owners.

This approach ensures a stable and long-term return on your investments, strengthens the value of the company and confirms the trust you have placed in us. Our goal remains clear - reliable electricity transmission, stable financial results and continuous creation of value for shareholders. These results would not be possible without our employees - our biggest capital and system strength. Their competence, dedication and responsibility are the basis of the stability and success of CGES.

Thank you for your trust and support!



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# 1. ČGES today

## The year behind us - results, challenges and directions for development

**€ 21 mil.**  
Net Profit

**€ 23,907 mil.**  
Realized Investments

**€ 41,913 mil.**  
Planned Investments

**€ 5 mil.**  
Dividend paid to shareholders based on profits achieved in 2024

During 2025, Crnogorski elektroprenosni sistem continued to invest in the development and improvement of the transmission system, with stable operations and good financial results. Most of the activities were focused on the implementation of investment projects, modernisation of the infrastructure, strengthening the capacity of the transmission network, and contributing to the harmonisation of the legal framework with the EU acquis so that the electric power system could reliably respond to the needs of consumers and further improvement of the energy sector.

The energy sector is characterised by intense changes, primarily caused by growing investments in renewable energy sources and the energy transition process. In Montenegro, investors have expressed interest in the construction of solar and wind power plants, which requires additional strengthening of the transmission network and its adaptation to new generation capacities.

In such circumstances, the role of the transmission system operator has a special significance. A stable and reliable network is the basis of a safe supply of electricity, as well as an important prerequisite for the development of the market and the integration of renewable energy sources.

During the year, works continued on large infrastructure projects, the construction of new transmission lines and substations, as well as on the reconstruction of existing transmission network facilities. In parallel with that, new investments were also prepared that will further improve the connection of the Montenegrin electric power system with neighbouring countries and enable its more efficient functioning in the regional environment.

Significant attention was devoted to digitalisation and improvement of the control system. The modernisation of information and communication technologies, along with the strengthening of cyber security, represents an important segment of modern electric power system control.

Continuous planning, investments and cooperation with relevant institutions and partners remain key elements of ČGES development. Further development of the transmission network will be aimed at improving the reliability of the system, supporting the development of the electricity market and integrating renewable sources, in accordance with the requirements of the energy transition.

## Who we are and what we do

CGES is a system whose main role is to ensure secure, stable and efficient transmission of electricity through the transmission network of Montenegro. As a transmission system operator, we manage the infrastructure that represents the backbone of the electric power system and enables the reliable supply of electricity to consumers.

Our work includes daily control, maintenance, development and modernisation of the transmission network, as well as creating conditions for the secure functioning of the electricity market. A particularly important part of our work relates to the integration of new generation capacities, especially from renewable energy sources, which are increasingly shaping the future of the energy sector.

CGES was registered as an independent joint-stock company in 2009, in accordance with European rules governing the liberalisation of the electricity market. Although it has been operating in this form for almost two decades, the experience on which the company's operation is based is much longer. The development and control of the transmission system in Montenegro has a tradition of more than six decades, since 1957, when the first transmission network facility was

commissioned.

During that period, the transmission system of Montenegro was continuously developed and modernised. Today, CGES controls a complex electricity infrastructure that connects generation facilities, the distribution network and consumers, and at the same time enables significant transits of electricity through the region.

In addition to the core activity of electricity transmission, the company also has its own optical telecommunication network with a length of about 1,004 kilometres. CGES is registered in the Register of Operators of the Agency for Electronic Communications and Postal Services for the provision of electronic communications infrastructure lease services, which additionally contributes to strengthening the system's digital capacities.

The company's operation is carried out in accordance with the applicable regulatory framework and the license for the performance of electricity transmission activities issued by the Energy and Water Regulatory Agency. The last license was issued on 26 July 2024 and confirms the compliance of CGES operations with all technical and regulatory standards.

**1.586,7  
km**  
Length of the  
transmission  
network

**4.464,5  
MVA**  
Installed  
transformer  
capacity

**30**  
Substations in  
the system

## A vision of a stable and connected network

The vision of CGES operations is based on the development of a modern, technologically advanced and regionally connected transmission network that can meet all the requirements of the future energy development of Montenegro.

The energy transition and the growth of generation from renewable energy sources bring new challenges for electric power systems. The transmission network must be strong and flexible enough to accept new

generation capacities, enable secure energy transmission and ensure system stability.

That is why the development of the transmission network is aimed at strengthening existing capacities, modernising the infrastructure and constructing new interconnections with neighbouring countries. These interconnections enable greater exchange of electricity, better market integration and greater security of supply.

**364**  
Employees

**7.881  
GWh**  
Transmitted  
electrical  
energy

**4.563  
GWh**  
Transit of  
electrical  
energy

**1,64 %**  
Transmission  
losses

Continuous investments in infrastructure, digital technologies and modern control systems represent the basis of the long-term development of the transmission system. Through such an approach, CGES contributes to the stability of the electric power system, the development of renewable energy

sources and the strengthening of regional energy connectivity.

A reliable and well-connected transmission network remains one of the key factors in the development of the energy sector and the overall economic progress of the country.

### Strategic goals and priorities

The strategic development of CGES is aimed at further modernisation of the transmission network, increasing system reliability and creating condition on will be focused on the implementation of investment projects that strengthen the transmission infrastructure and improve the connection of the Montenegrin system with the power systems of the region. Such projects play an important role in the integration of new capacities from renewable energy sources and the development of the regional electricity market.

An important part of the strategic activities also refers to the modernisation of the control system, the digitalisation of processes and the application of modern technological

solutions that enable more efficient network control.

At the same time, CGES continuously improves its organisational and professional capacities to be able to respond to the increasingly complex requirements of the energy sector and technological development.

Through this approach, the company creates a stable basis for the long-term development of the transmission system, security of electricity supply and further integration of Montenegro into the regional and European electricity market.

### CGES in numbers

#### Financial indicators

- €21 mln net income
- €23,907 mln implemented investments
- €41,913 mln planned investments
- €5 mln dividend paid to shareholders based on actual income in 2024

#### Infrastruktura

- 1,586.7 km transmission network length
- 4,464.5 MVA installed transformation capacity
- 30 substations in the system
- 364 employees

#### System operation and energy development

- 7,881 GWh transmitted electricity
- 4,563 GWh electricity transit
- 1.64% transmission losses

## 2. Corporate governance

Corporate governance at CGES is based on the principles of transparency, responsibility and compliance with the regulatory framework. The structure of the management bodies is defined by the

Companies Act and the Company's By-Laws, which ensures a clear separation of responsibilities, an efficient decision-making system and stable management of the company.

### Ownership structure

Crnogorski elektroprenosni sistem AD Podgorica operates as a joint-stock company whose ownership structure is defined in accordance with current legislation and capital market rules.

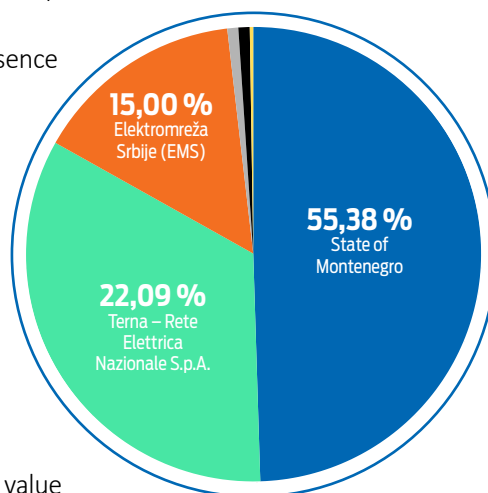
The largest shareholder of the Company is the state of Montenegro, while transmission system operators from the region and Europe also have significant ownership shares. The presence of international partners contributes to the exchange of knowledge, the development of technical solutions and the strengthening of regional cooperation in the electric power sector.

As of 31 December 2025, the share capital structure was the following:

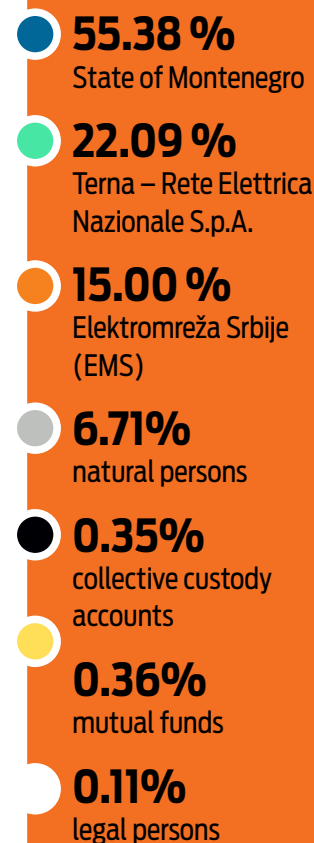
The share capital of CGES amounts to **€155,108,283.124**, divided into **146,176,876** shares with the nominal value of **€1.0611**.

The total number of shareholders as of 31 December 2025 was 6,768, including domestic and international legal and natural persons.

This ownership structure ensures the stability of the company's operations, with the significant participation of strategic partners and openness to the capital market.



The ownership structure of CGES as of 31 December 2025 was the following:



\* Note: The ownership structure is shown according to data from the Central Depository Company as of 31 December 2025.

## XVI Annual General Shareholder Meeting

### Shareholder Meeting

#### XVI Annual General Shareholder Meeting (25 June 2025)

The Shareholder Meeting is the ultimate authority of the Company. Through the Meeting, shareholders pass and approve the most important acts, property, election and status related decisions.

During 2025, one Shareholder Meetings were held - **XVI Annual General Shareholder Meeting**, held on 25 June 2025, in which the most important decisions regarding operations and

corporate governance were adopted. In this annual meeting, the 2024 Operating Statement, 2024 Financial Statements with the Auditor’s Report, and the Decision on selection of an auditor for 2025 were adopted. In addition, a decision was adopted on the distribution of the realised net income for 2023, which envisaged the payment of dividends to shareholders. The right to a dividend is exercised by all shareholders who were registered in the Central Depository Register on the reference date.



### Board of Directors

#### Members of the XXIII Convocation of the Board of Directors

Moreover, the members of the XXIII Convocation of the Board of Directors were appointed, which confirmed the continuity and confidence in the majority of the current members. The following members were reappointed:

- **Aleksandar Mijušković**,
- **Maria Rosaria Guarniere** (Terna – Rete Elettrica Nazionale S.p.A.),

- **Jelena Matejić** (EMS AD - Elektromreža Srbije),
- **Slavoljub Todorović**,
- **Vučko Fatić**,
- **Violeta Vuljaj**.

Instead of Guida Guide, Nicoletta Buonomo, a representative of the strategic partner from Italy, the company Terna, was appointed as a new member.



**Aleksandar Mijušković**  
Chairman of the  
Board of Directors

## XXIII Convening of the Board of Directors



**Maria Rosaria Guarniere**  
Deputy Chairwoman of  
the Board of Directors



**Nicoletta Buonomo**  
Member of the  
Board of Directors



**Jelena Matejić**  
Member of the  
Board of Directors



**Violeta Vuljaj**  
Member of the  
Board of Directors



**Slavoljub Todorović**  
Member of the  
Board of Directors



**Vučko Fatić**  
Member of the  
Board of Directors

### Competences of the Board of Directors

The Board of Directors is authorised to manage the Company, give guidelines to the Executive Director in terms of managing the Company's operations and monitor the Company's operations. CGES Board of Directors consists of seven

members who, after the removal of the previous convocation, were elected at the XVI Annual General Shareholder Meeting held on 25 June 2025.

Aleksandar Mijušković chaired the Board that managed the company throughout 2025.

The submarine electric power cable between Montenegro and Italy was put into commercial operation in 2020.

2009-2019 average revenues from the allocation of cross-border capacities amount to €4.2 million, while the average net income of CGES amounts to €4.5 million.

In 2020-2025, the average revenues from the allocation of cross-border capacities amount to €36.6 million, while the average net income of CGES amounts to €22.0 million.

# 3. Results that make a difference

## Business results of the year

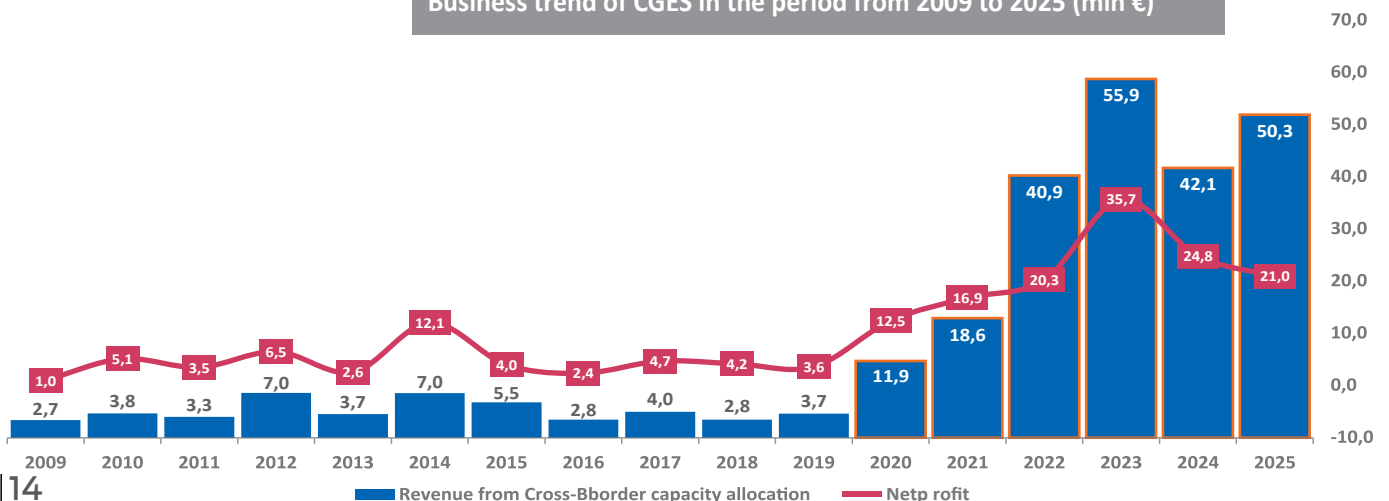
In 2025, CGES achieved stable business results with the continuation of an intensive investment cycle focused on the development and modernisation of the transmission network. The company’s operations were characterised by responsible management of resources, high reliability of the system with secure and stable transmission of electricity, continuous improvement of infrastructure, strengthening of regional connection of electric power systems and implementation of projects of strategic importance for the electric power system of Montenegro.

Crnogorski elektroprenosni sistem (CGES) continued its positive financial trend in 2025, achieving a net income of 21 million euros. Thus, the total income of the company in the last five years reached the amount of almost 118.7 million euros, thereby achieving a historic business result since its establishment.

Net income by year:

- 2021: 16.9 million euros
- 2022: 20.3 million euros
- 2023: 35.7 million euros
- 2024: 24.8 million euros
- 2025: 21.0 million euros

Business trend of CGES in the period from 2009 to 2025 (mln €)



## Performance indicators

The achieved results show the stability of operations and a responsible approach to company management, along with the consistent implementation of planned investments and constant improvement of business processes. During the year, high liquidity and financial security were preserved, while at the same time a strong investment cycle focused on the development and modernisation of the transmission network continued.

Good financial results enabled CGES to completely fulfil all regulatory obligations defined by the rules of the Energy and Water Regulatory Agency, while at the same time achieving specific benefits for the end users of the system.

Based on the achieved operating results in the previous period, the

regulator determined an adjustment of the regulatory allowed revenue of the transmission system operator, which envisages a reduction of revenue in the amount of 9.5 million euros in favour of system users. This adjustment was applied through the tariffs for the use of the transmission system in 2025.

The application of the aforementioned adjustment resulted in a reduction of the tariff item for electricity transmission, which partially mitigated the increase in the total price of electricity for end customers, including households.

In accordance with the current legal and regulatory framework, based on the deviation of realised regulated revenues and regulated costs compared to the approved regulatory revenue and costs for 2025, a negative adjustment of tariffs or regulated

## Trans-Balkan Corridor

## Digitalization and modernization of the control and monitoring system

## 400 kV transmission line Čevo – Pljevlja

## Construction of a variable shunt reactor at the Lastva substation

## Strengthening interconnection links

## Development and improvement of the transmission network

### Key projects

- the final phase of the implementation of the **400 kV overhead line Čevo – Pljevlja**, which represents an important segment of strengthening the transmission network and connecting the electric power systems of the region,
- implementation of the project of **installation of a variable shunt reactor in the substation Lastva**, which improves the regulation of voltage conditions in the system and contributes to the stability of the electric power network in the region,
- implementation of the **Trans-Balkan Corridor**, a project that contributes to increasing the capacity of the Western Balkan interconnection in the directions east-west and north-south, while creating conditions for the integration of renewable energy sources into the electric power system,
- **digitalisation and modernisation of the control and monitoring system**, including the implementation of the project of a supervisory control and data acquisition (SCADA) system, which enables more efficient monitoring and control of transmission system operation in real time,
- **strengthening of interconnections** with the electric power systems of Serbia, Bosnia and Herzegovina and Albania,
- **development and improvement of the internal transmission network** to enable the connection of new generation capacities, especially from renewable energy sources.

revenues of the Company is expected, which is estimated at EUR 23.3 million according to the Rules for Price and Fee Adjustments. The final amount of the adjustment and its distribution in the following regulatory period or several subsequent regulatory periods will be defined based on the decision of the Energy and Water Regulatory

Agency.

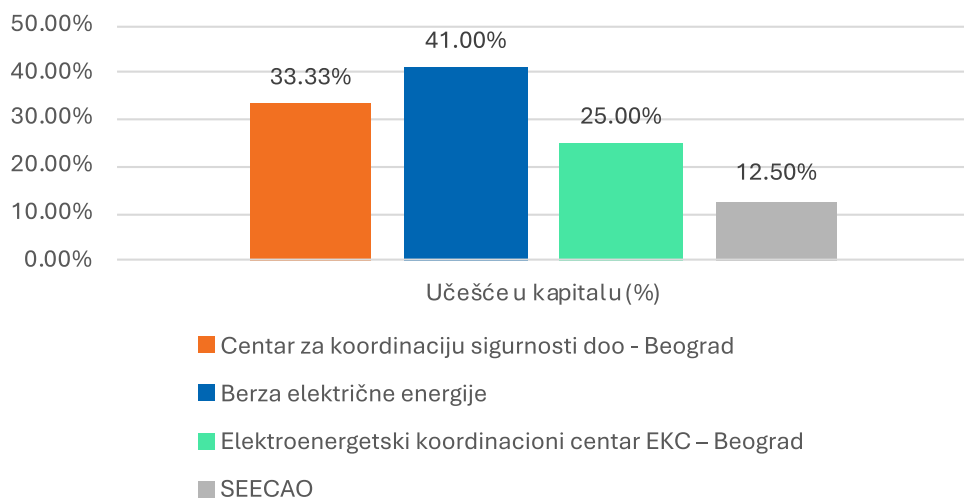
In the structure of the total bill for electricity, a decrease in the share of transmission costs was recorded, which contributed to the relative relief of consumers, despite simultaneous changes in other tariff components.

### Companies in which CGES has an ownership share

CGES has control and impact on the operations and decision-making, proportionally to its ownership share, of the following legal persons:

- **Centar za koordinaciju sigurnosti doo - Beograd 33.33%**
- **Berza električne energije 41%**
- **Elektroenergetski koordinacioni centar EKC - Beograd 25%**
- **SEECAO 12.50%**

Legal persons in which CGES has an ownership share



# 4. Investments and development of the transmission network

## Investment Plan 2025

The Investment Plan 2025 represented the continuation of the strong investment cycle of CGES, aimed at strengthening the security of the electric power system, improving regional connectivity and creating conditions for more intensive integration of renewable energy sources.

The plan for 2025 included activities on a total of 71 investments, in the amount of 41,913 million euros. The largest individual budget related to the project “Construction of OHL 400 kV Čevo – Pljevlja” in the amount of 8.993 million euros, while eight projects and programmes had a budget of more than 1 million euros. Funds for unforeseen investments in the amount of 1 million euros were also planned for the needs of system operation security.

As of the end of 2025, 23,907 million euros were implemented, which in absolute terms is one of the strongest investment years since the separation of CGES as an independent company. The technical implementation of the projects is assessed as stable and

satisfactory, while the deviations in the financial time schedule are predominantly caused by external factors (long-term and complex expropriation procedures and the resolution of property-legal relations, procedures and deadlines for the actions of competent state authorities, requests from international financial institutions, extended tender procedures due to a large number of clarifications and complaints, as well as objective limitations in the delivery of equipment and unfavourable weather conditions for the execution of works).

The investment structure in 2025 confirms the continuity of CGES’ strategic commitment to strengthening the transmission infrastructure, increasing system reliability, improving cross-border capacities and creating conditions for the integration of renewable energy sources. The most significant part of the investments was related to the construction of new and reconstruction of existing substations, as well as the construction and modernisation of overhead line infrastructure.

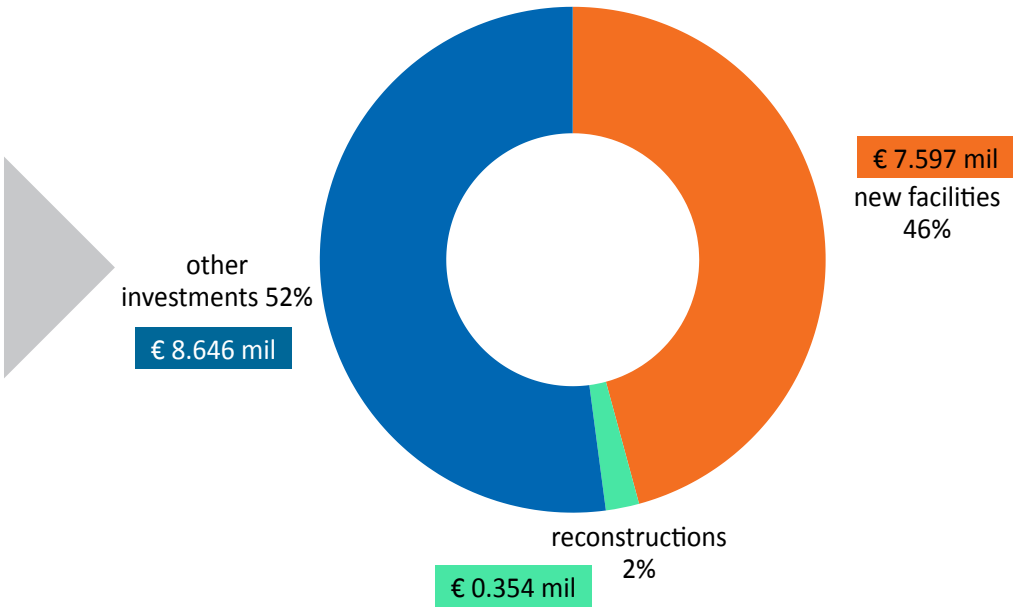
**Activity Plan 2025**  
71 investments –  
**€41.913 million**

**2025 – Realized**  
**€23.907 million**

**One of the strongest investment years of CGES as an independent company**

Investment in SS in 2025 (% , mln €)

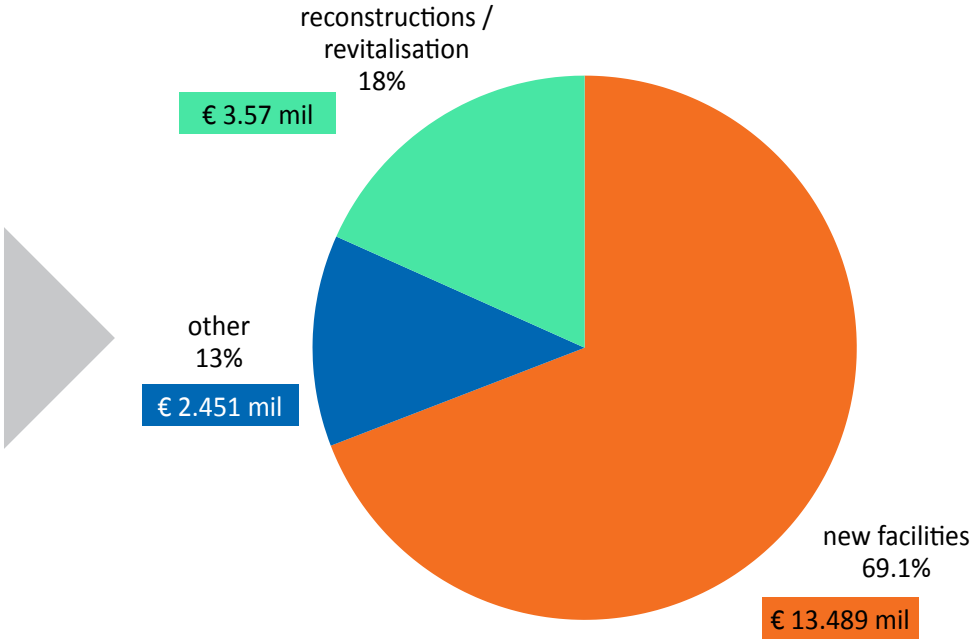
Installation of shunt reactor, procurement of autotransformers, revitalisation of transformers, procurement of instrument transformers, replacement of disconnector units, procurement, design and installation of HV equipment, construction works, revitalization of lighting and electrical installations, digitalisation of certain systems etc....



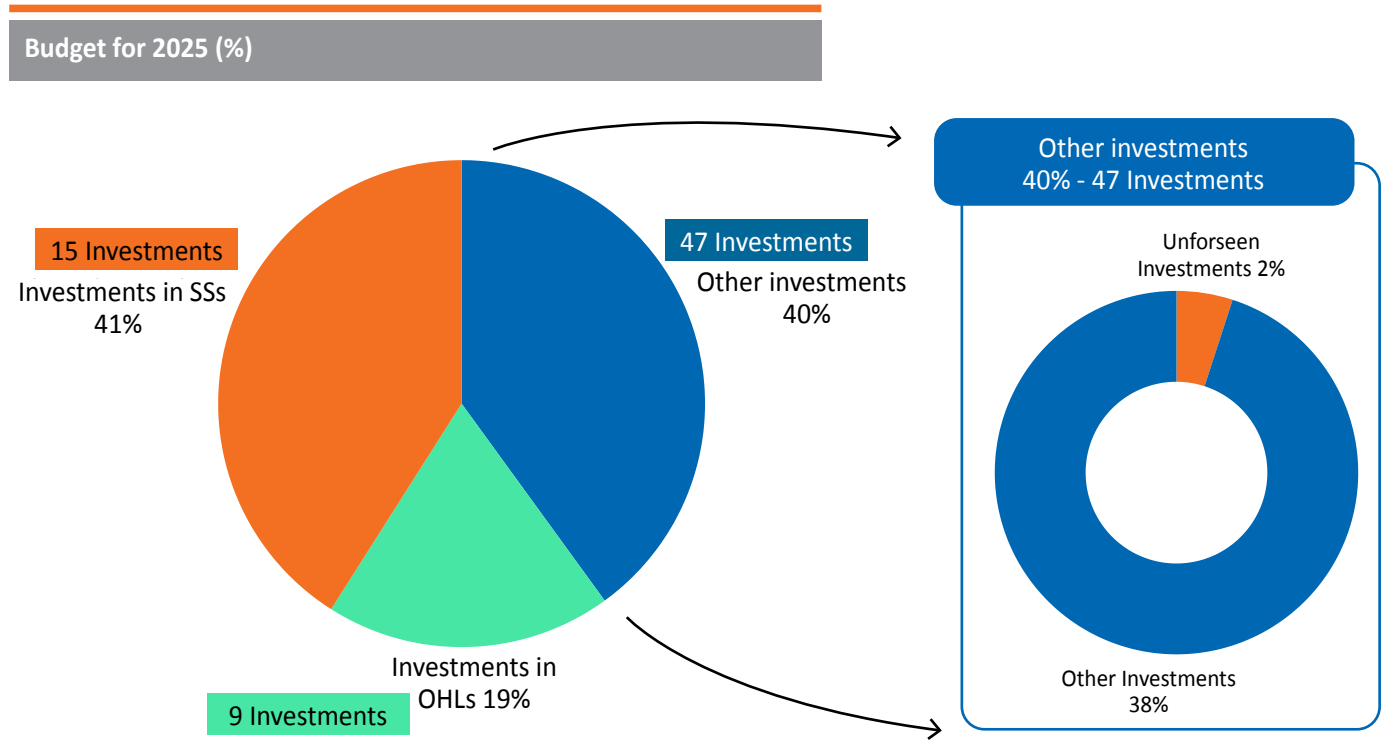
Investment in substation-type facilities (new facilities VS reconstructions)

Investment in lines in 2025 (% , mln €)

OHL marking, procurement of surge arresters, replacement of towers, development of technical documents, installation of sensors...



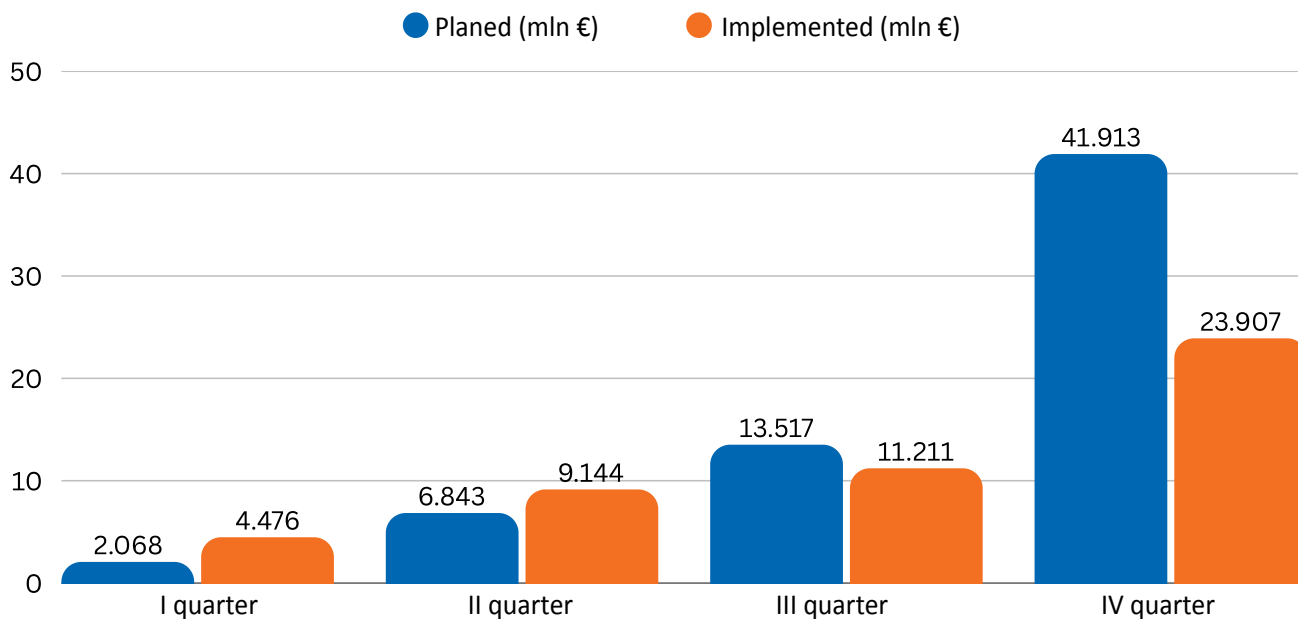
### Investment in line-type facilities - overhead lines and cables (new facilities VS reconstructions)



### Budget breakdown for 2025 by investment category

Financial implementation by quarter shows a more pronounced time schedule in the second half of the year, which is in line with the nature of construction and electrical installation works on infrastructure projects.

Implementation by quarters for 2025 (mln €)



The implementation of investments in 2025 represents the continuity of a multi-year investment cycle and included the continuation of the implementation of capital projects in

the field of associated infrastructure, the Trans-Balkan Corridor, internal network reinforcements, as well as system modernisation and digitalisation projects.

## Capital projects

### OHL 400 kV Čevo-Pljevlja

In 2025, activities continued on the completion of the construction of OHL 400 kV Čevo - Pljevlja as another segment in the connection of the electric power systems of Montenegro and Italy, further as part of the wider Trans-Balkan interconnection project that extends from Romania to Italy. It is a project that includes 449 towers and 122 km of route, from several sections of the double-circuit 400+110 kV, i.e. the single-circuit line 400 kV and 110 kV, which, in addition to the overhead ones, also has short underground connections, which passes through the national park and UNESCO protected areas, 6 municipalities and next to dozens of populated places. The construction of such grandiose facilities represents a great challenge because it is necessary to harmonise ecological, social, financial and technical-technological requirements, which is why the vast majority of such projects are very difficult to implement not only in our country, but also in the world. Despite this, in 2025, key steps forward towards the completion of the project were made. The overhead line was constructed in

several previously disputed locations, and special technical solutions were applied in certain locations (such as the installation of special conductors made of aluminium alloys that reduce the noise produced by the corona effect), which contributed to better acceptance of the overhead line by the local community.

The time schedule of the construction of the overhead line Čevo - Pljevlja during 2025 was very intensive. By defining an alternative route and reaching an agreement with the affected owners, property and legal relations were successfully resolved in the only remaining section where the OHL was not constructed, the village of Đurđevića Tara. In accordance with the above, the missing equipment was procured according to the agreed variation, the detailed design was completed and works on this stretch continued. By the end of 2025, all construction works and installation of 7 out of 10 towers will be completed. The exact date of completion of the remaining works during 2026 depends on weather conditions, but problems that could cause the project's completion to be prolonged are no longer recognised.



### Installation of variable shunt reactor 250 MVar in SS Lastva

During 2025, activities continued on the implementation of the project of installation of variable shunt reactor 250 MVar in SS Lastva. The installation of a shunt reactor is a particularly important project for our electric power system because its implementation will enable the absorption of excess reactive power in the system, which will make a major contribution to solving the regional

problem of high voltages in the Western Balkans region. During 2025, the development and revision of the detailed design were completed, the construction permit was obtained, and the construction works were carried out. The variable shunt reactor was delivered, the GIS bay was fully assembled and mechanically connected to the existing plant. The overall progress of the project is 90% and the shunt reactor is expected to be commissioned in the spring of 2026.



## 4.3 Transmission network development projects

In 2025, CGES continued intensive activities on the **construction and reconstruction of the internal transmission network**, as well as the

harmonisation of technical solutions/ preparation of feasibility studies for **new interconnections**.

### SS 110/35 kV Luštica

Regarding the construction and connection of **SS 110/35 kV Luštica**, the preparation and revision of the detailed design for the construction of the SS is underway, all the equipment was ordered and the preparatory works began on 27 November 2025. Regarding the connection, i.e. the 110 kV cable, the entire delivery was completed in 2025, the development

of the detailed design was completed and the expropriation procedure is nearing its end. In order to speed up the activities, the consent of the Government was obtained for the execution of preparatory works on the part of the route in the Municipality of Tivat, where there is the consent of the Municipality for the execution of the works until the construction permit is obtained.

### SS 400/110 kV Brezna – II phase

Within the project of construction of **SS 400/110 kV Brezna – II phase**, the tender procedure for the procurement of transformers was successfully completed and the contract preparation phase was started. In parallel with the above, a major part of the tender procedure for the PIU

consultant was implemented and the evaluation of the financial part is underway. A request for obtaining urban and technical conditions was submitted and at the same time activities are being carried out on defining a set of measures that would bring the current technical solutions and the justification of their implementation closer to the local community.

### OHL 110 kV Budva – Lastva – Tivat

After the first successful implementation of the high-temperature composite conductor HTLS in the transmission network on OHL 110 kV Perućica-Danilovgrad-Podgorica 1, and recognising this measure as the best solution to respond as soon as possible to the challenge of pronounced seasonal overloads of the system, further complicated by the fact that the initially planned time schedule of the comprehensive reconstruction of

coastal overhead lines do not have adequate time schedules, subject to the resolution of property-legal relations, a tender procedure was implemented and a contract was signed for the **installation of the HTLS wire on OHL 110 kV Budva – Lastva – Tivat**. Factory testing of all equipment was successfully completed and it was delivered, while the possibility of ensuring no-voltage conditions and the weather caused the execution of the works to be postponed to 2026.

### Reconstruction of SS 110/35 kV Pljevlja 1

During 2025, the project of **reconstruction and extension of SS 110/35 kV Pljevlja 1**, which has been in operation since 1961, continued. All works were fully completed, the technical inspection was completed and activities are being carried out to eliminate minor defects, after which a use permit will be applied for. The

implementation of this project will enable an increase in the reliability of power supply and remote control of the SS in question. In addition, there will be a reduction in maintenance costs, and the connection of OHL 110 kV Žabljak will increase the security of power supply to the distribution consumers of the municipalities of Pljevlja and Žabljak.



### Reconstruction and extension of 220/110 kV plant at SS Perućica

Furthermore, the project of **reconstruction and extension of 220/110 kV plant at HPP Perućica**, which aims at the complete replacement of outdated HV equipment in the 110 kV and 220 kV plants, is in progress. The 110 kV and 220 kV busbars will also be replaced, while the 110 kV plant will be extended by one 110 kV overhead line bay and one 110 kV transformer bay. In addition, the existing 110/220 kV

autotransformer will be replaced, and another new autotransformer will be installed, with a total power of 2x200 MVA. In addition to the replacement of HV equipment, a completely new protection and control system will be made, where the protection, control and metering cabinets will be located in the relay houses in the plant. Related to this investment, activities were carried out to secure financing from AFD bank, geological surveys were carried out, and coordination of the disposition and development of the preliminary design is in progress.

## Interconnection projects

### OHL 2x400 kV Pljevlja – border with Serbia

Regarding the 400 kV interconnection with the transmission network of Serbia (**construction of OHL 2x400 kV Pljevlja – border with Serbia**), and after solving the multi-year problem with the adoption of the planning document, Detailed Spatial Plan, OHL 2x400 kV Pljevlja – border

with Serbia, and obtaining urban and technical conditions, the expropriation procedure for the construction of the OHL is in progress, while the tender procedure for the selection of a contractor for the extension of SS Pljevlja 2 is successfully coming to an end (phase of harmonising the evaluation report for the financial part of the bids received).

### Interconnection with Bosnia and Herzegovina and interconnection with Albania

In order to achieve a real energy transition, enabling the connection of renewable energy sources, improving the efficiency of the electricity network, reducing electricity losses, increasing cross-border capacities and improving the reliability of power supply, CGES has a clear initiative in the direction of constructing new interconnections, and in these terms, during 2025, the preparatory activities for the implementation of projects for the **construction of interconnections for Bosnia and Herzegovina (OHL 400 kV with the construction of SS on Pivska planina) and Albania (110 kV connection) were continued**. An application for including the 400 kV interconnection project with Bosnia and Herzegovina into ENTSO-E's TYNDP 2026 development plan was submitted.

By implementing its projects, CGES opens a new perspective towards a

green transition, the connection of renewable sources and the reduction of carbon dioxide emissions.

It is of great importance to note that even during 2025, great interest in the construction and connection of renewable energy power plants to the transmission network - predominantly solar power plants - continued. At the end of 2025, a total of 13 agreements were signed for the construction of connection infrastructure and connection to the transmission network with a total installed capacity of 2.7 GW, of which 11 SPPs with a total installed capacity of 2.52 GW, 1 WPP with an installed capacity of 118.8 MW and an agreement for the eighth unit in HPP Perućica with a capacity of 58.5 MW. The above data, as well as the fact that so far 70 power plants with a total installed capacity of 8 GW are in various stages of technical and administrative implementation, clearly point to the need to improve the internal network, strengthen existing interconnections and construct new ones.

## Innovations and international projects

### HYNET project

Proceeding with its continuous participation in international development and research initiatives, CGES additionally confirms its dedication to innovation and energy transition through participation in the **HYNET project**, which is financed and implemented within the Horizon Europe programme.

HYNET (Pan-European Interoperable AC-DC Hybrid Electricity Networks) is a three-year project in which CGES participates since 1 October 2024, together with a consortium of 16 partners from Europe. The project is aimed at the innovative development and demonstration of hybrid power systems that combine alternating current (AC) and direct current (DC) technologies, with the objective of creating a more resilient and sustainable electric power system. HYNET represents a significant step towards a more energy-independent

Europe and directly responds to the challenges defined by the European Commission's REPowerEU plan, whose goal is to increase the capacity of energy generation from renewable sources to 1,236 GW by 2030, as well as the accelerated integration of DC technologies into the electric power sector. Direct current technologies play a key role in connecting large offshore wind farms and reducing Europe's energy dependence. During 2025, activities were carried out on the development of static and dynamic models, along with defining the possibilities and ways of implementing the demonstration phase of the project, which includes testing and validating the impact of the existing DC submarine cable between Montenegro and Italy on our system. In this way, a kind of testing of the technical and economic advantages of DC technologies in real operating conditions will be carried out.



## Further development

During the previous year, the Updated Transmission System Development Plan by 2032 was prepared, in accordance with the provisions of the Energy Law and the Rules for Developing and Monitoring the Implementation of Ten-Year Electricity Transmission System Development Plans. It was approved by the Decision of the Energy and Water Regulatory Agency.

In accordance with its business plan, Crnogorski elektroprenosni sistem will invest approx. 194 million euros in the construction and maintenance of the electricity transmission network in the next 5 years. In order to provide secure, reliable and high-quality electricity supply, a series of reconstructions are planned in terms of strengthening the existing network, but also constructing new facilities that will enable the connection of new users, primarily power plants with renewable energy sources. As previously mentioned, so far, a large number of applications was received for the issuance of conditions for the connection of dominantly solar and wind power plants with a significant installed capacity. Calculations carried out as part of connection possibility analyses show that the state of the transmission network does not allow the connection of additional new power plants without certain conditions, meaning that for further connections it will be necessary to make significant reinforcements in the transmission network in the form of the construction of new interconnection overhead lines with the countries of the region. Bearing in mind such inputs, the transmission system operator plans to implement investments with such defined implementation dynamics that will prevent a situation in which the transmission network would become a bottleneck for system functioning. All the existing elements that there are indications that they will reach overload

are included in the long-term plan of CGES. As stated, an important segment of the strategic development of the transmission system in the next ten-year period remains the construction of interconnections towards neighbouring systems, primarily with Bosnia and Herzegovina (BiH), Serbia, Kosovo and Albania, which ensures a high level of security of power supply to consumers in the entire territory of Montenegro in the observed period. The project of connecting BiH and Serbia with new 400 kV interconnections is part of the construction of the so-called Trans-Balkan Corridor, which aims to increase the capacity of the Western-Balkan interconnection, in the east-west and north-south directions, and which also enables the integration of renewable sources, primarily in Montenegro, and the distribution of energy to neighbouring countries.

CGES also invests in smart grid projects, i.e. smart networks whose goal is the optimal operation of the transmission system. In this regard, a number of projects have already been implemented, and projects whose implementation will provide remote monitoring, control and regulation of new facilities by including them in the new NDC SCADA/EMS system, extend the system for remote access and SGM applications, as well as the old NDC SCADA to new facilities that will be constructed in the coming years, are ongoing. In addition, it is planned to install sensors to control the temperature of wires and additional load, implement a system for integral operation planning and electric power system reliability assessment, asset management. Moreover, through a separate project, activities are being carried out to improve cyber security, which in modern business conditions is becoming an increasingly demanding challenge.

### Key goals for further development

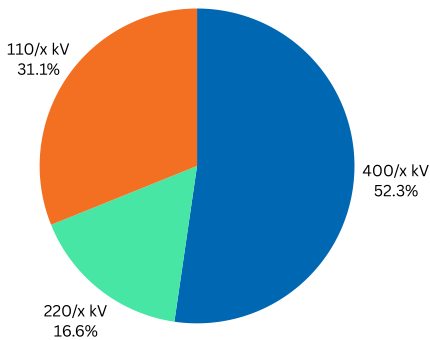
Finally, it is concluded that CGES is constantly working to maintain and construct a network with multiple objectives, the most important of which are:

- elimination of observed uncertainties in the past period;
- contribution to national system security;
- contribution to the security of uninterrupted electricity trade in the region;
- minimisation of capital investments in the transmission network;
- enabling the connection of renewable electricity sources and increasing socio-economic benefits;
- coupling the European electricity market;
- strategic directions of improvement and development in order to protect the environment.

# 5. Our network – foundation of security

## Transmission network structure

Transformation capacity by voltage levels

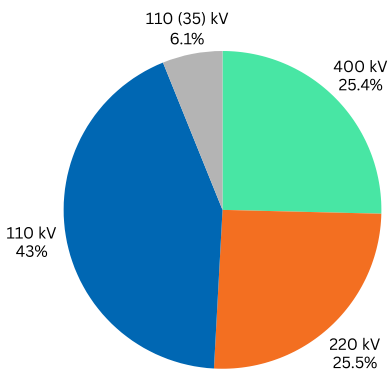


Pursuant to the Energy Law, the transmission system in Montenegro consists of plants (substations) and lines (overhead lines and cables) at 400 kV, 220 kV and 110 kV voltage level.

Crnogorski elektroprenosni sistem AD Podgorica manages 1586,7 km of overhead lines as follows:

- six 400 kV overhead lines, 348.8 km long, of which 36 km of the 2x400 kV overhead line,
- one 400 kV section Čevo - Brezna, 54 km long, which is in operation under 110 kV voltage,
- ten 220 kV overhead lines, 402.2 km long,
- thirty-nine 110 kV overhead lines, 670.2 km long, of which three 2x110 kV overhead lines, 65.3 km long,
- four 110 kV overhead lines that are in operation under 35 kV voltage, 97 km long,
- two underground 110 kV cable lines, 7.3 km long,
- one combined 110 kV line, 5.15 km long (2.48 km of overhead line and 2.67 km of cable length);

Overhead line lengths by voltage levels



as well as 4,464.5 MVA of installed transformation capacity in:

- four 400/x substations (2,335 MVA),
- three 220/x substations (741 MVA),
- RP Piva 220kV
- twenty-two 110/x substations (1,388.5 MVA).

During the previous year, CGES handed over four 35 kV plants to CEDIS, thereby fully completing the process of transferring ownership of 35 kV plants.

Parts of OHL 110 kV Pljevlja – Potpeć, OHL 220 kV Pljevlja 2 – Bistrica and OHL 220 kV Pljevlja 2 – Bajina Bašta, which are located on the territory of Montenegro, with a total length of 38 km were purchased from EMS,.

CGES also controls 110 kV plants in WPP Krnovo and WPP Možura.

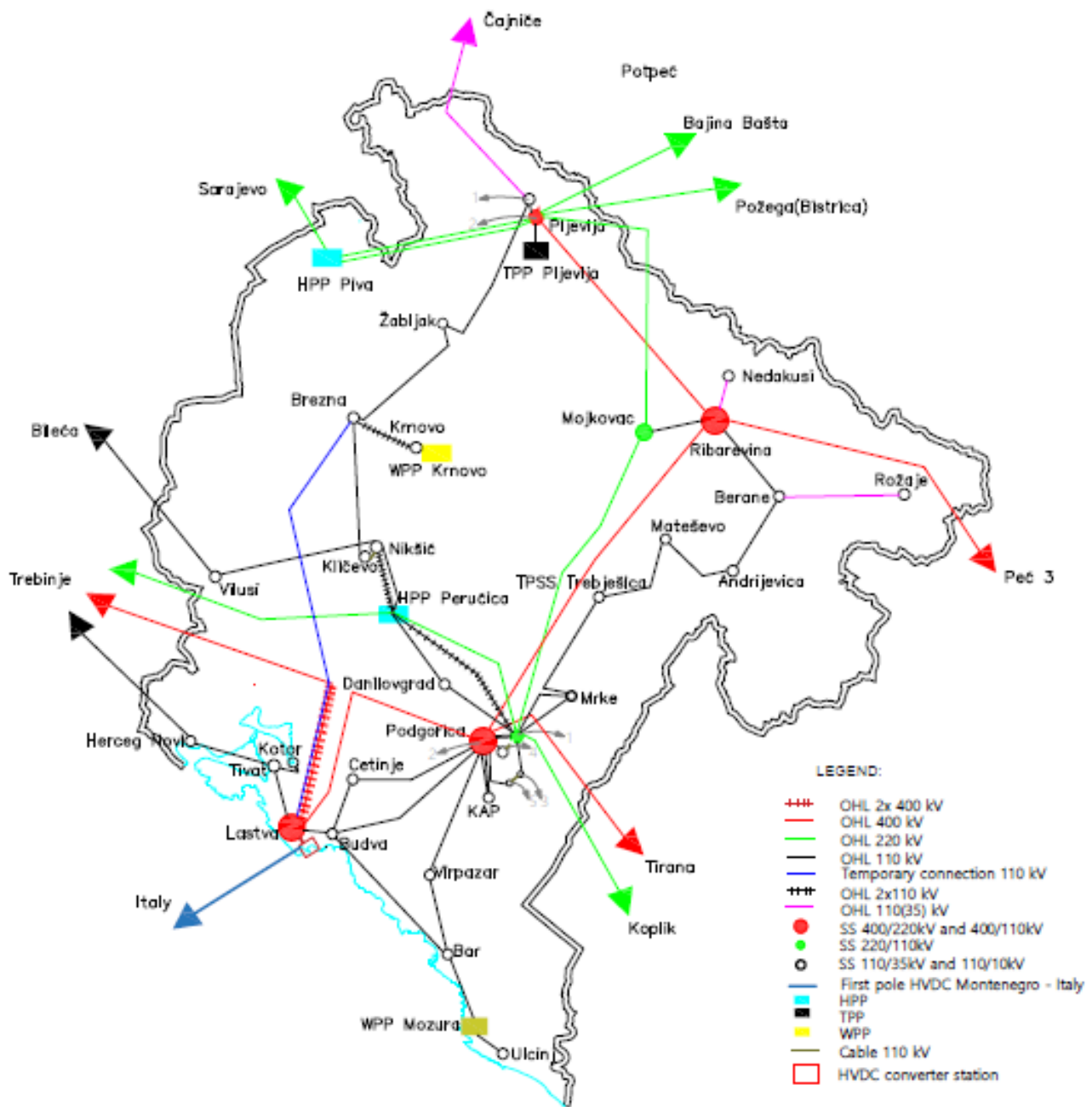
## Technical characteristics and capacities

The transmission system of Montenegro has a considerable number of interconnective overhead lines with neighbouring electric power systems:

- with the electric power system of Serbia, the transmission system of Montenegro is connected via two 220 kV OHLs and with one 110 kV OHL;
- with the electric power system of Kosovo, the transmission system of Montenegro is connected via one 400 kV OHL;
- with the electric power system of Bosnia and Herzegovina, the transmission system of Montenegro is connected via one 400 kV OHL, two 220 kV OHL, two 110 kV OHL and one 110 (35) kV OHL;
- with the electric power system of Albania, the transmission system of Montenegro is connected via 400 kV OHL and one 220 kV OHL;
- with the electric power system of Italy, the transmission system of Montenegro is connected via 500kV HVDC submarine cable.



# CGES AD PODGORICA MONTENEGRO TRANSMISSION SYSTEM NETWORK



## Transmission system users

The following facilities are connected to the electricity transmission network owned by CGES:

- Hydroelectric power plants Perućica (installed capacity 310 MW) and Piva (347 MW);
- Thermal power plant Pljevlja (210 MW);
- Wind power plants Krnovo (72 MW) and Možura (46 MW);
- Direct consumers:
  - Kombinat aluminijuma Podgorica (Aluminium Plant Podgorica),
  - Željezara Nikšić (Steelworks Nikšić),
  - Željeznička infrastruktura Crne Gore (Railway Infrastructure of Montenegro);
- CEDIS, which through the distribution network supplies around 400,000 registered distribution consumers with electricity.

## System reliability and availability

In the previous year, the **Substation Maintenance Division** implemented 307 work orders. Among the more significant works, the installation of 110/35 kV, 63 MVA transformer in SS Nikšić after its replacement stands out. The entire work was completed independently by the CGES teams.

It is important to point out that the substation maintenance team successfully completed extremely technically demanding tasks on the overhaul of the circuit breakers in the bay of OHL 110 kV Podgorica 2 in SS Cetinje.

The overhaul and revision annual plan was implemented 103%. The higher-than-planned implementation was conditioned by extraordinary overhauls of circuit breakers in HPP Perućica.

The **Overhead Line Maintenance Division** successfully completed 474 work orders and completely implemented the annual plan. Overhauls of 13 overhead lines were implemented, which represents 100% implementation compared to the plan. A total of 102 inspections were implemented, which represents implementation in the amount of 101% compared to the plan. On

the overhead lines, after regular inspections, defects were eliminated that were estimated to affect the operational security of the overhead lines. In addition to regular and planned work, 26 emergency interventions were also carried out.

In addition to regular activities on the implementation of the maintenance plan, during the year, the employees of the Overhead Line Maintenance Division also implemented activities of great importance within investment projects.

During the previous year, the **Relay Protection Division** implemented 210 work orders. The implementation of the annual plan is 97%, and the protections were not tested only on the elements for which it was not possible to provide a voltage-free state in the required terms.

In the Relay Protection Division, training for two trainee engineers, who continued their work engagement after the Government's professional training programme, was successfully completed last year. In addition to the mentioned activities, the Protection Division is successfully managing the project of reconstruction of the

local control system in SS Pljevlja 2, Ribarevine and Podgorica 2, which is expected to be completed by the end of the current year.

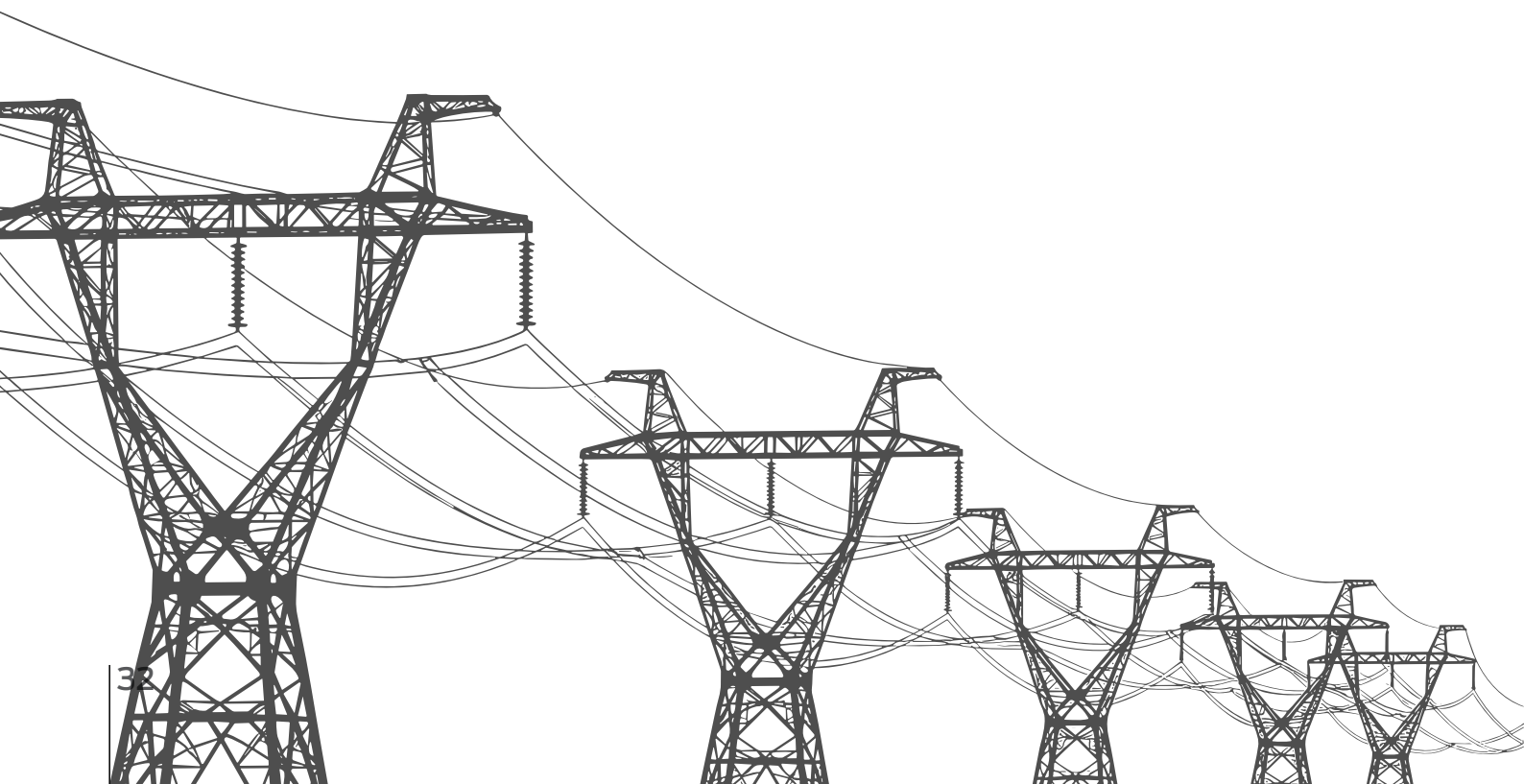
In the past year, the Testing Division implemented 191 work orders and completely fulfilled the annual plan.

## Improvement and modernisation

During the previous year, the revitalisation of two power transformers 110/35 kV in Pljevlja and Ribarevine was successfully implemented, as well as the regular annual servicing of tap changers. Training for the Aquila partial discharge metering device was also successfully completed, which will enable improvement in the diagnosis of transformers and primary equipment.

- Care for electric power facilities includes regular monitoring and testing of equipment, regular inspections, examinations and overhauls as well as fast, efficient and quality elimination of defects and handling emergency situations, all in such a way as to ensure that the voltage-free time of any electricity transmission system user does not exist or is minimal.

- During 2024, **the Substation Management, Control and Analytics Department** was in charge of collecting data on operational events, the condition of high-voltage and other electric power equipment, as well as activities organised in CGES substations. Based on the collected data, daily reports were prepared and the competent departments were informed about the observed deficiencies, which contributed to increasing the speed and efficiency of solving them. In addition, within this Department, the shift work of substation staff, who performed regular visits, checked the condition of HV equipment, as well as the necessary operations and took care of the operational facilities, was organised.



# 6. Transmission system control

## 2025 control innovations

As the founder and member of ENTSO-E (European Network of Transmission System Operators for Electricity), CGES continuously works on improving internal rules and procedures of transmission system control, while respecting

the requirements that apply to all European transmission system operators and the specifics of our network, and all in order to provide the highest quality transmission service for system users.

## Dispatch and operational processes

Transmission system monitoring and control, which includes planned activities and activities that are performed in real time, is performed from the National Dispatch Centre (NDC) and the Reserve Dispatch Centre (RDC) by using SCADA systems and other modern software tools. Preparatory activities for operational control, among other things, refer to the procurement of ancillary and balancing services, development of disconnection plans, electric power system operation plans, security models and analyses, calculation of cross-border transmission capacities, forecasts of generation from renewable sources, electricity losses in the transmission system, etc. During 2025, the harmonisation of operations with the Electricity Integration Package (EIP) had its



epilogue in the formal establishment of the capacity calculation region at the borders of Montenegro. By the decision of ACER (Agency for the Cooperation of Energy Regulators) as of December 2025, CGES will implement a coordinated capacity calculation in three regions (CCRs), namely - on the directions with Serbia and Bosnia and Herzegovina within the ECE (East Central Europe) region, at the borders with Albania and Kosovo within the SEE (South-East Europe) region and at the border with Italy in the separate IT-ME region.

Regarding real-time activities, electric power system control includes system management (maintenance of

frequency stability, voltage stability, application of defensive measures and restoration of operation after disturbances), system monitoring in terms of static and transient stability, amendments to operation plans. During the year, regular operational daily teleconferences (DOPT) were established, where reports on security analyses are considered at the day-ahead level and preventive measures are taken.

Timely interventions that stopped cascading disturbances of a regional character vividly confirm the readiness of the operational staff of the National Dispatch Centre for quality work.

### Regulation and system stability

After new rules were introduced in 2024, during 2025, the operation in the interconnection was changed in the part of measuring the quality of regulation. According to the previous standards, CGES was obliged to regulate the power of exchange with the neighbouring electric power systems, limiting unexpected unbalances in the range from -20 MW to +20 MW. However, during 2025, the focus of measuring the quality of regulation was transferred to the number of time intervals in which the system error was outside

the scope prescribed for each control area in ENTSO-E individually, on 2 levels. For CGES, this means an almost twice as strict threshold for measuring quality. In the regional framework, CGES has maintained the position of TSO with a better quality of regulation, but the further announced tightening of the allowed levels of deviations requires due attention in terms of providing the necessary system reserve for regulation.

### Quality of electricity transmission service

CGES, in accordance with the Rules of Minimum Quality Requirements for Electricity Delivery and Supply, records and processes data relevant for service quality assessment. The purpose of these rules is to encourage transmission system operators, distribution system operators and suppliers to reach and

maintain the levels of general and individual indicators of the minimum quality requirements of electricity supply set out in these rules.

Data on interruptions are recorded through monthly reports that are submitted to the Agency and based on which the quality indicators

related to the transmission system are determined, namely:

- **AIT (Average Interruption Time)** - provides information on the average duration of interruptions in power supply to customers, parts of distribution systems and closed distribution systems connected to the transmission system, expressed in hours on a yearly basis;
- **ENS (Energy Not Supplied)** - provides information on energy not supplied to customers, parts of distribution systems and closed

distribution systems connected to the transmission system due to planned and unplanned interruptions in power supply, in cases where the use of alternative routes of the transmission and distribution network provides power supply to users, expressed in MWh on an annual basis.

The table below shows the quality indicators in 2024 and 2025 due to unplanned interruptions in power supply:

Year	2024	2025
<b>ENS (MWh)</b>	<b>1259</b>	<b>197.03</b>
<b>AIT (h) 3.71</b>	<b>3.71</b>	<b>0.57</b>

Significantly better indicators point to the fact that in 2025 there were no major disturbances in the power supply of users. In particular, it should be emphasised that during the summer season, there was no interruption in the electricity supply to consumers in the coastal region, caused by a fault in the transmission system, despite the record loads recorded in that period. Considering that the prescribed deadline for fulfilling the obligations of the transmission system operator is 24 hours, we point out that this standard was met in 100% of the total of 102 recorded events.

It is important to point out that the ratio of energy not supplied and

energy transmitted for 2025 amounts to 0.006%.

Through the improvement of both network infrastructure and operational procedures, CGES is constantly making efforts to improve the indicator of the general minimum of transmission quality.

During 2025, a large number of planned works on the modernisation of the network were implemented in cooperation with the distribution system operator, during which end customers were supplied from alternative directions. The total duration of planned and unplanned interruptions in power supply for 2025 is significantly lower than for 2024, which is shown in the table below:

Total interruption time	Planned		Unplanned	
	2024	2025	2024	2025
<b>Total interruption time since the beginning of the year (min)</b>	<b>61,716</b>	<b>17,922</b>	<b>9,759</b>	<b>1,549</b>

## Electricity market and cross-border transmission capacities

CGES continued its activities regarding the liberalisation of the electricity market during 2025. The functioning of day-ahead and forward markets in a transparent and reliable manner is an indicator of the interest of market participants, which there were 30 at the end of 2025, in registering. Namely, through Berza električne energije d.o.o. (Montenegrin Power Exchange LLC), of which CGES is one of the founders, a total volume of 773.1 GWh was traded, while for the needs of CGES, 28 auction processes were carried out on the forward market, where 132.5 GWh were traded.

During 2025, progress was made in the

monthly auction for January 2026 at the ME-IT border, which were held at the end of 2025. CGES participated in consultations at the level of the Energy Community and ENTSO-E, with the aim of harmonising the application of CBAM with the process of market integration.

During 2025, CGES continued to organise the allocation of cross-border capacities on an annual, monthly and daily level through the SEECAO allocation platform at all borders except at the border with EMS, where the allocation was performed in accordance with the signed contract on organising joint auctions at the bilateral level. EMS allocated available cross-border capacity on an annual and monthly basis, while CGES is in charge of daily and intraday auctions. Allocation at the annual, monthly and daily level was performed using the “marginal price” method - the last accepted price, while intraday allocation was performed according to the “first come, first served” principle.

It is important to note that in the last quarter of 2025, CGES initiated activities with transmission system operators in Italy and Serbia with the aim of allocation cross-border capacities through the Joint Allocation Office (JAO) from Luxembourg. The activities were successfully completed, so capacity allocation for 2026 and beyond, for the borders with Italy and Serbia, will be done through JAO.

The total number of participants with whom CGES signed contracts on balance responsibility, registered to participate in auctions organised by CGES in 2025, was 75.

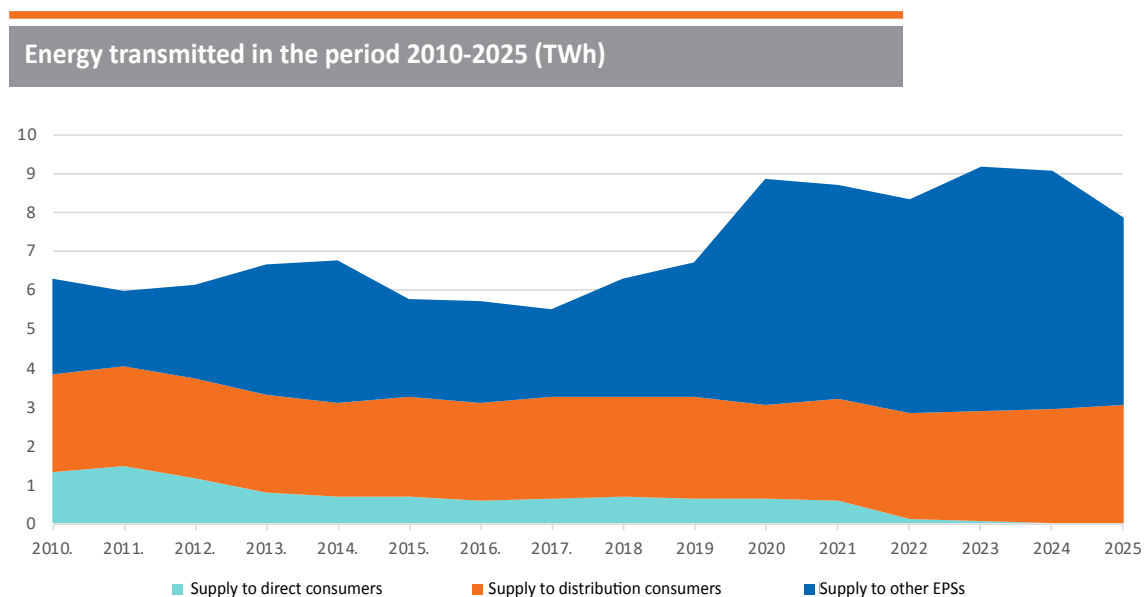
process of integrating the electricity market of Montenegro into a single European day-ahead and intraday market, with a special focus on the coupling project with Italy. In the last quarter of 2025, before the start of the implementation of the CBAM mechanism, a number of regulatory and operational issues regarding cross-border flows of electricity were opened, which was reflected in the annual auction for 2026 and the



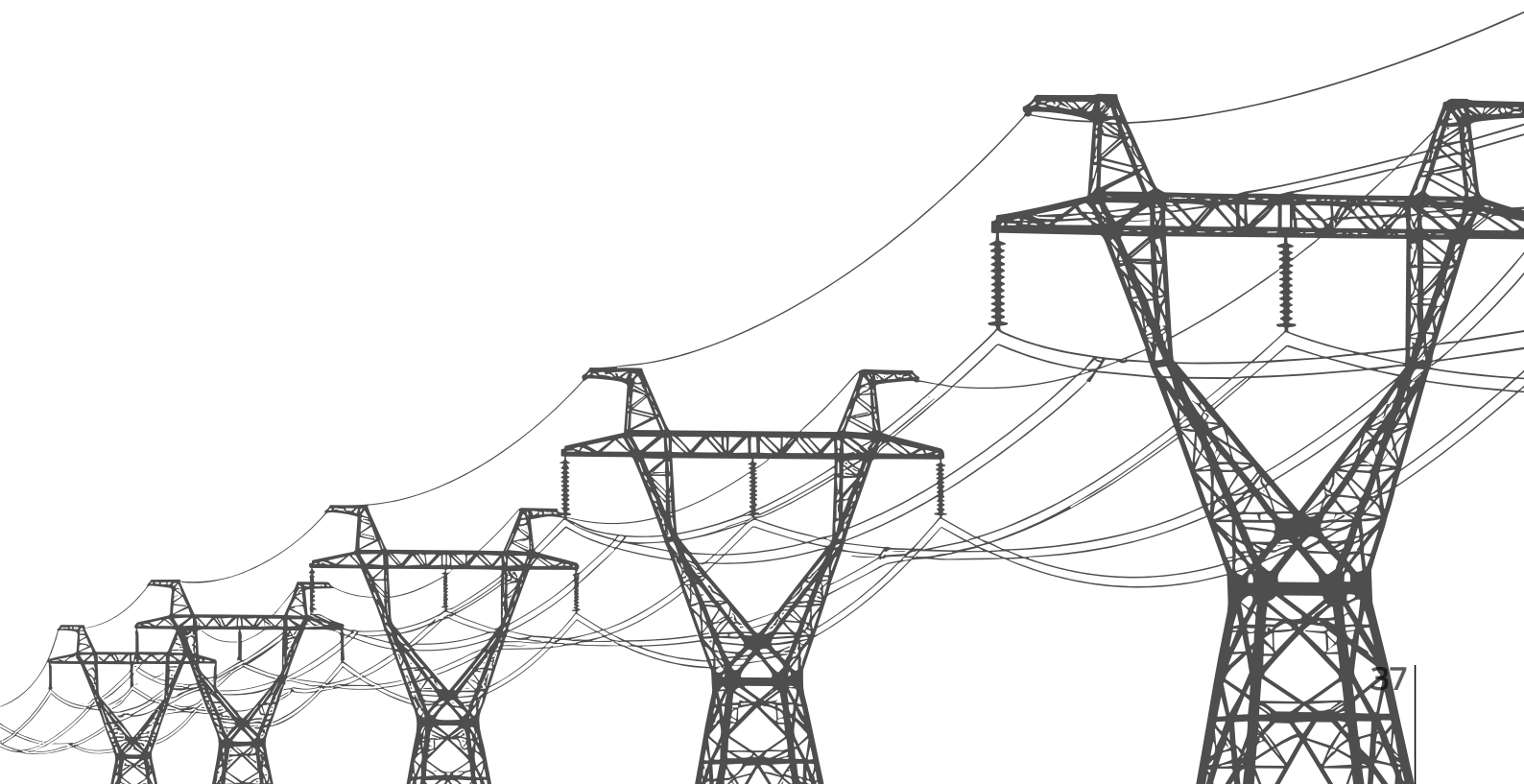
## Electric power indicators

### Electricity transmitted

In 2025, the CGES transmission system transmitted a total of 7,881.42 GWh of electricity for the needs of the Montenegrin electric power system and the transit of electricity for the needs of other systems and the interconnection.



In 2025, a certain decrease in transmitted electricity was registered compared to the previous year, which is a consequence of the stoppage in the generation of TPP Pljevlja for 8 months, as well as the reduction of transit.

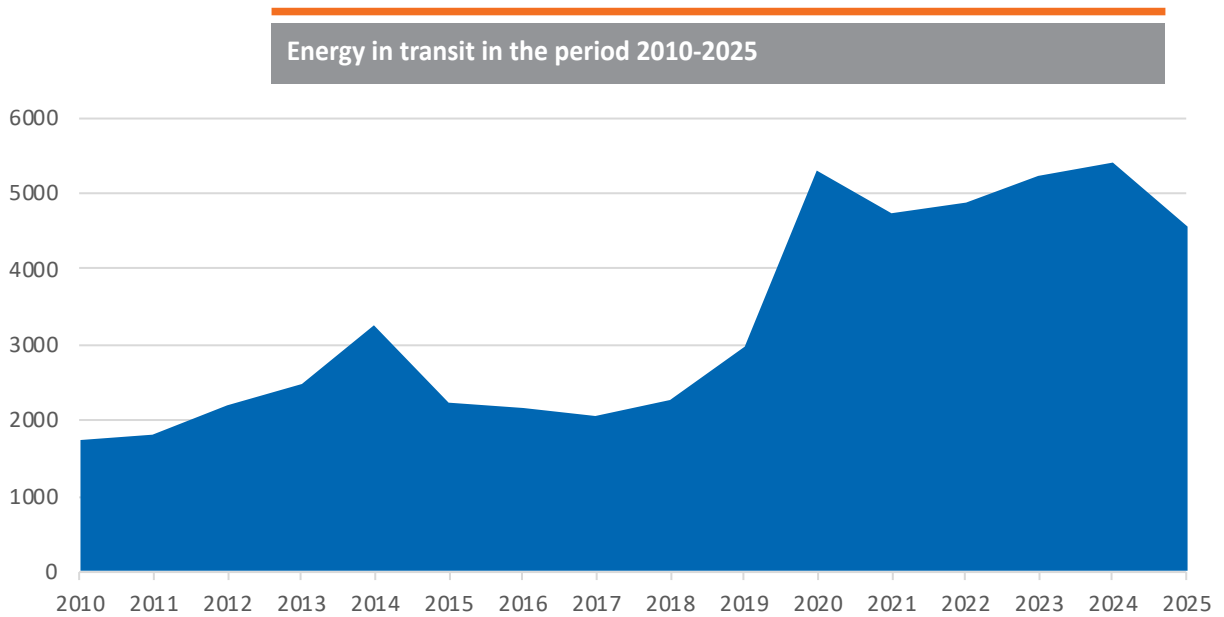


### Electricity transit

The table below shows transit values on a monthly basis:

2025	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	SUM
Transit (GWh)	463	389	463	464	401	267	335	272	333	338	394	437	4563

The trend of increasing transit in the period after the commissioning of HVDC Monita has changed to some extent, as a decrease was registered in 2025:



The decrease in transit is explained by the increase in generation from RES in the countries in the region, primarily in the EU countries in the SEE, as well as in the EU countries in the west of the continent. In situations where there is a price difference, transits are very pronounced, but there are also periods when prices are similar in most European markets, and there is no interest in transit. In the coming period, due to the situation with CBAM, we expect the trend of decreasing transit to continue.

### Rate of losses

Higher utilisation of the network of the highest voltage level continued in 2025, so the rate of transmission losses compared to the total energy that entered the transmission system was 1.64%, which is slightly lower than in 2024, when it had a value of 1.56%.

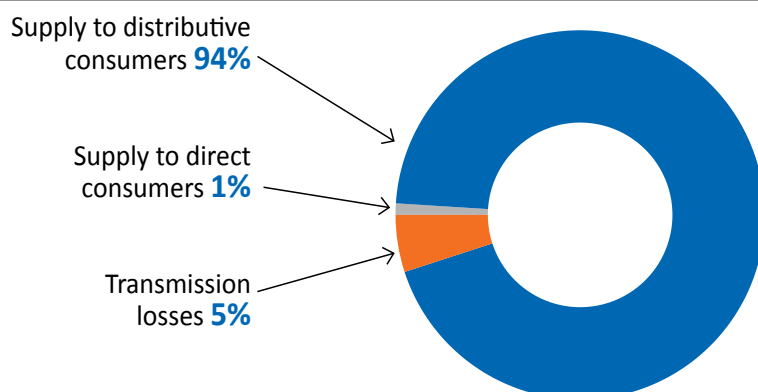
## Electricity consumption

The total electricity consumption in Montenegro in 2025 was 3,171.469 GWh, which is an increase of 1.84% compared to the values from 2024.

Consumption (GWh)			
Year	2024.	2025.	Difference
Supply to distribution consumers	2927,554	3001,289	2.52%
Supply to direct consumers	43,247	38,760	-10.37%
Transmission losses	143,227	131,420	-8,24%
<b>Total:</b>	<b>3,114.028</b>	<b>3,171.469</b>	<b>1.83%</b>

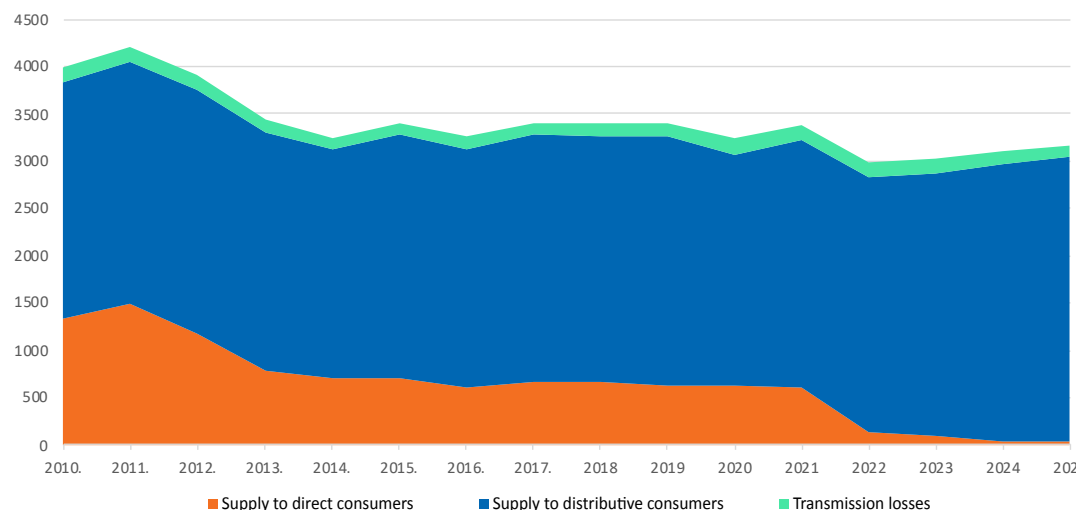
The table shows the continuation of the decreasing trend in the supply of electricity to direct consumers also during 2025, while a slight increase in the supply to distribution consumers is recorded due to less generation of electricity in the distribution network.

Share by type of consumption in 2025



From the diagram, we conclude that customers at the distribution level cover 94 % of the total electricity consumption in Montenegro.

Total electricity consumption in the period 2010-2025 (GWh)



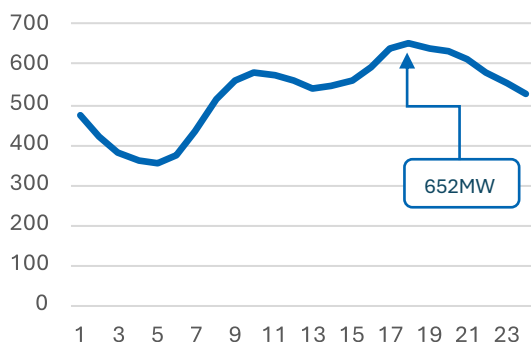
### Maximum and minimum system load

The maximum load of the Montenegrin transmission network was recorded on 31 December 2025 and on that occasion consumption amounted to 12,665 MWh, with import of 2,625 MWh and transit of 15,674 MWh. The maximum consumption value of 652 MW at 18h was also realised on that day.

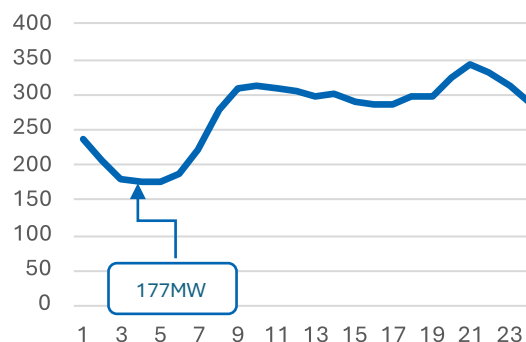
Maximum power			Maximum daily consumption	
MW	Hour	Day	MWh	Day
652	18h	31.12.2025.	12,665	31.12.2025.
Minimum power			Minimum daily consumption	
MW	Hour	Day	MWh	Day
177	4	05.05.2025.	5,996	01.05.2025.

Below is an overview of the maximum/minimum system load as well as the achieved maximum and minimum consumption on a daily basis in 2025.

Maximum load - 31.12.2025



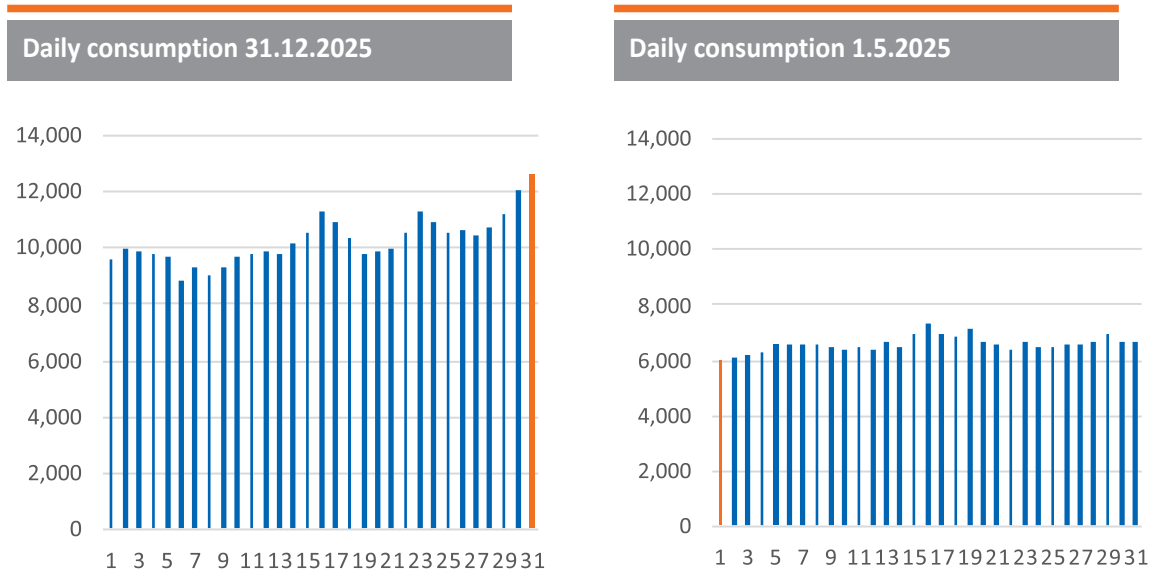
Minimum load - 05.05.2025



The minimum consumption of 177 MW was recorded on 5 May 2025 at 04h.

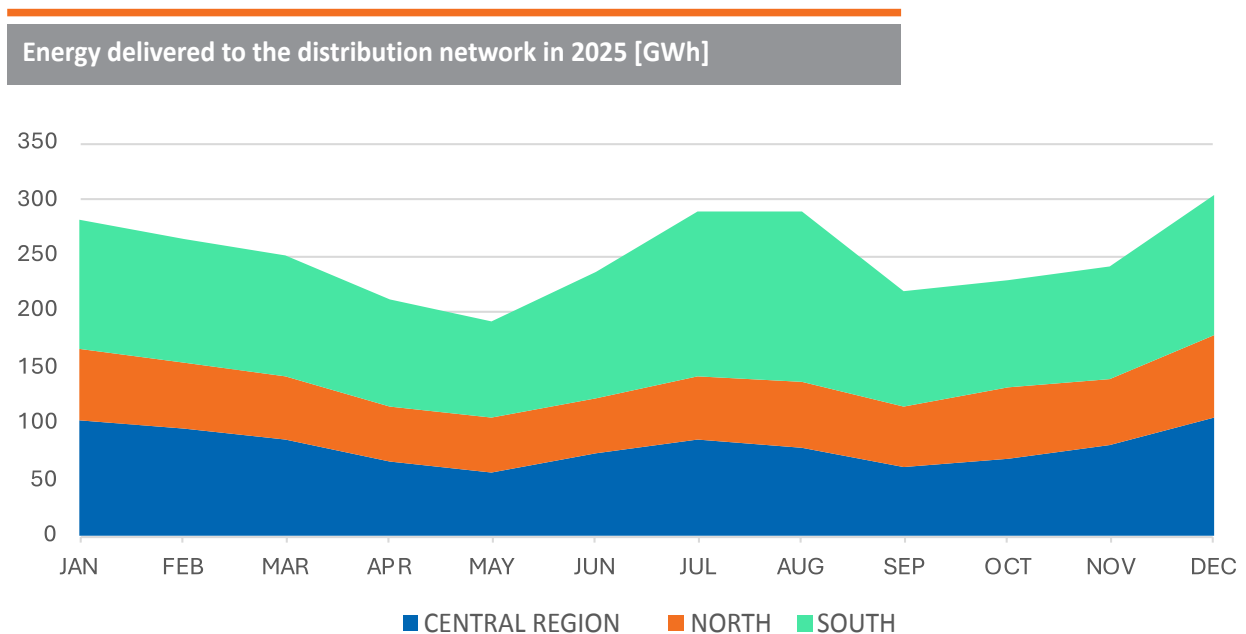
## Daily consumption

The highest daily consumption was realised on 31 December, while the lowest on 1 May 2025.



## Electricity delivered to the distribution network

We recorded the usual maximum consumption on the coast with a characteristic “peak” in the summer period of the year also in 2025. The trend of energy delivered to the distribution network is presented in the following diagram:



### Electricity generation

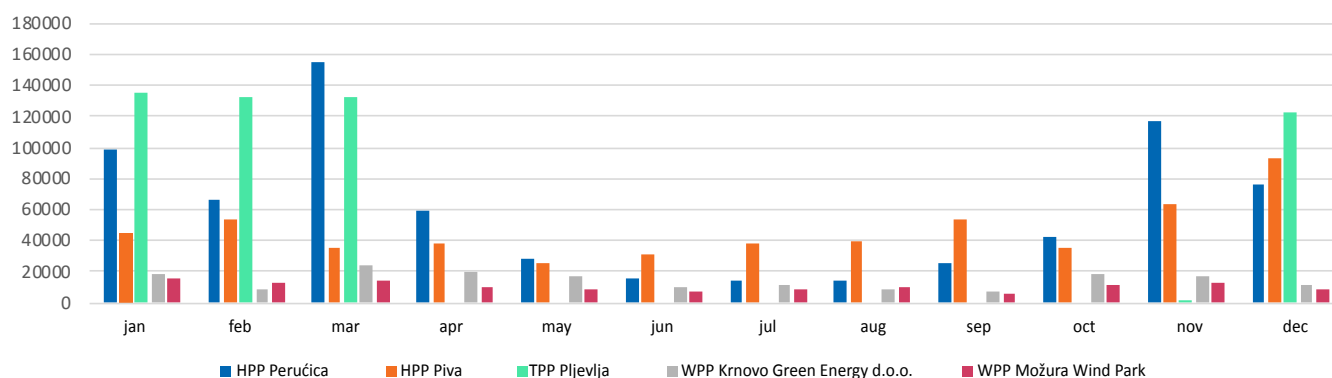
The electricity delivered from generation facilities to the transmission system in 2025 amounted to 2,2091.48 GWh. Thermal power plant Pljevlja generated only 525.322 GWh, which represents 39% of the generation from 2024, due to the reconstruction. Hydropower plants connected to the transmission system generated 1,268.047 GWh. Electricity generated in wind power plants amounted to 298.105 GWh.

A comparative presentation of electricity generation in 2025 and 2024 is shown in the table below::

POWER PLANTS	Electricity generation (GWh)		
	2024	2025	Difference
HPP Perućica	854,94	714,472	-16.54%
HPP Piva	746,00	553,575	-25.77%
HPP Pljevlja	1.337,84	525,322	-60.74%
WPP Krново Green Energy d.o.o.	172,76	173,021	0.15%
WPP Možura Wind Park	118,70	125,084	5.34%
<b>Total:</b>	<b>3.230,24</b>	<b>2.091,48</b>	<b>-35.23%</b>

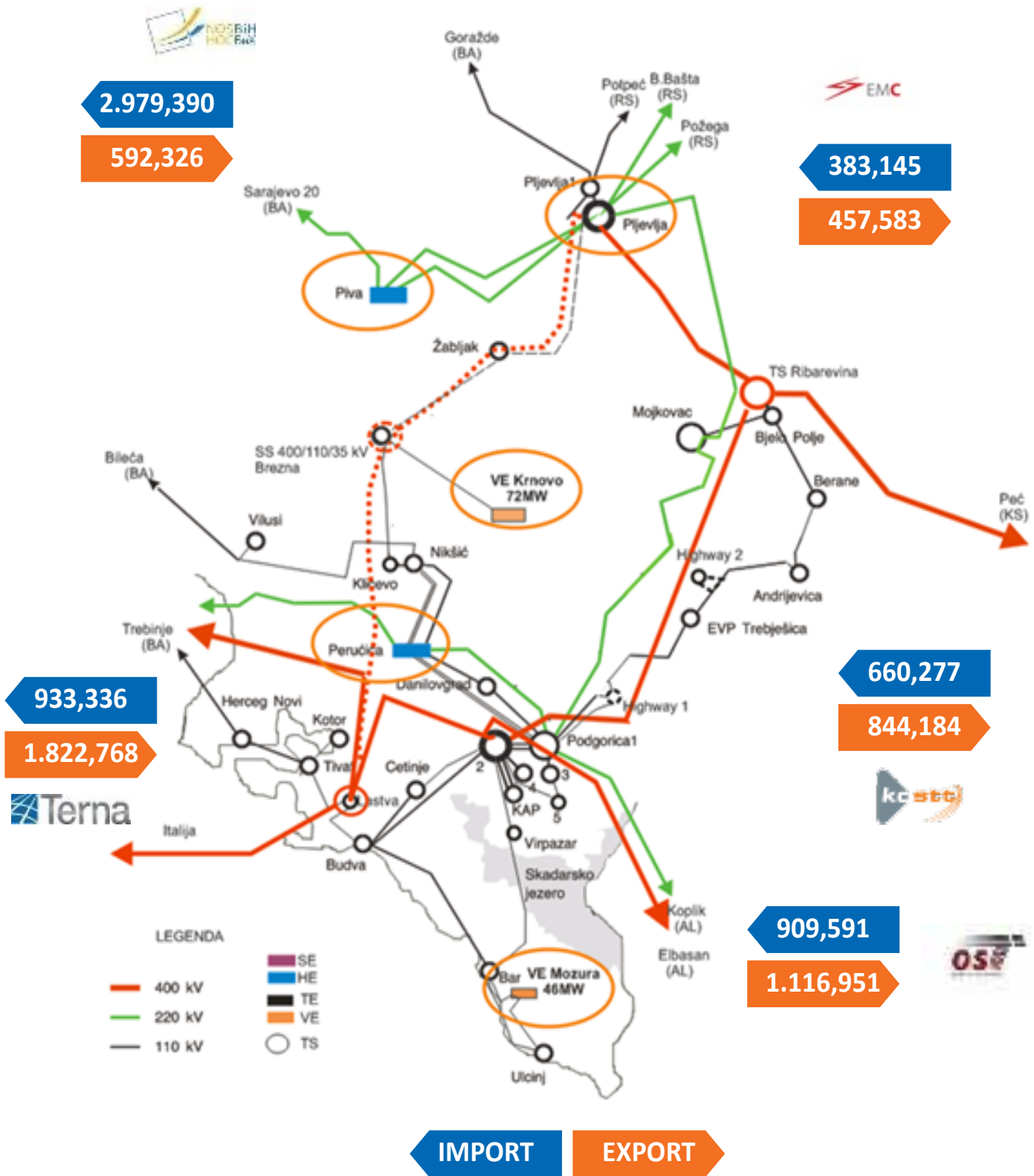
Electricity generation by generation facilities connected to the transmission system of Montenegro by months in 2025 is shown in the following diagram:

Electricity generation by power plants in 2025



### Electricity exchange by borders

Below is a diagram of the Montenegrin electric power system with an overview of electricity exchange flows by borders (GWh) in 2025.



# 7. Information and communication technologies

## Optical telecommunication infrastructure – foundation of a modern network

The functioning of a modern transmission system operator today cannot be imagined without modern technologies in the field of telecommunications, which requires that CGES follows modern trends both in the field of telecommunications and in the field of electric power system control.

The telecommunication network connects all CGES facilities and serves for the transmission of the control, measurement, and monitoring data and exchange of voice and digital data.

In 2025, the trend of modernisation and implementation of new technologies continued. The migration of traffic from the old SDH (Synchronous Digital Hierarchy) TK system to the new IP/MPLS (Internet Protocol Multi-Protocol Label Switching) system, started in 2024, was continued and was fully completed for critical services (SCADA, operational telephony, ICCP and TASSE links to generation facilities). The migration of non-critical services continues to take place in parallel, and the migration process is entirely carried out by CGES' own forces and represents an example of mutual coordination and cooperation between sectors.

The project of replacing telecommunications power supplies in all CGES hubs was completed, which achieved uniformity of equipment and

made maintenance much easier. The old TC power supplies were dismantled, and new ones were installed that are monitored in real time from a central location in the NDC.

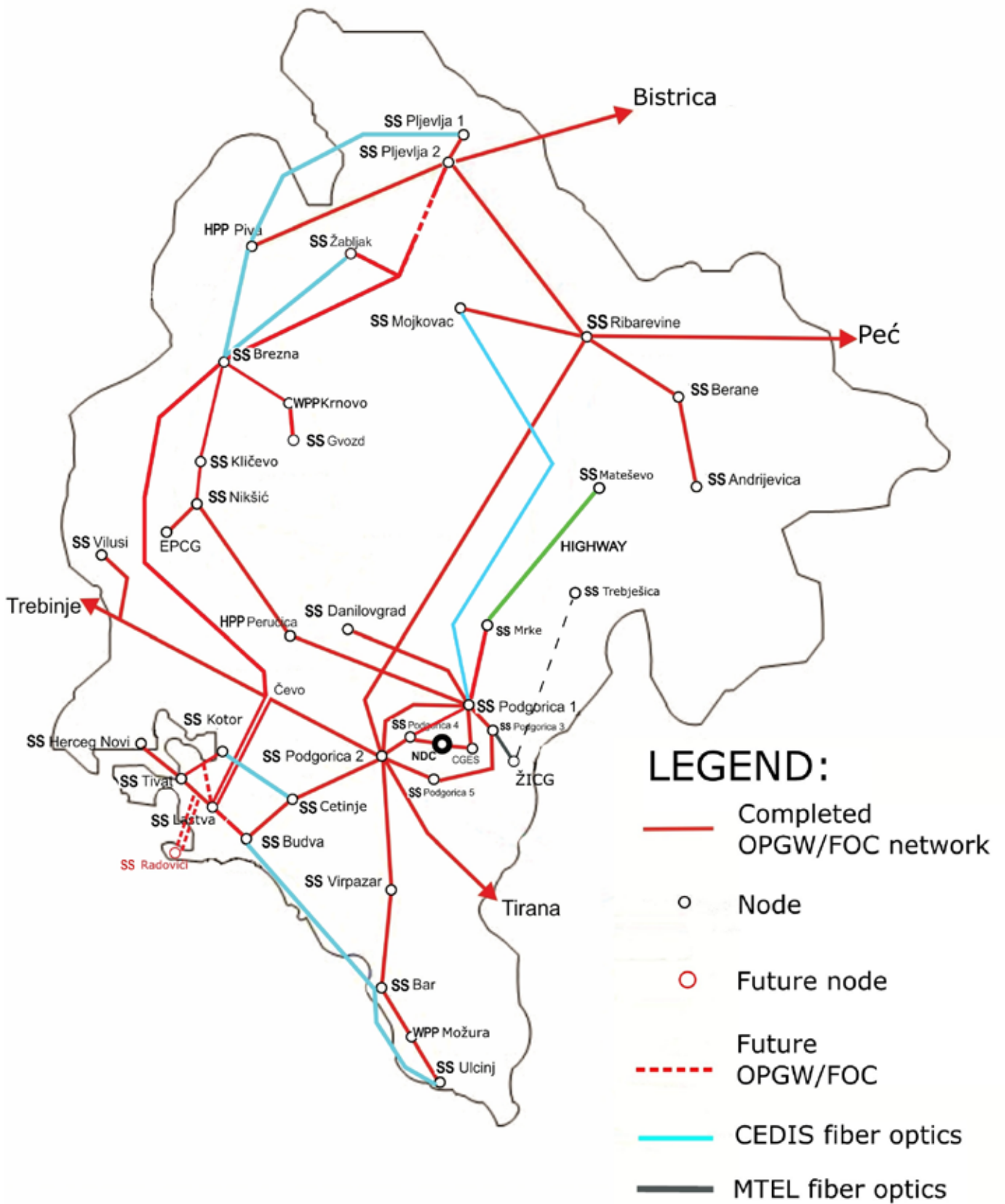
In addition, the project of installing an automated system for monitoring optical fibres was completed. Automated metering stations are installed at strategic locations, which constantly monitor the continuity of optical fibres on the routes. This system enables the CGES staff to be informed in real time about the state of the entire optical network.

In cooperation with CEDIS, redundant optical lines were provided to SS Žabljak and SS Mojkovac. The IP/MPLS network was upgraded over the available optical infrastructure and the reliability of the entire TC system was increased.

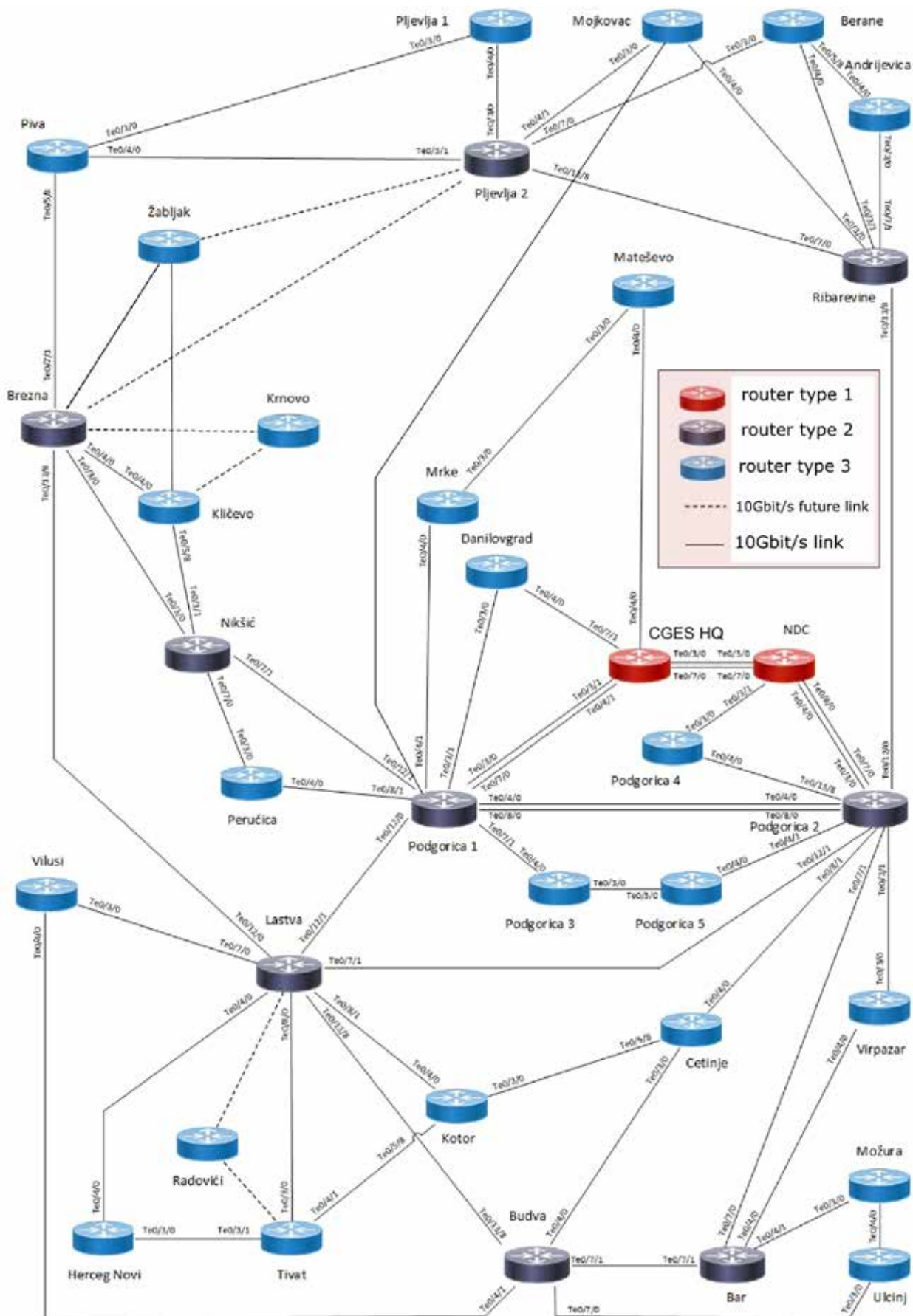
The IP telephony system continued to be successfully used and new upgrades and extensions are planned.

The telecommunications system of CGES consists of a passive optical cable network mainly implemented with OPGW (Optical Ground Wire) technology, a transmission system based on IP/MPLS technology, SDH and PDH multiplexers, IP/Ethernet equipment, as well as IP telephony for business and operational needs.

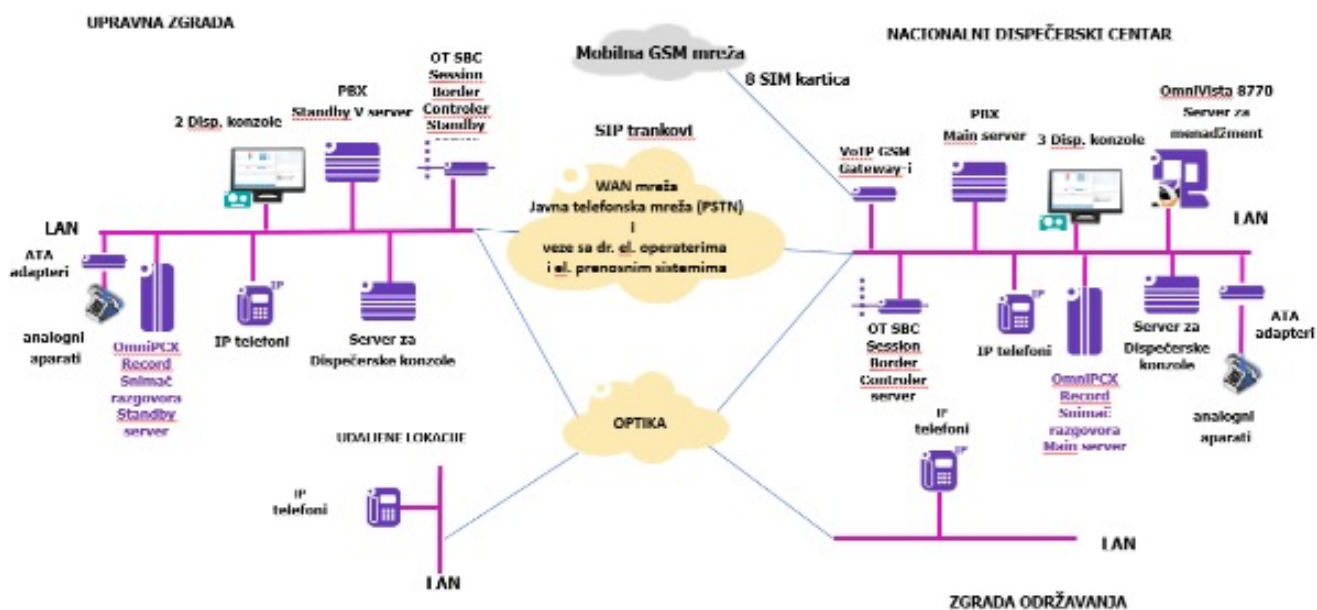
CGES' optical network



Transmission system based on IP/MPLS technology



## IP telephony for business and operational needs



In this way, it is possible to connect all facilities of interest to CGES, high-voltage substations, hydro power plants, wind power plants, office buildings with control centres in Podgorica (National Dispatch Centre - NDC and CGES head office), as well as the exchange of operational data with domestic partners EPCG, CEDIS and ŽICG. This satisfies the company's own needs regarding electric power system control.

The telecommunication network is also used to exchange real-time data on the operation of European countries' electricity systems, with the aim of ensuring the security of the electricity sector in Europe. The development of the CGES optical network is in line with the development of the networks of neighbouring transmission system operators.

This infrastructure enables connecting CGES with neighbouring systems, and through them to all TSOs in ENTSO-E, exchanging data in real time using the PCN network.

Implementation of modern digital

technologies in the field of electric power system control and monitoring, as well as harmonisation with international practices and partners, increase the requirements in terms of technology, digital flow and capacity of active telecommunication equipment.

The optical transmission network with its configuration and capacities, on the one hand, meets the existing needs in terms of transfer of information of CGES complex technical and business system, and on the other hand, represents a potential commercial resource in the telecommunications market of Montenegro. CGES is an operator registered to provide optical fibre lease services, and currently leases around 1,000 km of optics.

In 2025, the successful cooperation with other telecommunications operators in Montenegro continued. CGES already has contractually defined relations regarding TC line lease and cable sewerage, as well as the leasing of optical fibres with large telecommunication operators such as Crnogorski Telekom and MTEL.

In addition, in the field of telecommunications, successful cooperation with our partner

companies in the energy sector EPCG and CEDIS continued.

## Modern information systems

Information technologies (IT) and its systems in CGES play a key role in the modernisation of operations and represent the basis for reliability, efficiency and security in the functioning of the electricity transmission system of Montenegro. In 2025, we focused on the implementation of the most modern software solutions and network technologies, the improvement of existing information resources, as well as digitalisation through the use of advanced technologies that enable the automation of business processes, the use of advanced ICT systems and the increase of cyber security. At the same time, CGES has invested in employee training, ensuring that IT teams have the necessary knowledge to work with modern IT technologies.

The storage infrastructure was modernised with the aim of long-term reliability, efficiency and scalability of the IT system, as well as reducing operational costs, minimising the risk of downtime and increasing the overall security and stability of the information system. The benefits of the upgrade are increased performance, increased reliability and stability, extending the life cycle of the infrastructure and optimising resources.

The procurement of new NGFW (Next-Generation Firewall) devices during 2025 is a key measure in strengthening the security of the technical information system, especially in the context of protecting the existing SCADA infrastructure. By acquiring a firewall device, the technical information system was significantly improved, and the level of protection of the SCADA infrastructure

against internal and external network threats was increased, with the aim of ensuring the continuity of work, increasing resistance to attacks and ensuring the stable functioning of the system.

In 2025, comprehensive technical documentation for the acquisition and upgrade of the SCADA and EMS system at CGES was developed.

MDM (Mobile Device Management) software designed to protect and manage mobile devices has been implemented. Centralised monitoring and administration of mobile devices that access IT systems increases data security, standardises the use of mobile technologies and facilitates management in a business environment that relies on mobile phones.

During the year, two complementary solutions in the field of information protection were implemented - software for classifying and labelling information, as well as a DLP system for preventing the leakage of sensitive data through networks, devices and cloud services. Their strategic purpose is to strengthen information security and data management, protect confidential information, comply with regulatory requirements, reduce risk, increase user and partner trust, and support the digital transformation process.

At the end of the year, the Company's website was updated, which brings a more modern look, easier navigation and faster access to information. It was created to be closer to users, to facilitate communication and to transparently present our services,

projects and values. CGES continues to invest in digital transformation to provide citizens and partners with reliable information and modern support.

Regular maintenance, procurement and delivery of computer equipment are only part of the processes carried out in the past year.

The ERP (Enterprise Resource Planning) and DMS (Document Management System) systems are continuously improved through the upgrade of new functionalities and the implementation of business processes. During the past year, the

procurement procedure for improving the ERP system was initiated, which will lead to the transition to the latest version with all existing functionalities and integrations. At the same time, the implementation of new business processes was carried out in the DMS system, along with the introduction of additional and improvement of existing functionalities.

With these solutions, key administrative and operational processes have been improved, with a greater degree of efficiency and transparency in work.

## Strengthening cyber security and protection of critical infrastructure

As a critical infrastructure operator, CGES is obliged to protect its critical infrastructure. During 2024, the new Law on Information Security, which recognises CGES as a key entity that applies information and communication technologies of particular importance to the functioning of the state, was adopted. As a key entity, it is obliged to protect confidentiality, integrity, availability of data, as well as to apply all protection measures, which is proven by having a certificate of fulfilment of conditions in accordance with the current Montenegrin standard for information security management MEST ISO/IEC 27001.

In order to prepare all prerequisites for certification, during 2025, CGES continued to work on improving the system for cyber protection and carried out the transition to the new version of ISO standard 27001:2022 (Standard for Information Security Management) by updating all adopted policies, procedures and documented information in the field of information security according to the new terms

and requirements of the ISO/IEC 27001:2022 standard.

As in previous years, an external audit of the established ISMS (Information Security Management System) was conducted in accordance with the ENTSO-E OPDE MVS agreement and the OPDE Security plan. An external audit of compliance with the ENTSO-E CN MLA and CN Security plan was also conducted to ensure the safe use of the CN infrastructure (Communication Networks, a pan-European set of telecommunication systems used by the ENTSO-E community).

All the activities undertaken improve the information (cyber) security of CGES and create preconditions for the safe management of critical systems. Information (cyber) security requires constant identification and classification of risks in order to determine critical vulnerable points in the information architecture in CGES, so as in the previous years, a mandatory annual risk assessment and analysis was carried out and a treatment plan for identified risks was defined for 2025.



# 8. Legal and regulatory framework



Crnogorski elektroprenosni sistem (CGES) plays an important role in improving the legal and regulatory framework of Montenegro in order to harmonise national legislation with the *acquis communautaire*, especially in light of the decision of the Ministerial Council of the Energy Community, which at the end of 2022 adopted a package of adapted regulations which, in addition to the adapted Electricity Regulation (EU Regulation 2019/943) and the Regulation on the EU Agency for the Cooperation of Energy Regulators (EU Regulation 2019/942), includes also five EU network codes.

Namely, during 2025, CGES was engaged in the preparation of several laws and by-laws, among which the Energy Law, the Law on Cross-Border Exchange of Electricity and Natural Gas and the Law on Cross-Border Energy Infrastructure Projects should be singled out.

The Energy Law was adopted by the Parliament of Montenegro on 19 March 2025, while the Amendments to the Energy Law were adopted on 31 December 2025. The mentioned law aligned the national legal framework with the

package of adapted regulations of the Energy Community from 2022, including the adapted Regulation (EU) 2019/943 and Directive (EU) 2019/942. The mentioned law introduces concepts such as active customer, energy communities of citizens and aggregation, expands the competences of system operators and regulatory authorities, as well as enables dynamic electricity prices.

In addition to the Energy Law, CGES was involved in the preparation of the draft Law on Cross-Border Exchange of Electricity and Natural Gas, which transposes key EU regulations, including Regulation (EU) 2019/941 on risk-preparedness, Regulation (EU) 2019/942 on the Agency for the Cooperation of Energy Regulators, Regulation (EU) 2019/943 on the internal market of electricity, and five network regulations (2015/1222, 2016/1719, 2017/2195, 2017/2196 and 2017/1485). This law established the legal framework for the integration of the Montenegrin electric power system into the single European market (market coupling). The aforementioned law was adopted by the Parliament of Montenegro on 31 December 2025.

CGES also participated in the drafting of the Law on Cross-Border Energy Infrastructure Projects, further confirming its commitment to infrastructure development and international cooperation. The aim of drafting the aforementioned law is the transposition of Regulation (EU) 2022/869, which governs the procedure, conditions and method for implementation of cross-border energy infrastructure projects of special importance for Montenegro, the cross-border distribution of costs and incentives granted for these projects, as well as other issues of importance for their implementation. Projects of special importance for Montenegro are projects that are on the list of projects of Energy Community interest and/or on the list of projects of mutual interest. On 25 December 2025, the Government of Montenegro established the Draft Law on Cross-Border Energy Infrastructure Projects.

The above-mentioned regulations laid the foundation for the modernisation of the electric power sector, increasing security of supply and integration of the Montenegrin electricity market into the single European market.

When it comes to the company's operations, CGES is a business entity that performs an activity of public interest and whose regulated revenues are determined in a transparent procedure by the Agency. Namely, the Agency determines the total amount of regulatory allowed revenue with the aim of limiting the amount of revenue that the company generates to an amount sufficient to cover the expenses and costs relevant to the provision of transmission services and enable an adequate return on assets so that the company can invest in increasing the quality and efficiency of the services provided.

In accordance with the regulatory-legal framework, defined by the Energy Law and other by-laws, the regulatory allowed revenue of CGES consists of operating costs, depreciation and return on the regulatory asset base.

**Return on assets** is the part of revenues generated based on invested capital and is calculated as the product of the rate of return on capital and the regulatory asset base. The rate of return on capital is determined for the regulatory period as a weighted average cost of capital, which includes the cost of equity and the cost of borrowed capital, weighted according to their share in the total capital of the operator. The regulatory asset base is the value of assets in relation to which the return on assets for the regulatory year is calculated and consists of fixed assets, investments and working capital.

**Depreciation** for regulatory purposes is determined based on the value of fixed assets, the useful life of fixed assets and the application of the proportional depreciation method. The useful life of fixed assets is set based on the technical and economic useful life of different groups of fixed assets, which was used in the last evaluation accepted by the Agency.

**Operating costs (expenses)** for the energy activity are recognised if they are techno-economically justified and in the function of performing the transmission activity. For the purposes of determining revenues and in order to create conditions for increasing efficiency, operating costs are divided into:

1. controllable operating costs;
2. partially controllable operating costs;
3. non-controllable operating costs.

At the end of 2022, the Agency's Decision determined the regulatory



allowed revenue for the period 01 January 2023 – 31 December 2025 in the amount of €150.3 million, i.e. in the amount of €49.3 million for 2023, €49.5 million for 2024 and €51.5 million for the regulatory year 2025. Compared to the previous regulatory period 2020-2022, the established revenues for the period 2023-2025 are higher by €41.1 million or by 37.6%, with at the same time a positive impact on end users who pay lower prices and tariffs for transmission system use.

Such growth of revenues, which does not burden system users, represents not only an impressive business result in one year or a regulatory period, but a stable and solid basis

postponement of the new regulatory period in order to precisely define all the parameters of the operator's allowed revenue, especially in the circumstances of the pronounced volatility of electricity prices on the reference exchanges. This approach directly minimises the risk of determining inadequate tariffs that could damage the financial sustainability of the system or impose unjustified costs on end users in the midst of the integration of new capacities from renewable sources. In this regard, in November 2025, in accordance with the Energy Law, the Agency adopted a decision that the prices for the use of the transmission system in 2026 will remain at the level determined for 2025.

Finally, in accordance with the legal competences, the Agency continued to supervise the operations of CGES in 2025 through regular controls of various business segments, from the quality of service to the implementation of planned investments, with continuous monitoring of the achievement of energy and economic values based on which the regulatory allowed revenue was determined.



for ensuring the long-term economic and financial sustainability of the company.

It should be emphasised that the role of CGES within the energy transition and the process of accession to the European Union is primarily reflected in the obligation to harmonise the national electric power framework with the requirements of the Third and Fourth Energy Package. Bearing in mind the complex dynamics and the large number of new obligations resulting from the newly adopted laws, the Energy Act has foreseen the

# 9. Financial overview

## Profit & loss statement

The 2025 financial statements show a net income of €21.0 million.

**Revenues** amount to €95.4 million and they mainly refer to revenues from cross-border capacity allocation (€50.3 million), revenues from balancing services and system services (€23.5 million), revenues from fees to cover transmission losses (€15.5 million), transmission network use (€2.7 million and other revenues (€3.4 million).

**Operating costs** were realised in the amount of €58.8 million and mainly refer to costs of balancing services and system services (€24.1 million), transmission losses (€14.0 million), personnel costs (€9.0 million) and other costs including costs of material and third party costs (€11.6 million).

**EBITDA** (earnings before interest, taxes, depreciation, and amortisation) amounts to €36.6 million with a margin of 38%).



P&L			
€ mil	2025	2024	2025 vs. 2024
Transmission revenues	2.7	9.3	(6.6)
Transmission losses	15.5	22.0	(6.5)
Congestion revenues	50.3	42.1	8.3
Ancillary system balancing revenues	23.5	20.5	3.0
Other revenues	3.4	6.5	(3.1)
<b>Total Revenues</b>	<b>95.4</b>	<b>100.4</b>	<b>(5.0)</b>
Personnel	9.0	8.9	0.1
Material	0.3	0.2	0.1
Third party	3.8	3.1	0.7
Ancillary system balancing costs	24.1	20.8	3.3
Other	7.5	6.9	0.7
Transmission losses	14.0	18.8	(4.8)
<b>Opex total</b>	<b>58.8</b>	<b>58.6</b>	<b>0.2</b>
<b>EBITDA</b>	<b>36.6</b>	<b>41.8</b>	<b>(5.2)</b>
Margin	38%	42%	-3%
<b>EBITDA prilagođena</b>	<b>35.8</b>	<b>38.8</b>	<b>(3.1)</b>
D&A	11.0	10.6	0.4
<b>EBIT</b>	<b>25.6</b>	<b>31.2</b>	<b>(5.6)</b>
Margin	27%	31%	-4%
<b>Net Financial expenses</b>	<b>0.6</b>	<b>1.3</b>	<b>(0.7)</b>
Financial revenues	0.7	0.3	0.3
Financial expenses EBRD Lastva-Pljevlja	0.4	0.6	(0.3)
Financial expenses EBRD loan (SS Brezna)	0.1	-	0.1
Financial expenses KfW Lastva-Pljevlja	0.0	0.1	(0.0)
Financial expenses KfW Luštica	0.0	0.0	(0.0)
Financial expenses highway Bar- Boljare	0.7	0.7	(0.1)
Financial expenses other debt	0.1	0.2	(0.1)
<b>EBT</b>	<b>25.0</b>	<b>29.9</b>	<b>(4.9)</b>
Taxes	4.0	5.1	(1.0)
<b>NET INCOME</b>	<b>21.0</b>	<b>24.8</b>	<b>(3.8)</b>

**Revenues from transmission network use:**

**Revenues from distribution:** amount to €1.9 million and are lower vs 2024 (-€4.8 million);

**Revenues from producers:** amount to €0.8 million and are lower vs 2024 (-€1.8 million) due to lower active energy.

**Fee for transmission network losses:** lower vs 2024 (-€6.5 million) mostly due to lower revenues from fees to cover losses (-€4.3 million) and lower ITC revenues (-€2.3 million).

**Congestion revenues:** are higher vs 2024 (+€8.3 million) due to higher revenues

at almost all interconnections, namely: Serbia (+€3.6 million), BiH (+€3.1 million), Kosovo (+€1.9 million) and Albania (+€1.1 million), with actual lower revenues at the border with Italy (-€1.4 million). The increase in congestion revenues vs 2024 is a consequence of the increased interest of participants in cross-border capacities, and as a consequence of the volatility of prices on the electricity spot markets and the region's energy needs, with periods of growth during summer and winter (the marginal price of lease of cross-border capacities corresponds primarily to futures prices and price anticipation on the spot markets).

**Revenues from balancing and system**

**services:** higher vs the previous year (+€3.0 million), mainly due to higher prices on electricity exchanges.

**Operating costs:** higher vs the previous year, +€0.2 million (+0.3%), mainly due to differences in the following items:

- personnel cost (+€0.1 million);
- costs of material, third party services and other (+€1.5 million);
- ancillary, system and balancing services (+€3.3 million);
- transmission network losses (-€4.8 million).

**Depreciation:** higher vs the previous year (+€0.4 million).

**Net financial costs:** lower vs the end of 2024 (-€0.7 million).

**Income tax:** was calculated according to the progressive rate in accordance with the Law on Corporate Income Tax. The actual is lower vs the previous year (-€1.0 million) as a result of a significantly lower tax base.

**Net income:** the actual net income of the company amounted to €21.0 million and is lower vs the previous year (-€3.8 million) mainly as a result of a lower revenues from transmission network use and lower fees to cover losses.

**Balance sheet**

Balance sheet			
€ mil	2025 Ostvarenje	Kraj 2024 Ostvarenje	2025 u odnosu na ostvarenje 2024
Assets	299.6	286.7	12.9
Working Capital	(30.6)	(26.8)	(3.9)
Funds	8.8	8.0	0.8
<b>Net Invested Capital</b>	<b>260.1</b>	<b>251.9</b>	<b>8.2</b>
Shareholders Equity	275.0	260.0	15.0
Paid in capital	155.1	155.1	-
Capital injection	-	-	-
Reserve	-	-	-
Carried forward results	119.9	104.9	15.0
Net income from previous period	104.9	90.0	14.8
Current net income	21.0	24.8	(3.8)
Dividends	(5.0)	(10.0)	5.0
Adjustment of retained earnings	(1.0)	-	(1.0)
Purchased own shares	-	-	-
	-	-	-
Net Debt	(14.9)	(8.1)	(6.8)
Cash	55.3	57.4	(2.1)
Long term debt	40.4	49.3	(8.9)
EBRD (Lastva-Pljevlja)	22.4	28.9	(6.5)
EBRD (Brezna)	-	-	-
KfW (Lastva)	(0.0)	1.1	(1.1)
KfW (Luštica)	3.4	2.4	1.0
Revolving facility	-	-	-
Other debt	1.5	2.4	(0.9)
Infrastructure purchase	13.2	14.6	(1.4)
Short term debt	-	-	-
<b>Dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>260.1</b>	<b>251.9</b>	<b>8.2</b>

## Net financial debt

The actual in 2025 vs the end of 2024 was lower by €6.8 million because of lower debt (-€8.9 million) due to the repayment based on the loans of the EBRD, KfW, World Bank and NLB (-€13.6 million), and the withdrawal of funds for Luštica and the variable shunt reactor (+€4.8 million), while the level of total cash is lower (-€2.1 million) vs 2024.

## Cash flow

CASH FLOW		
€ mln	2025	2024
<b>Initial balance</b>	<b>57.4</b>	<b>59.2</b>
EBIT	25.6	31.2
Taxes	(4.0)	(5.1)
Depreciation	11.0	10.6
Delta WC	3.9	0.3
Delta funds	0.8	0.7
Delta capex	(23.9)	(25.2)
<b>Total Operational</b>	<b>13.3</b>	<b>12.6</b>
Financial expenses	(0.6)	(1.3)
Variation of EBRD loan (Lastva- Pljevlja OHL)	(6.5)	(0.4)
Variation of EBRD loan (SS Brezna)	-	-
Variation of KfW loan (SS Lastva)	(1.1)	(2.8)
Variation of KfW loan (Luštica)	1.0	2.4
Infrastructure purchase	(1.4)	(1.4)
Revolving facility variation	-	-
Current Debt increase/amortization	(0.9)	(0.9)
<b>Total Financial</b>	<b>(9.5)</b>	<b>(4.4)</b>
Capital injection/reduction		
Dividends	(5.0)	(10.0)
Adjustment of retained earnings	(1.0)	-
Purchased own shares	-	-
<b>Remittances/injection</b>	<b>(6.0)</b>	<b>(10.0)</b>
<b>Total</b>	<b>(2.1)</b>	<b>(1.8)</b>
<b>Final Balance</b>	<b>55.3</b>	<b>57.4</b>

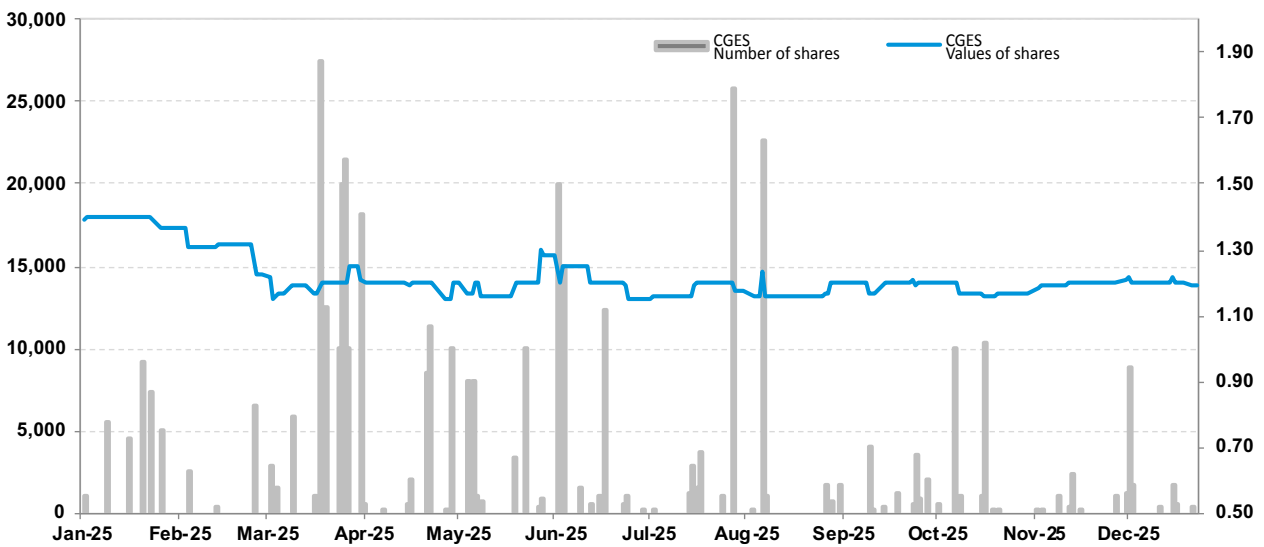
## Stock exchange membership and CGES shares

CGES shares are quoted on the Prime market of the Montenegro Stock Exchange, which is a confirmation of the quality of the securities and, indirectly, a number of preconditions that the company meets in terms of corporate culture and achieved

successful business results in continuity.

The curve below shows the trend of the company shares, which indicates a slight decrease in the price at the beginning of 2025 from €1.39 to €1.20 per share at the end of 2025.

Trend of CGES shares



# 10. Cooperation that connects

## Stable partnerships, secure development

Successful development and stable operations are unthinkable without strong and reliable partnerships, both at the national and international level. During the reporting period, we continued to improve cooperation with numerous partners through intensive dialogue, high-level meetings and active participation in relevant forums, conferences, and gatherings. We paid special attention to strengthening mutual trust through specific activities - from organising meetings and visits to signing significant agreements

and cooperation contracts. Such meetings contribute to the exchange of knowledge and experience, but also create new opportunities for launching joint initiatives and projects. We believe that quality partnerships are built through open dialogue, continuous cooperation and joint commitment to achieving long-term goals.

## Cooperation in the European electric power area and exchange of knowledge



### CGES delegation visits Italian TSO Terna

CGES delegation, led by the Chairman of the Board of Directors, Aleksandar Mijušković, and the Executive Director, Ivan Asanović, paid an official visit to the Italian transmission system operator, Terna. This visit marks a continuation of the longstanding successful cooperation between the two companies, reflected in the implementation of the project Montenegro- Italy power system interconnection via HVDC submarine cable.

The delegation also included the Director of Elektroprenos, Leda Minić, the Director of the Regulatory, Legal, and International Cooperation Sector, Milica Deretić, the Director of the National Dispatch Centre, Ranko Redžić, the Director of the Development and Investment Sector, Dragan Perunović, and the Head of Executive Director Office, Aleksa Knežević.

### **ENTSO-E Assembly, Copenhagen 22 October 2025**

The ENTSO-E Assembly was held on 22 October 2025 in Copenhagen, with the participation of representatives of national transmission system operators. The delegation of Crnogorski elektroprenosni sistem consisted of the Chairman of the Board of Directors, Aleksandar Mijušković, and the Executive Director, Ivan Asanović.

The Assembly focused on key strategic initiatives for the development of the European electric power network, including system development planning, implementation of the EU Grid Action Plan, application of HVDC technologies and integration of renewable energy sources. A special emphasis was placed on the security of critical infrastructure and the strengthening of cross-border cooperation, as well as on the overall direction of system development in conditions of accelerated energy

### **Athens Energy Forum 2025**

The 30th Athens Electricity Forum, which was attended by the Chairman of the Board of Directors, Aleksandar Mijušković, and the Executive Director, Ivan Asanović, on behalf of CGES, was held on 4 June and 5 June 2025, organised by the Energy Community Secretariat and chaired by the

On behalf of Terna, the delegation was welcomed by the Vice Chairwoman of CGES Board of Directors Maria Rosaria Guarniere and Board Member Guido Guida.

The exchange of knowledge and experience during this visit further strengthened the cooperation between CGES and Terna, improved CGES business processes.

transition.

A significant part of the discussion was devoted to the further integration of renewable energy sources and the application of modern technologies, including hydrogen and energy storage systems. The participants pointed out that the transmission infrastructure has a key role in ensuring the stability and flexibility of the system, especially in the context of the growing share of variable energy sources.

The Assembly confirmed the importance of the coordinated action of transmission system operators to efficiently integrate the electricity market and support the decarbonisation process. It was concluded that the further development of the network, along with the improvement of the regulatory framework and regional cooperation, will be one of the key prerequisites for the achievement of energy goals at the level of the European Union and the wider region.

European Commission. The forum was dedicated to market integration, operational security and conditions for a more massive integration of RES. The programme was opened with speeches by representatives of the European Commission, Greece and the Energy Community Secretariat, with an introductory positioning of regional coordination as a prerequisite for



market integration and system security.

The key sessions were dedicated to the cooperation of transmission system operators, the way in which cross-border capacities are regionally planned and distributed, as well as connecting the electricity market and strengthening its competitiveness. In this context, the next steps for joining the single European electricity market, as well as the deadlines defined by the market integration plan, were considered.

The messages of the CGES management on the sidelines of the forum are summarised through several

key lines of action - the need to speed up the integration of the electricity market between Montenegro and the European Union, especially through the border Montenegro – Italy, as well as to strengthen the transmission network through investments and improvement of operational capacities, and the development of system flexibility, the introduction of energy storage and the improvement of regional coordination were recognised as key conditions for the stable inclusion of a greater number of renewable energy sources in the electric power system.



Mijušković, and the Executive Director, Ivan Asanović, was held on 18 July 2025, and gathered high-ranking representatives from all over Europe.

At the ceremony, it was emphasised that over the past 20 years, the Energy Community has helped member states harmonise their legislation with European Union standards, modernise energy systems and develop the infrastructure necessary for integration into the single European energy market.

The importance of regional connectivity was particularly highlighted, where it was pointed out that energy represents the basis of wider cooperation that also includes transport and digital infrastructure. Such an approach contributes to the strengthening of the overall unity of the European space, while additionally indicating the need for further connecting the market and harmonising climate policies as key steps towards a sustainable and secure energy future.

### **20 years of the Energy Community - Strengthening regional cooperation and the path to integration into the EU energy market**

The 20th anniversary of the Energy Community, an organisation that has played an important role in connecting the energy markets of Southeastern and Eastern Europe with the European Union for two decades, was marked in Athens. The ceremony, which was attended by the Chairman of the Board of Directors, Aleksandar

## CGES delegation visited the German TSO 50Hertz

The Chairman of the Board of Directors, Aleksandar Mijušković, and the Executive Director, Ivan Asanović, together with their closest collaborators Leda Minić, Director of Elektroprenos, and Aleksa Knežević, Head of Executive Director Office, paid an official visit to the German transmission system operator 50Hertz.

During the visit, the delegation got acquainted with the key aspects of the functioning of the TSO's system, including the regulatory framework and financing, the development of a network with a high participation of renewable sources, as well as the application of the Modular Control Centre System (MCCS), which enables the integration of 100% renewable energy.

This visit further strengthened the cooperation between CGES and 50Hertz, opening up space for the exchange of knowledge and experiences with the aim of further improving the electricity transmission network of Montenegro.



## European parliamentarians visit CGES

Projects implemented by CGES have been attracting the attention of the European Union for many years, as evidenced by the continued interest in our infrastructure initiatives. The

visit of Members of the European Parliament to the 400/110 kV Podgorica 2 substation is yet another indication that our commitment to developing energy infrastructure does not go unnoticed at the European level.

## Regional cooperation and infrastructural integration

### CGES and EMS sign Electricity Transmission Infrastructure Purchase Agreement

Crnogorski elektroprenosni sistem (CGES) and Elektromreža Srbije (EMS) have signed an agreement for the purchase of electricity transmission infrastructure, reaffirming their long-standing cooperation and joint commitment to developing a stable and reliable regional power transmission system. The agreement was signed by the directors of the two



companies, Ivan Asanović and Jelena Matejić.

The subject of the agreement is the purchase of parts of the 220 kV and 110 kV interconnection transmission lines, which are owned by EMS but located on the territory of Montenegro. Under the agreed

terms, ownership of these lines will be transferred to CGES.

The need for this arrangement arises from the complexities involved in operating and maintaining transmission lines located in another country, which presents both technical and legal challenges.



### **CGES at the regional meeting of electricity transmission companies in Belgrade**

Representatives of CGES participated in the regional meeting of electricity transmission companies in Belgrade, where experts from CGES, Eles, HOPS, EMS, MEPS and NOS BiH exchanged knowledge and experience aimed at strengthening cooperation in the field of electric power. Special focus was on the topics of maintenance, digitalisation and personnel development, with a visit to the EMS Dispatch Centre as an example of modern solutions in practice.

## **Strategic initiatives and development of the energy sector**

In accordance with the development priorities and long-term goals of Crnogorski elektroprenosni sistem, during 2025 special attention was devoted to strengthening strategic and investment cooperation with relevant national and international partners. Through intensive dialogue with institutions, investors and operators of transmission systems, CGES actively contributed to the creation of a stable and stimulating framework for the further development of the energy sector.

**Cooperation with the Ministry of Energy and Mining** was realised through a series of meetings aimed at improving the legislative framework and harmonisation with European

standards, as well as defining priority investment activities. Special emphasis was placed on the application of the CBAM regulation, the strengthening of the investment cycle and the development of transmission infrastructure, as key prerequisites for further market integration and security of supply.

In the context of the **development of renewable energy sources and the attraction of investments**, cooperation with international partners, including the Masdar company, was realised, where the possibilities of implementing projects that contribute to the energy transition and sustainable development were considered. The importance of further strengthening



of the transmission network was emphasised to ensure the conditions for the connection of new generation capacities and the stable functioning of the system.

The regional dimension of cooperation was additionally improved through **working meetings with representatives of system operators from Bosnia and Herzegovina**, with a focus on the exchange of experiences and improvement of the operational security of transmission systems, which contributed to the strengthening of

### **International cooperation**

CGES successfully achieves and continuously improves international cooperation, both at the regional and European level. Thus, international cooperation in 2025 represented one of the pillars of the strategic development of CGES and was aimed at the further integration of Montenegro into the European electricity market, strengthening the institutional position of CGES within ENTSO-E and other international bodies, as well as improving cross-

mutual trust and a more efficient response to common challenges in the energy transition process.

Through the aforementioned activities, CGES confirms its role as a reliable partner in the development of the energy sector, actively contributing to the strengthening of the investment environment, the improvement of regional cooperation and the creation of conditions for the sustainable and long-term development of the electric power system of Montenegro.

border operational coordination.

Through active participation in European and regional initiatives, in the work of international bodies ENTSO-E, Med-TSO, working groups of the Energy Community, SMM block, a series of projects and initiatives, CGES has additionally strengthened its position as a reliable transmission system operator and a relevant partner within the European electric power area.

## Cooperation within ENTSO-E

During 2025, CGES continued active participation in the work of ENTSO-E and its expert bodies, which ensured



alignment with adapted European network rules (Network Codes and Guidelines), improvement of the operational management process with a special focus on procedures in emergency situations, strengthening of transparency and market mechanisms, contribution to the development of regional and European network development plans.

Representatives of CGES participated in the work of the ENTSO-E Assembly, System Operation Committee (SOC), System Development Committee, Research, Development and Innovation

## Cooperation within Med-TSO

The Association of the Mediterranean Transmission System Operators (Med-TSO) deals with coordinating network development planning, defining common technical rules and promoting interconnections in the Mediterranean region. Through the exchange of expert knowledge and the harmonisation of regulatory frameworks, Med-TSO actively works to facilitate the energy transition, the integration of renewable energy sources and the strengthening

Committee, Market Committee, Information and Communication Technologies Committee and numerous groups and bodies that function within ENTSO-E.

Through the ENTSO working bodies, CGES contributed to reaching an agreement on the temporary method for coordinating cross-border capacity calculation, eliminating the problem of excessive voltages in the SEE and coordinating the position of European TSOs in the dialogue with the European Commission on the technical and regulatory aspects of the application of the CBAM to electricity.

We are particularly pleased with the We Are ENTSO-E Recognition Award, which celebrates teamwork between members and the Secretariat in the implementation of key initiatives for the association and the community of transmission system operators. With this award, CGES was recognised for its valuable contribution to the Energy Community Task Force and the CCR Determination Drafting Team.

These activities contribute to reducing regulatory risks, strengthening the Company's credibility, the stability of the business environment, and improving the security of supply itself

of interconnections between member states, which directly contributes to the stability of supply and sustainable economic development of the entire region. CGES as a co-founder of Med-TSO association, which has 20 members from 20 Mediterranean countries, endeavours to contribute to implementation of declared objectives, making of decisions and work of this association.

During 2025, in addition to the Med-TSO Assembly, CGES representatives made an active contribution to the

realisation of the above Med-TSO goals through the work of the Technical Committee for Regulation and Institutions, Technical Committee for

Operations and Technical Committee for Economic Studies and Scenarios.

## Cooperation within the Energy Community

Established by signing an agreement between the European Union and the countries of Southeast Europe and the Black Sea region in October 2005 in Athens, the Energy Community is an international organisation dealing with energy policy. The main goal of the Energy Community is to expand the internal electricity market from the European Union to the countries of Southeast Europe and the Black Sea Region based on legally binding regulations.

During 2025, CGES representatives participated in the work of a number of working groups within the Energy Community, and the focus was on the

work within the Working Group for the Projects of Energy Community Interest (PECI) and Projects of Mutual Interest (PMIs) Electricity Working Group, the Working Group for Capacity Allocation and Congestion Management - joint expert team EnC – CACM PCG JET EnC, as well as the Information Security Working Group within the Energy Community.

Active participation of CGES in working groups and cooperation with the Energy Community represents a significant framework and support for harmonising the work of CGES with the EU acquis in the field of energy (network rules, rules related to market coupling, rules related to transparency, balancing and congestion management).

## Coupling the electricity markets of Montenegro and Italy

With the aim of implementing the project of coupling the electricity markets of Montenegro and Italy, in 2025, the Terna and CGES teams worked intensively on the preparation of regional conditions and methodologies in accordance with the EIP, as well as the realisation and monitoring of the obligations arising from the adopted regulations.

Through a series of groups and working bodies, first of all the Italian Border Working Table - IBWT, which represents the contractual framework for managing local market coupling projects, within the which we joined the IBWT Operational Agreement in 2025, and the Market Coupling Steering Committee - MCSC, in which we have observer status, CGES and its partners implemented activities that will enable the integration of the Montenegrin electricity market into the single European market (SDAC and SIDC).

## SMM Block Operation Group

CGES manages the ENTSO-E control area of Montenegro. The control area of Montenegro is part of the SMM Control Block, which also includes the control areas of Serbia and Macedonia. Coordination of the SMM Block is

performed by the transmission system operator of Serbia - EMS, cooperating with CGES and Macedonian transmission system operator MEPSO. The Permanent Working Group in charge of analysing and improving the operational work within the SMM block transmission system has been established.





### Cooperation with international financial institutions

During 2025, intensive cooperation was achieved with the international financial institutions EBRD, AFD and KfW, which created the conditions for access to favourable sources of

financing, technical support and expertise, and reduction of investment and operational risks.

In this way, the investment ability and long-term stability of the Company is additionally strengthened.

### Other international activities

Following international activities, during 2025, CGES participated in the work of HYPNET (Pan-European Interoperable AC-DC Hybrid Electricity Networks), achieved cooperation with GIZ (German Federal Ministry

for Economic Cooperation and Development - BMZ), which in the WB6 region deals with activities related to energy transition, decarbonisation and strengthening of energy sector capacities.

### Connection of new capacities from renewable energy sources (RES)

As part of the activities aimed at extending the transmission network and integrating renewable energy sources, during 2025, an agreement on the construction of connection infrastructure and connection of the solar power plant Rudine to the transmission system was signed in Podgorica. The contract was signed by the Executive Director of CGES, Ivan Asanović, and Stefan Klikovac, on behalf of the company Qair

Montenegro.

The planned solar power plant with an installed capacity of 50.13 MW represents a significant contribution to increasing the share of energy from renewable sources, while the implementation of this project additionally confirms CGES' commitment to the development of transmission infrastructure that enables the reliable connection of new generation capacities.

### Conferences, forums, panels

By participating in conferences, forums and panels, CGES continuously uses opportunities to exchange experiences, ideas and professional knowledge, as well as to improve cooperation in areas of importance for the operation of the transmission system operator.

During 2025, Crnogorski elektroprenosni sistem actively participated in numerous international

and regional gatherings, confirming its role as a relevant actor in the development of the electric power sector and the energy transition process. Through these activities, the exchange of knowledge, the perception of contemporary challenges and the definition of directions for the further development of the energy system were additionally strengthened.

Representatives of CGES participated in the **EU-Montenegro Investment Conference**, which brought together key domestic and international actors with the aim of accelerating investments and supporting the green transition, which further confirmed the role of CGES in the development of the investment environment and the implementation of strategic projects.

Significant participation was also recorded at the **Belgrade Energy Forum 2025**, where Executive Director Ivan Asanović participated in a panel dedicated to the integration of the electricity market of the Western Balkans into the single European market, pointing out the importance of regional cooperation and modernisation of the transmission infrastructure.

CGES also made a special contribution at the **7th International Summit and Exhibition Balkan's Power**, where it acted as a strategic partner. Through participation in panels and expert presentations, the importance of the transmission network in the process of green energy transition was additionally emphasised, as well as the need for stronger regional coordination and continuous investment activities.

At the **OIE Srbija 2025 Conference**, held in Vrdnik, the Chairman of the Board of Directors, Aleksandar Mijušković, participated in a panel dedicated to the challenges of connecting new capacities in transmission and distribution networks. On that occasion, he pointed to the intense growth of interest in renewable energy projects in Montenegro, stressing that the requirements for connection many times exceed the current needs of the system, as well as the importance of infrastructure projects such as the 400 kV Lastva-Pljevlja overhead line for strengthening the transmission network.

At the **EPCG NET conference in Budva**, CGES representatives spoke about the challenges of integrating renewable energy sources and the need to further strengthen the transmission network. It was pointed out that the company is realizing a significant investment cycle, with the application of modern solutions that contribute to the safety and stability of the electric power system.

The professional contribution of CGES was also confirmed at the **IX Conference of the Montenegrin Committee of CIGRE**, where the focus was on the challenges of system security and stability, digitalisation and integration of renewable energy sources. A significant contribution is mainly reflected in the preparation and creation of 19 papers in which CGES representatives participated as authors or co-authors and through the participation of 12 colleagues as reviewers, one panellist and four delegates.

At the **International Forum on Energy for Sustainable Development (IFESD-14) in Skopje**, CGES participated in discussions on energy connectivity, resilience and security of supply, contributing to the consideration of key issues of energy transition at the regional and global level.

Through active participation in these events, CGES confirms its expertise, proactive role and dedication to the development of a reliable, sustainable and technologically advanced power system, in accordance with contemporary European and global trends.



# 11. People behind the system



The energy sector is undergoing a radical and rapid transformation: requirements for the transmission system operator are evolving, challenges are increasing, and our ways of working and the skills we need are changing. In this context, our

human resources are vital to accepting the challenges of the current energy transition, and thus to the growth and development of our company. No change can happen if it is not initiated by people.

## Human resources

Considering the company's plan to, by valorising its potentials, with a focus on the development of the transmission system, be recognised for the best quality services and ready to meet the challenges of the energy transition process, we continuously strive to pay special attention to the improvement of our human resources policy. During 2025, CGES continued to achieve significant results thanks to the dedication, competence and engagement of its employees. Although technological innovation and infrastructure improvement are key factors, our success would not be possible without the exceptional contribution of the team that daily manages all operations, maintains the network and ensures the smooth operation of the system. Employees at all levels, with their commitment and teamwork, ensure that our company not only meets, but also exceeds high business standards.

The needs for employee engagement are analysed and planned taking into account the wide range of responsibilities of the transmission system operator and the strategic goals of the Company.

During 2025, the emphasis was placed on improving human resources to provide preconditions for an adequate response to legal obligations within the company's competence and the requirements of the ENTSO-E, with the task of establishing adequate operation and control of infrastructure, which is a result of the implementation of projects approved by the Energy and Water Regulatory Agency.

Bearing in mind the goals of the Company and the recognised needs for improving business processes through the definition of new organisational units and a more precise division of responsibilities, as well as the recommendations of the internal auditor, a new Rulebook on job

organization and classification was adopted.

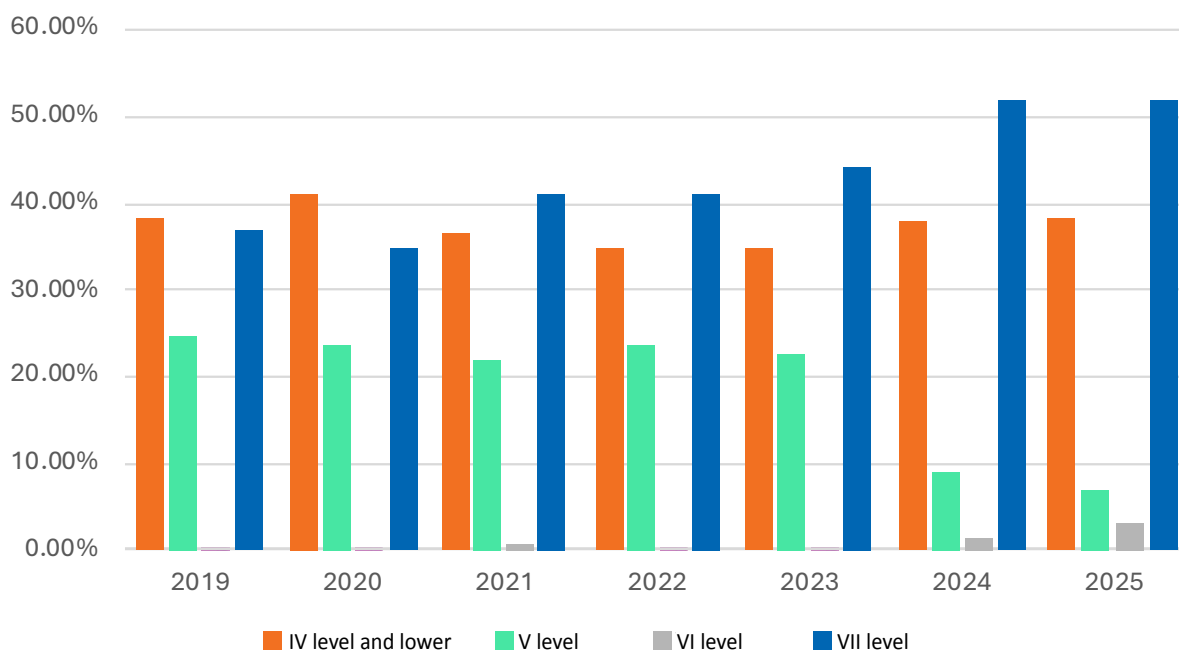
The rulebook defined the activities of the Internal Audit Unit, with the aim of harmonising it with the current legislation. A new organisational unit for public relations was established with the aim of improving this business segment in the future and clearly separating responsibilities in the part of internal and external communications.

In addition, business processes such as protection of critical infrastructure and warehouse management are organised in a different way, according to the needs of the company and legal

regulation.

It is expected that the mentioned improvements will significantly contribute to the optimisation of business processes and the general efficiency of the company. For the above reason, we are recording an increase in the number of employees and changes in the staff and age structure. As of 31 December 2025, the total number of employees in CGES was 364. That number includes 338 employees with indefinite-term employment contracts, and 26 employees with fixed-term employment contracts.

**Qualification structure of employees for the period 2019-2025 (%)**



It is important to note that in the previous period, a significant part of new employees was engaged in various jobs in the Company through an agency for temporary assignment of employees, so we are pleased to ascertain that the opportunity to establish an employment relationship was provided to candidates who, thanks to their previous valuable work experience, were ready to adequately

respond to the tasks entrusted to them.

As part of our long-term commitment to the development of human resources and contribution to the community, for the twelfth year in a row, the company actively supports the Government’s programme for vocational training for persons who acquired a higher level of education. The Executive Director of CGES, Ivan

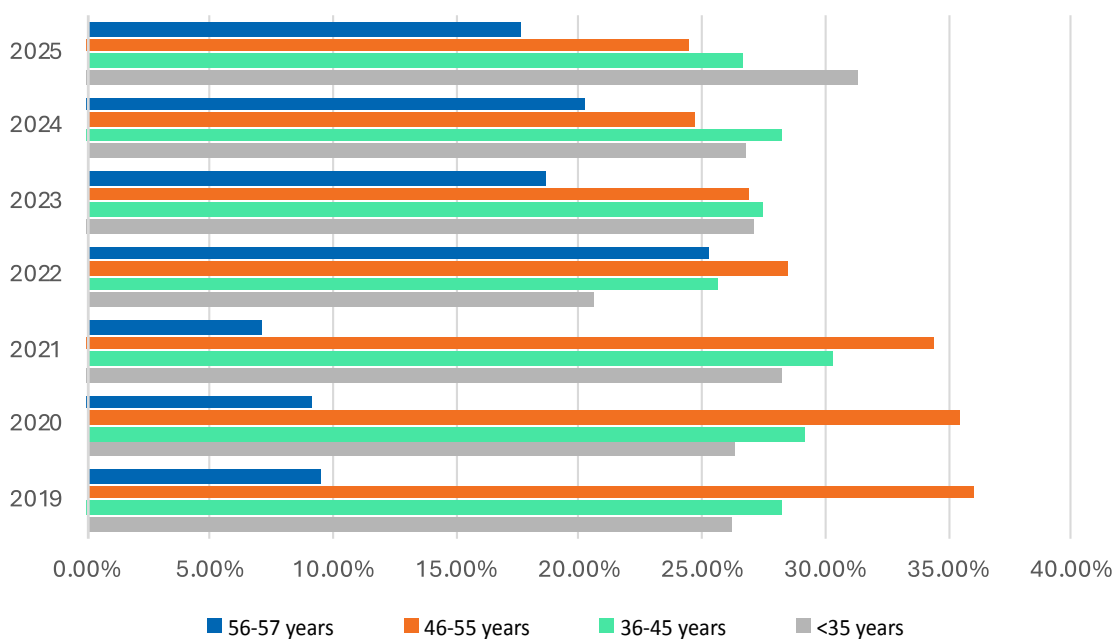
Asanović, together with his closest colleagues, welcomed the new trainees, wishing them a successful start. During 2025, through this programme, 8 users were trained in our company, who went through different sectors and gained practical knowledge. This programme not only enables young people to gain new practical experiences, but also brings new energy and a fresh perspective on challenges and opportunities in the energy sector to the company.

During the reporting period, the company signed a Memorandum of Cooperation with the University of Montenegro, which established a scholarship programme for the three best students of the Faculty of Electrical Engineering. In addition to financial support, students will be provided with professional practice and professional training within the company, with the aim of developing

quality personnel for the needs of the energy sector and strengthening cooperation between the academic community and the economy.

In addition to cooperation with the University of Montenegro, CGES pays special attention to the education of high school students. Through technical cooperation with the Vaso Aligrudić Secondary Electrical Engineering School, the implementation of professional practice for students was made possible, with the aim of acquiring specific knowledge and skills necessary for work in the energy sector and easier integration of young people into the labour market. The students' eight-week professional internship realised at CGES was finalised with a visit to the National Dispatch Centre, where the students had the opportunity to learn about the control of the transmission system of Montenegro.

Age structure of employees for the period 2019-2025 (%)



## Employee training and development

In 2025, the company continued to invest in employee training and development, considering them to be a key factor contributing to long-term success and innovation. In this context, our employees had the opportunity to expand their professional knowledge and skills through numerous educational initiatives and strategic cooperation with leading global companies. These investments not only improved the operational efficiency and security of the system, but also significantly increased the motivation of employees, making them even more engaged and dedicated to their tasks. CGES' employees have participated in numerous international and regional conferences, summits and professional forums dedicated to energy, cyber security, digitalisation and communications, thereby gaining insight into the latest trends, technologies and best practices. Special emphasis was placed on the topics of energy transition, integration of renewable energy sources, system security, digital transformation and application of artificial intelligence in the energy sector, as well as the improvement of IT infrastructure.

The participation of the company's employees and management in meetings and working visits, which enabled the exchange of experience with international and regional partners, as well as an insight into modern technologies and practices in the field of transmission system control, was particularly important. The acquired knowledge and experience contributed to the improvement of the professional competences of employees, the strengthening of the innovative approach to work and better strategic planning, which further strengthened the company's ability to respond to technological and regulatory challenges.

In the area of human resources

management, a development programme for management was launched, designed to support the professional development of employees in management positions, strengthening leadership skills and harmonising approaches to team management.



In order to strengthen the organisational culture and improve the working environment, the company conducted an organisational culture survey during the reporting period, the results of which will serve as a basis for further improvement of HR policies and management practices.

Our dedication to education and professional training plays a key role in maintaining the high standards of our company, enabling us to always keep up with global trends and technical innovations.

The company pays special attention to a positive working atmosphere, which is the foundation of every success. Awards and recognition for exceptional contributions, as well as constant communication with employees, allow us to feel like a team, focused on a common goal.

In 2026, we will continue to invest in the development of employees and to create a working environment that encourages innovation, safety and teamwork, because we believe that the human factor is the basis of our success.

## Value of assets per employee

Taking into account the significance of the energy sector for the total employment rate in the country, on the one hand, and the necessity of optimisation of all costs of the core activity, including personnel cost, on the other... Despite the company's continuous growth, we manage to

maintain a high value of fixed assets per employee, while simultaneously increasing the number of employees in line with development, which confirms a sustainable and balanced growth model based on strong investments and efficient resource management.

## Occupational safety and health

The Law on Occupational Safety and Health (Official Gazette of Montenegro, no. 034/14 of 08 August 2014, no. 044/18 of 06 July 2018, no. 084/24 of 06 September 2024) stipulates that occupational safety and health shall be provided and implemented by applying modern technical and technological, organisational, health, social and other measures and assets of protection in accordance with this Law, other regulations, ratified and published international agreements.

In accordance with the activities it performs, CGES strives to provide at all times adequate occupational safety measures for its employees, that is, working conditions that do not lead to injuries at work, occupational diseases and work-related diseases and that create prerequisites for full physical and psychological protection of employees. Pursuant to the aforementioned law, occupational health and safety is an activity of public interest.

### **During 2025, numerous activities were performed in the field of occupational safety and health:**

- periodic specialist medical examinations of employees at workplaces with special working conditions were performed, at the request of employees or employer;
- existing HV collective protection equipment was inspected;
- training for safe work was organised for employees in high-risk workplaces and employees who changed job positions, all in accordance with the Law on Occupational Safety and Health;
- occupational health and safety records were updated;
- training of employees for providing first aid was carried out;
- personal occupational safety assets were provided for all CGES' facilities in accordance with the Standard of Assets and Equipment of Personal Occupational Safety;
- assets of collective occupational safety were provided for all CGES' facilities in accordance with the Standard of Assets and Equipment of Collective Occupational Safety;
- attendance at the Consultation on the topic: Quality improvement in the implementation of the Law on Occupational Safety and Health - an important step towards EU membership;
- all employees were sent recommendations for working in open space at extremely high outside temperatures;
- a control inspection was carried out by the Labour Inspectorate, Department for Occupational Safety.

## Health and team spirit

CGES employees took part in the Montenegro Business Run, an event that brings together a large number of companies and their employees through sports and recreation. Such events provide an opportunity for the promotion of healthy lifestyle habits, additional strengthening of team spirit and mutual relations among colleagues.

CGES representatives also took part in the XII sports meetings of electricity transmission companies of Southeastern Europe in Albena, where the hosts were representatives of Bulgaria. The meetings gathered employees and management representatives from companies dealing with electricity transmission throughout the region, and the event once again confirmed the importance of such gatherings for strengthening professional and interpersonal relationships. Through competitions in the spirit of fair play, such as football, volleyball, chess and table tennis, the participants showed the strength of togetherness and team spirit at the international level. A special contribution to the event was made

by the socialising of colleagues from different countries through sports activities and evening programmes, which additionally encourages the exchange of experiences and improvement of cooperation in the region.

Female employees of CGES participated this year in the humanitarian Race for the Cure, the largest European movement dedicated to the fight against breast cancer. By participating in this initiative, support was provided to women who are facing this disease, to those who have overcome it, as well as to the memory of those who, unfortunately, are no longer with us.

This race, which gathers thousands of participants across Europe and connects companies, communities and individuals in a common goal - raising awareness and fighting breast cancer, sent a strong message of solidarity, togetherness and support, with special emphasis on the importance of prevention and early detection of breast cancer.



# 12. Responsibility towards society and the environment

## Social responsibility



In accordance with the strategic goals and values of CGES, which recognises responsible business as an integral part of its corporate identity, during 2025, CGES continued to implement a comprehensive programme of donations, sponsorships, one-time assistance and scholarships. A budget of 300,000 euros was allocated for these activities, allocated in accordance with clearly defined criteria, internal procedures and principles of transparency, equality and responsibility. Special focus was on support for inclusion and equal opportunities through sports. Cooperation with the Montenegrin

Paralympic Committee continued, which CGES further strengthened through sponsorship support in the amount of 35,000 euros. This once again confirms the company's long-standing commitment to the development of Paralympic sports and the creation of a society of equal opportunities.

A significant part of the activities was focused on the education and development of young people. With a donation to the Stojan Cerović Grammar School from Nikšić, the conditions for classes were improved by equipping the classrooms with modern equipment, while the Faculty of Electrical Engineering of the University of Montenegro was supported through the development of a laboratory of energy inverters. The company also contributed to the improvement of the educational infrastructure in local communities, through support for the reconstruction of the Šćepan Đukić Elementary School in Lijeva Rijeka, which improved the

conditions for students and teaching staff. In addition, by signing the Memorandum on Cooperation with the University of Montenegro, the bond between the academic and economic sectors was strengthened, with the provision of scholarships for the best students of the Faculty of Electrical Engineering and the creation of a basis for the development of professional staff in the energy sector.

Support for sports and young talents was also realised through cooperation with prominent athletes. During 2025, CGES supported the Montenegrin racing driver Filip Kunčer, as well as with the sailing Olympian Milivoj Dukić, confirming its commitment to support top results and the affirmation of sports values. At the same time, through its partnership at the Lovćen osiguranje (Lovćen Insurance) Basket Camp, CGES enabled children from all over Montenegro to develop sportsmanship, teamwork and healthy lifestyle habits.

CGES continued to invest in initiatives

that contribute to community development and strengthening social values. By supporting the work of the Nikšić Children's Association, the values of children's creativity and expression were affirmed, while the donation to the Podgorica Old People's Home further improved the quality of stay and health care of the users of this institution. A special segment of cooperation with educational institutions was the organised professional practice for the students of the Vaso Aligrudić High School of Electrical Engineering, through which they got acquainted with the operation of electric power facilities and gained practical knowledge, which further strengthened the connection between education and the energy sector.

Through all these activities, CGES consistently confirms that social responsibility is an integral part of business policy and long-term development strategy, with the clear goal of creating lasting value for the community.



## Environmental protection

Crnogorski elektroprenosni sistem AD Podgorica (hereinafter referred to as CGES AD) is a company with a highly developed awareness of the importance of environmental protection, which is reflected in all aspects of operations, from the process of planning the development of the transmission system, operation of transmission facilities and maintenance of the transmission system.

Within the permanent activities of the Company to ensure environmental protection, numerous activities were performed:

- Periodic measurements of the level of electromagnetic radiation were carried out by accredited institutions on the following overhead lines:

400 kV Ribarevine - Pljevlja, 220 kV Podgorica - Mojkovac, 220 kV Perućica - Trebinje, 2x110 kV Perućica - Podgorica and 110 kV Virpazar - Bar, as well as in the 220 kV and 110 kV plants within the HPP Perućica facility.

- Waste management is performed in accordance with the principles of sustainable development, i.e. more efficient use of resources, which means preventing waste whenever possible, proper storage of waste (especially hazardous), preparation of existing waste for reuse, recycling or energy recovery. Most of the waste produced is recycled. CGES handles waste in accordance with the Law on Waste Management and according to the Waste Management

Plan of CGES AD, which is approved by the Environmental Protection Agency. Due to large investments in the replacement of high-voltage equipment, in addition to ongoing maintenance of equipment, a significant increase in produced waste was recorded in the period after 2023 compared to the period before 2023.

- The Annual Waste Report for 2024 and data on installed equipment with SF6 gas in 2024 were submitted to the Environmental Protection Agency for the purpose of updating the comprehensive inventory of air emissions.
- Data on waste produced in 2024 were submitted to MONSTAT

In order to record and monitor emissions of greenhouse gases (GHG), as well as to identify opportunities for their reduction, during 2024, CGES AD established the basis for GHG emissions monitoring system. Namely, with the preparation of the Carbon Footprint Report for 2023, the key sources of GHG emissions related to the operations of CGES were identified.

Accordingly, for the purposes of monitoring GHG emissions, 2023 is considered the base year.

The company's total emissions in 2024 amounted to **77,266.73 tCO<sub>2</sub>eq**, while scope 2 emissions have the largest share in total emissions, with a share of 89.94% of total emissions, mainly due to losses arising from electricity transmission. Scope 3 emissions make up 8% of total emissions, where the largest percentage of emissions falls on procurement and additional investment in fixed assets, 3.56%, as well as emissions from forest cutting, which represent 4.19% of total CO<sub>2</sub>eq emissions. Emissions belonging to scope 1 have a share of 2.06% of total emissions.

Compared to the base year 2023, CGES AD recorded a reduction in GHG emissions, converted into CO<sub>2</sub>eq, by 6,249.10 tCO<sub>2</sub>eq or -7.48%, which confirmed the company's commitment to sustainable operations and environmental protection.



# 13. Trust and control

## Internal audit

The internal audit of CGES, as an independent and objective function, performed its activities during 2025 with the aim of providing assurance and advisory services that contribute to the improvement of management,

risk management and internal controls.

In this regards, during 2025, the following activities were carried out:

## Implementation of the Internal Audit Plan 2025

By planning the work, the internal audit achieves the realisation of goals, the determination of priorities and the provision of efficient and effective use of resources, as well as:

1. adequate assessment of future resource needs;
2. a standard in relation to which actual performance can be measured;
3. acceptance of work performed by internal audit by the management;
4. continuous record of factors that were taken into account when determining the plan, as well as the decisions made.

The 2025 Internal Audit Plan envisaged as follows:

1. conducting three audits (internal inspection and handover of newly built or reconstructed overhead lines, environmental protection and occupational health and safety);
2. providing two significant advisory services (fields of business process mapping and corporate governance and organisational communication).

During 2025, two audits were conducted (occupational health and safety and internal inspection and handover of newly built or reconstructed overhead lines) and one significant advisory engagement was implemented (improvement of corporate governance and organisational communication).

## **Planned activities from the Internal Audit Strategic Plan 2024-2026 were implemented**

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During 2025, the implementation of the planned activities from the Internal Audit Strategic Plan 2024 - 2026 was ensured. The activities in question represent the main activities that needed to be implemented, and which will significantly influence the achievement of key success factors, i.e. the mission and vision of the internal audit.

The percentage of implementation of planned activities for 2025 from the Strategic Plan is at the level of around 92%.

## **Monitoring the implementation of internal audit recommendations was ensured**

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In accordance with the Internal Audit Charter, the Head of Internal Audit Unit monitored the implementation of accepted recommendations and informed the Board of Directors about their status at their sessions held in February and October 2025.

In the audits conducted during 2025, 24 recommendations were established within the action plans. All recommendations given in the audit of the area of internal inspection and handover of newly built or reconstructed overhead lines and substations have a deadline for implementation during 2026 (13 recommendations). As for the recommendations given in the audit of occupational health and safety, 7 recommendations have been implemented, and the implementation of 4 recommendations is in progress.

In addition, regarding the recommendations from the previous reporting period, whose implementation deadline is the end of 2025, out of a total of 12 of them, 8 have been implemented, while implementation of 4 recommendations is in progress and/or their implementation is expected in the upcoming period.

## **New Internal Audit Charter was adopted**

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The Global Internal Audit Standard 6.2 (Internal Audit Charter) requires the Head of the Internal Audit Unit to develop and maintain an Internal Audit Charter that specifies, at a minimum, the following internal audit functions:

- The purpose of internal audit;
- A commitment to conform with the Global Internal Audit Standards;
- The mandate, including the scope and types of services to be provided, as well as the responsibilities of the Board of Directors and expectations regarding management's support for the internal audit function (in accordance with Standard 6.1 – Internal Audit Mandate) and
- The organisational positioning and reporting relationships (in accordance with Standard 7.1 – Organizational Independence).

The new Internal Audit Charter defines as follows:

- Purpose of Internal Audit;
- Ethics and Professionalism;
- Application of Internal Audit Standards

- Independence and Objectivity of Internal Audit;
- Mandate of internal audit function;
- Duties and Responsibilities of the Head of Internal Audit Unit
- Duties and Responsibilities of the Board of Directors and Executive Director with regard to Internal Audit Function;
- Nature of Internal Audit Services
- Reporting to the Board of Directors
- Quality Assurance and Improvement Program for Internal Audit Activity
- Professional Development
- Cooperation with the Audit Committee, the Directorate for Central Harmonization and Development of Internal Controls of the Ministry of Finance.

The charter was adopted at the IV Meeting of the Board of Directors, held in December 2025.

### **Internal Auditor Continuing Professional Development Plan FY 2026 was adopted and professional training during 2025 was ensured**

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Acting in accordance with Global Internal Audit Standards 3.1 (Competency) and 3.2 (Continuing Professional Development), Articles 30 and 38 of the Law on Governance, Internal Control and Internal Audit in Public Sector and the Internal Audit Charter, the Head of Internal Audit Unit Continuing Professional Development Plan FY 2026 was adopted.

This way, the Head of Internal Audit Unit is able to improve her knowledge, skills and other abilities through continuing professional development.

During 2025, the Head of Internal Audit Unit attended several trainings organised by the Central Harmonisation and Internal Controls Development Directorate of the Ministry of Finance. The trainings were mainly related to the application of the new Global Internal Audit Standards and the application of the new Rulebook on the methodology of internal audit, the manner and deadlines for retaining internal audit documentation. She also participated in the two-day workshop PAR and PFM reforms: Implementation of Global internal audit standards for Internal Auditors in Montenegro in order to acquire practical knowledge and skills for planning, execution and reporting on internal audit engagements, aligned with domains III, IV and V of the new Global Internal Audit Standards.

### **2026 Internal Audit Plan was adopted**

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In accordance with the Global Internal Audit Standard 9.04 (Internal Audit Plan), Article 7 paragraph 1 item 14, Article 32 paragraph 1 item 2 and Article 38 paragraph 1 item 4 of the Law on Governance and Internal Controls and Audit in the Public Sector, Rulebook on the methodology of internal audit, the manner and deadlines for retaining audit documentation in the public sector and the Internal Audit Charter, the Head of Internal Audit Unit prepared and proposed to the Board of Directors the 2026 Internal Audit Plan. The plan was adopted at the IV Meeting of the Board of Directors, held in December 2025.

# Independent Auditor's Report



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## Independent Auditor's Report



This is translation in English of the Draft Auditor's Report prepared in Montenegrin language for PPD review purposes

### INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CRNOGORSKI ELEKTROPRENOSNI SISTEM A.D.,  
PODGORICA

#### Opinion

We have audited the financial statements of Crnogorski Elektroprenosni Sistem A.D., Podgorica (the Company), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and the accounting regulations of Montenegro.

#### Basis for opinion

We conducted our audit in accordance with Standards on Auditing applicable in Montenegro. 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Montenegro, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed this matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

### Revenue recognition

As described in Note 23 – Revenues from sales (net income), the Company accounted for revenues for the year 2025 in the amount of EUR 93,306 thousand. The Company has a variety of revenue streams and operates in a complex regulatory environment. Significant estimates and judgments are necessary to determine the timing of revenue recognition for each revenue stream. In addition, in certain cases, amount of revenues depends on the reconciliation of data with other transmission system operators which takes place long after the balance sheet date. Accordingly, significant management judgment is necessary in order to account for year-end estimates and accruals.

Taking all of the above into consideration, we have assessed this area as a key audit matter.

We obtained an understanding of the processes and relevant controls related to each revenue stream, and evaluated their design effectiveness. In addition, we obtained an understanding of the relevant regulatory environment in which the Company operates by reading and analysing the relevant supporting documentation.

We performed analytical procedures for each revenue stream to gain further understanding of trends during the year and their relation with trade receivables. On a sample of contracts we reviewed the relevant terms and conditions in order to assess the appropriateness of revenue recognition. We performed test of details on a sample of invoices related to each revenue stream, along with the relevant supporting documentation.

For a sample of customers we circulated request for confirmation of trade receivables as of the balance sheet date. We tested transactions around the year—end to assess whether revenues were recognized in the correct accounting period.

In addition, we compared prior year accounting estimates related to accrued revenues with actual results, obtained understanding of main assumptions for current year and assessed their appropriateness by comparing them with the appropriate supporting documentation. We also tested a sample of journal entries recognized to revenue focusing on unusual or irregular transactions.

In addition, we reviewed the adequacy of disclosures presented in Note 2.18 – Revenue recognition and Note 23 – Revenues from sales (net income).



#### Other information included in the Company's Annual Management Report

Other information consists of the information included in the Annual Management Report other than the financial statements and our auditor's report thereon. Management is responsible for the preparation of other information in accordance with the legal requirements of the Montenegro. Our opinion on the financial statements does not cover the Other information. In connection with our audit of the financial statements, our responsibility is to read the other information 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. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with Law on Accounting of Montenegro, in particular, whether the other information complies with the Law on Accounting of Montenegro in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
2. the other information is prepared in accordance with requirements of the Law on Accounting of Montenegro.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

#### 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 Law on Accounting and the accounting regulations of Montenegro, 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 Standards on Auditing applicable in Montenegro 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 Standards on Auditing applicable in Montenegro, we exercise professional judgment and maintain professional scepticism 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.

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.



Auditor's responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 partner in charge of the audit resulting in this independent auditor's report is Danijela Mirković.

Podgorica, 26 March 2026

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Danijela Mirković  
Authorised auditor  
Ernst & Young Montenegro d.o.o.  
Podgorica, Montenegro



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