ROMGAZ FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

No.	Key performance indicators (KPI)	Objective	2025	2026	2027
FINANCIAL INDICATORS					
1.	Revenue	Achieve the target committed in the Income and Expenditure Budget (IEB)	IEB	IEB	IEB
2.	EBITDA margin	Minimum committed	min. 41%	min. 42%	min. 42%
3.	Operating expenses for RON 1000 operating income	Maintain the level committed in the IEB	IEB	IEB	IEB
4.	Labour productivity (in value units)	Achieve the target committed in IEB	IEB	IEB	IEB
5.	CapEx	Achieve a minimum level as compared to the IEB program	min. 75%	min. 75%	min. 75%
6.	Ratio between liabilities and EBITDA	Higher than 0	> 0	> 0	> 0
7.	Operating profit margin	Minimum 24.70%	min. 24.70%	min. 24.70%	min. 24.70%
8.	Dividend payout ratio	50%	min. 50%	min. 50%	min. 50%
9.	Capital expenditure ratio	Minimum 6.19%	min. 6.19%	min. 6.19%	min. 6.19%
10.	Current liquidity ratio	Minimum 1.00	min. 1.00	min. 1.00	min. 1.00
11.	Immediate liquidity ratio	Minimum 0.80	min. 0.80	min. 0.80	min. 0.80
12.	Inventory turnover	Minimum 6.02	min. 6.02	min. 6.02	min. 6.02
13.	Receivables turnover ratio	Minimum 3.14	min. 3.14	min. 3.14	min. 3.14
NON-FINANCIAL INDICATORS					
1.	Natural gas production decline	Maintain a maximum annual decline	2,5%	2,5%	2,5%
2.	Emissions in the applicable area 1t	Reduce/maintain specific CO_2 emissions (tCO_2/MWh electricity production)	max. 0,565	max. 0,360	max.0,360
3.	Fulfilling the natural gas supply obligation	100% of the contracted natural gas quantity	100%	100%	100%
4.	Score of client satisfaction	Minimum 75%	min. 75%	min. 75%	min. 75%
5.	Market share	More than 40%	> 40%	> 40%	> 40%
6.	Average number of training hours per employee	Minimum 18	min. 18	min. 18	min. 18
7.	Implementing a safety system for employees	YES	YES	YES	YES
8.	Number of safety trainings	4	4	4	4
9.	Total frequency of recorded accidents	0	0	0	0
10.	Rate of independent members in the BoD	Higher than 55%	> 55%	> 55%	> 55%
11.	Number of BoD meetings	Minimum 12/year	min. 12	min. 12	min. 12
12.	Rate of participation in BoD meetings	100%	100%	100%	100%
13.	Number of meetings of the Audit Committee	Minimum 4/year	min. 4	min. 4	min. 4
14.	Rate of women in executive positions	Minimum 30%	min. 30%	min. 30%	min. 30%
15.	Setting risk management policies	YES	YES	YES	YES
16.	Number of full time equivalent employees	Minimum 99% of the average number of employees	min. 99%	min. 99%	min. 99%
17.	Gender pay gap ratio	Less or equal to zero	≤ 0	≤ 0	≤ 0
18.	Reporting in due time the company performance indicators, according to the financial calendar	Fully observe the reporting schedule	100%	100%	100%
19.	Implementing the National Anticorruption System	Implementing in due time the measures provided under Romgaz Integrity Plan	acc. to Plan	acc. to Plan	acc. to Plan

FINANCIAL INDICATORS

1. Revenue (I_{CA})

Objective: Achieving the target under the income and expenditure budget.

Calculation method: $I_{CA_n} = \frac{CA_{R_n}}{CA_{BVC_n}}$,

   where:
   CA_{R_n} - the revenue achieved in year "n" [thousand RON];
   CA_{BVC_n} - the revenue included in the income and expenditure budget in year "n", determined in accordance with IFRS rules [thousand RON].
   If, pieces of legislation provide for regulated prices that limit the demand/offer free price setting, the budgeted revenue is recalculated depending on regulated prices, based on the share of gas or electricity quantities sold at regulated prices in year "n" from the total quantity sold.

Source of information:
   CA_{R_n} - Individual annual financial statements from the Annual Report;
   CA_{BVC_n} – Income and expenditure budget in year "n", adjusted in accordance with IFRS reporting rules.

2. EBITDA (I_{EBITDA})

Objective: minimum committed, 41% in 2025, and 42% in 2026 and 2027.

Calculation method: $I_{EBITDA_n} = \frac{m_{EBITDAR_n}}{m_{EBITDA_n}}$

where:

   $m_{EBITDAR_n}$ –EBITDA margin achieved in year "n"

   $m_{EBITDA_n} = \frac{EBITDA_n}{CA_{R_n}} x100$,

   $EBITDA_n$ - adjusted EBITDA achieved in year "n" [thousand RON];

   Adjusted EBITDA = Net profit + Tax expenses (income tax, royalty, windfall tax for gas or electricity, solidarity contribution, energy transition fund and any other future taxes generated by the specific scope of work of the company or by over-taxation) + Interest expense and assimilated interest expense – Interest income – Dividend income + Net expenses with amortization, depreciation and impairment of non-current assets and current assets (net expense = expenses – income).

   m_{EBITDA_n} – EBITDA margin committed in year „n".

Source of information from adjusted EBITDA calculation formula: audited individual financial statements from the Annual Report.

3. Operating expenses for RON 1000 operating income ($I_{CE/VE}$)

Objective: maintaining the level committed in the annual income and expenditure budget.

Calculation method: $I_{(CE/VE)_n} = \frac{\frac{CE_n}{VE_n}x1.000}{\frac{CE_{BVC_n}}{VE_{BVC_n}}x1.000}$,

where:
   CE_n - operating expenses made in year "n" [thousand RON];
        CE_n = Operating expenses – Tax expenses (royalty, windfall tax for gas or electricity, solidarity contribution, energy transition fund and any other future duties and taxes generated by the specific scope of work of the company or by over-taxation) - Net expenses with amortization, depreciation and impairment of non-current assets and current assets;
   VE_n - revenue from operation in year "n" [thousand RON];
   CE_{BVC_n} – operating expenses budgeted in year "n" [thousand RON];
   VE_{BVC_n} - operating income budgeted in year "n" [thousand RON].
Operating expenses and operating income include the values related to own work capitalized.
Source of information: Annual Report.

4. Labour productivity in value units (I_W)

Objective: achieving the committed target in the annual revenue and expenditures budget.

Calculation method: $I_{W_n} = \frac{W_{R_n}}{W_{BVC_n}}$,

where:

$W = \frac{VE}{NR_{mediu}}$

NR_{mediu} – average number of employees [employees];

W_{R_n} – labour productivity achieved in year "n" [thousand RON/employee];

W_{BVC_n} – labour productivity budgeted in year "n" [thousand RON/employee];

VE – operating income; it includes the values related to own work capitalized.

If, pieces of legislation provide for regulated prices that limit the demand/offer free price setting, the budgeted revenue is recalculated depending on regulated prices, based on the share of gas or electricity quantities sold at regulated prices in year "n" from the total quantity sold.

Source of information: Annual Report.

5. CAPEX (I_{CapEx})

Objective: minimum 75% of the annual investment program undertaken in the annual income and expenditure budget.

Calculation method: $I_{CapEx_n} = \frac{CapEx_n}{75\%}$

where:

$$CapEx_n = \frac{CapEx_{R_n}}{CapEx_{BVC_n}} x100$$

$CapEx_{R_n}$ – annual investment program achieved in year "n" [thousand RON];

$CapEx_{BVC_n}$ – annual investment program undertaken in the annual income and expenditure budget in year "n" [thousand RON].

Investment program includes the amounts allocated to the subsidiary Romgaz Black Sea Ltd.

Source of information: Annual Report and Income and Expenditure Budget.

6. Ratio between liabilities and EBITDA ($I_{DT/EBITDA}$)

Objective: higher than zero.

Calculation method:

- $I_{D/EBITDA_n} = 1$, if $I_{DT/EBITDA}$ is higher than zero;
- $I_{D/EBITDA_n} = 0$, if $I_{DT/EBITDA}$ is less or equal to zero.

$R_{DT/EBITDA_n} = \frac{DT_{R_n}}{EBITDA_n}$,

DT_n – total liabilities at the end of year "n" [thousand RON];

$EBITDA_n$ = net profit + interest expense + tax expenses + amortisation expense + depreciation expense [thousand RON].

Source of information: audited individual financial statements from the Annual Report.

7. Operating profit margin (I_{mPexpl})

Objective: minimum 24.70%.

Calculation method: $I_{mPexpl_n} = \frac{mP_{explR_n}}{24,70\%}$,

where:

mP_{explR_n} - operating profit margin achieved in year "n" [%];

$mP_{expl} = \frac{P_{expl}}{CA} x100$

P_{expl_n} – operating profit achieved in year "n" [thousand RON];

CA_n – revenue achieved in year "n" [thousand RON].

Source of information: audited individual financial statements from the Annual Report and the Income and Expenditure Budget.

8. Dividend payout ratio (I_div)

Objective: minimum 50%.

Calculation method: $I_{div_n} = \frac{R_{div_n}}{50\%}$

where:

R_{div_n} – payment rate achieved in year "n";

$R_{div_n} = \frac{DIV_{pl_n}}{PN_n} \times 100$,

DIV_{pl_n} – value of dividends in year "n" [thousand RON];

PN_n – net profit for year "n", representing the profit to be distributed, calculated according to GO No. 64/2001 [thousand RON].

Note: if Romgaz shareholders approve the distribution of dividends less than 50%, the indicator is considered to be fulfilled.

Source of information: GMS Resolution.

9. Capital expenditure ratio (I_CC)

Objective: minimum 6.19%.

Calculation method: $I_{CC_n} = \frac{R_{CC_n}}{6.19\%}$

where:

R_{CC_n} – capital expenditure ratio achieved in year "n";

$R_{CC_n} = \frac{CC_n}{TA_n} \times 100$,

CC_n – capital expenditure achieved in year "n" [thousand RON];

TA_n – total assets at the end of year "n" [thousand RON].

Source of information: audited individual financial statements from the Annual Report and the Annual Report respectively.

10. Current liquidity ratio (I_LC)

Objective: minimum 1.00.

Calculation method: $I_{LC_n} = \frac{LC_n}{1.00}$

where:

LC_n – current liquidity ratio achieved in year "n";

$LC_n = \frac{AC_n}{DC_n}$,

AC_n – current assets at the end of year "n" [thousand RON];

DC_n – current liabilities at the end of year "n" [thousand RON].

Source of information: audited individual financial statements from the Annual Report.

11. Immediate liquidity ratio (I_LI)

Objective: minimum 0.80.

Calculation method: $I_{LI_n} = \frac{LI_n}{0.80}$

where:

LI_n – immediate liquidity ratio achieved in year "n";

$LI_n = \frac{AC_n - S_n}{DC_n}$,

S_n – inventories at the end of year "n" [thousand RON].

Source of information: audited individual financial statements from the Annual Report.

12. Inventory turnover (I_RS)

Objective: minimum 6.02.

Calculation method: $I_{RS_n} = \dfrac{RS_n}{6.02}$

where:

RS_n – inventory turnover achieved in year "n";

$RS_n = \dfrac{CA_n}{SM_n}$,

SM_n – average value of inventories in year "n" [thousand RON];

$SM_n = \dfrac{Si_n + Sf_n}{2}$,

Si_n – inventories at the beginning of year "n" [thousand RON];

Sf_n – inventories at the end of year "n" [thousand RON].

Source of information: audited individual financial statements from the Annual Report.

13. Receivables turnover ratio (I_RC)

Objective: minimum 3.14.

Calculation method: $I_{RC_n} = \dfrac{RC_n}{3.14}$

where:

RC_n – receivables turnover ratio achieved in year "n";

$RC_n = \dfrac{CA_n}{(Ci_n + Cf_n)/2}$,

Ci_n – receivables at the beginning of year "n" [thousand RON];

Cf_n – receivables at the end of year "n" [thousand RON].

Source of information: audited individual financial statements from the Annual Report.

NON-FINANCIAL INDICATORS

1. Natural gas production decline (I_prod)

Objective: maintaining the maximum annual decline level of 2.5% as compared to 2022, considered as "base year" for the calculation of indicator until 2027.

Calculation method: $I_{prod_n} = \dfrac{P_n}{P_{a_n}}$,

where:

P_n - natural gas production achieved in year "n", [million m³];

P_{A_n} - natural gas production committed for year "n", calculated for an annual decline of 2.5%, starting from the production of year 2022, namely 4,936 million m³;

     $P_{A_n} = 4{,}936 \; x \; (1 - 0.025)^i$,

     i is the ordinal number of the years of mandate, namely: 2023=1, 2024=2, 2025=3, 2026=4 and 2027=5.

Source of information: Annual Report.

2. Emissions in the applicable area 1t (IE1t)

Objective: reducing/maintaining CO_2 specific emissions generated directly by electricity generation plant within Iernut Power Plant.

Calculation method: $I_{E1t_n} = 1 - \dfrac{CO2_{Rn} - CO2_{An}}{CO2_{An}}$,

where:

$CO2_{Rn}$ – specific CO_2 emissions produced in year "n" [tCO_2/MWh of produced electricity];

$CO2_{An}$ – maximum specific CO_2 emissions committed for year "n" [tCO_2/MWh of produced electricity], as follows:

2025	2026	2027
0.565	0.360	0.360

Source of information: Annual Report.

3. Fulfilling the natural gas supply obligation (I$_F$)

Objective: 100% of the contracted natural gas quantity.

Calculation method: $I_{F_n} = \frac{Q_{F_n}}{Q_{C_n}}$,

    where:

Q_{F_n} - natural gas quantity supplied from the contracted quantity in year "n" [MWh];

Q_{C_n} - contracted natural gas quantity, to be delivered in year "n" [MWh].

    Contracted natural gas quantity is calculated by adding the following quantities:
- natural gas quantities from contracts for fixed and firm quantities;
- natural gas quantities from flexible contracts, taking into account clients requirements related to the use of flexibility; and
- quantities actually supplied to clients whose contracts allow deviations from quantities estimated to be used (households, clients taken over by Romgaz as supplier of last resort and other clients whose contractual provisions allow for such).

Source of information: Annual Report.

4. Client's satisfaction score (I$_{SSC}$)

Objective: minimum 75%.

Calculation method: $I_{SSC_n} = \frac{S_{SCr_n}}{75\%}$,

where:

S_{SCr_n} – clients' satisfaction score achieved in year "n";

$S_{SCr_n} = \frac{Number\ of\ evaluations\ of\ 4\ and\ 5_n}{Total\ number\ of\ evaluations_n} x100$

Source of information: Annual Report.

5. Market share (I$_{cp}$)

Objective: higher than 40%.

Calculation method: $I_{cp_n} = \frac{C_{marketR_n}}{40\%}$,

where:

$C_{marketR_n}$ – market share in year "n" [%].

Market share is calculated as share of Romgaz natural gas deliveries from internal production to the gas consumption, where gas is from national domestic production.

Source of information: Annual report.

6. Average number of training hours per employee (I$_{fp}$)

Objective: minimum 18.

Calculation method: $I_{fp_n} = \frac{NR_{ofpR_n}}{18}$,

where:

NR_{ofpR_n} – average number of training hours per employee in year "n";

$NR_{ofpR_n} = \frac{Total\ number\ of\ training\ hours\ in\ year\ n}{NR_{average_n}}$

$NR_{average_n}$ – average number of employees in year "n".

Source of information: Annual Report.

7. Implementing a safety system for employees (I$_{ssa}$)

Objective: YES.

Calculation method:

- $I_{ssa} = 1$, if Romgaz implemented an occupational health and safety management system, according to SREN ISO 45001:2023 (ISO 45001/2018) or any equivalent standard or a standard replacing them;
- $I_{ssa} = 0$, to the contrary.

Source of information: Annual Report.

8. Number of safety trainings (I_{ims})

Objective: 4.

Calculation method: $I_{ims_n} = \frac{NR_{imsR_n}}{4}$,

where:

NR_{imsR_n} – total number of safety trainings in year "n".

Source of information: Annual report.

9. Total frequency of recorded accidents (I_{acc})

Objective: zero.
Calculation method:

- $I_{acc_n} = 1$, if FTA_{R_n} is zero;
- $I_{acc_n} = 0$, if FTA_{R_n} is higher than zero.

$$FTA_{R_n} = \frac{total\ number\ of\ accidents\ in\ year\ n\ x\ 1.000.000}{total\ number\ of\ hours\ worked\ by\ all\ employees\ in\ year\ n}$$

FTA_{R_n} – total frequency of accidents recorded in year "n".

Source of information: Annual Report.

10. Rate of independent BoD members (I_{CAind})

Objective: higher than 55%.

Calculation method: $I_{CAind_n} = \frac{RMI_{R_n}}{55\%}$,

where:

RMI_{R_n} – rate of independent board members in year "n";

$$RMI_{R_n} = \frac{Average\ number\ of\ independent\ board\ members\ in\ year\ n}{Average\ number\ of\ BOD\ members} x100$$

Source of information: Annual Report.

11. Number of BoD meetings (I_{sedCA})

Objective: minimum 12.

Calculation method: $I_{sedCA_n} = \frac{NR_{sedR_n}}{12}$,

where:

NR_{sedR_n} – number of meetings in year "n".

Source of information: Annual Report.

12. Rate of participation in BoD meetings (I_{prezCA})

Objective: 100%.

Calculation method: $I_{prezCA_n} = \frac{PCA_{R_n}}{100\%}$,

where:

PCA_{R_n} – rate of participation in BoD meetings in year "n";

$$PCA_{R_n} = \frac{\sum_{i=1}^{N_t} NR_{CA_i}}{NR_{CA} x N_t} x100$$

NR_{CA_i} – number of participants in BoD meeting "i";

NR_{CA} – total number of BoD members;

N_t – number of BoD meetings.

13. Number of Audit Committee meetings (I_{sedCa})

Objective: minimum 4 per year.

Calculation method: $I_{sedCa_n} = \frac{NRCa_{R_n}}{4}$,
where:

$NRCa_{R_n}$ – number of meetings of the Audit Committee in year "n".
Source of information: Annual Report.

14. Rate of women in executive positions (I_{RFD})

Objective: minimum 30%.
Calculation method: $I_{RFD_n} = \frac{RTD_{R_n}}{30\%}$,
where:

RFD_{R_n} – rate of women in executive positions in year "n";
$RFD_{R_n} = \frac{FD_{R_n}}{TD_{R_n}} x100$,
FD_{R_n} – average number of women in executive position in year "n";
TD_{R_n} – average number of managers in year "n".
According to Art. 143 par. (5) of Law 31 of November 16, 1990 on companies, manager means *"Subject to this law, the manager of the joint-stock company is only that person who was delegated company management duties, in accordance with paragraph (1)"*.
Paragraph(1) provides the following: *"The Board of Directors can delegate management of the company to one or more managers, appointing one of them as chief executive officer"*.
Source of information: Annual Report.

15. Setting risk management policies (I_{PGR})

Objective: YES.
Calculation method:

- $I_{PGR} = 1$, if Romgaz drafted and approved a system procedure related to risk management;
- $I_{PGR} = 0$, to the contrary.

Source of information: Annual Report.

16. Number of full-time equivalent employees (I_{ANI})

Objective: minimum 99% of the number of employees.

Calculation method: $I_{ANI_n} = \frac{NANI_n}{99\%}$

where:

$NANI_n = \frac{NOLTA_{R_n}}{NOLNI_{R_n}} x100$,

$NOLTA_{R_n}$ – total number of working hours for all employees in year "n";

$NOLNI_{R_n}$ – total number of working hours for one employee working full time in year "n".
Source of information: Annual Report.

17. Gender pay gap ratio (I_{rem})

Objective: less or equal to zero.
Calculation method:

- I_{rem} = 1, if DRF is less than or equal to zero;
- I_{rem} = 0, if DRF is higher than zero.

where:

DRF_n – the gender pay gap ratio;
$DRF_n = \frac{SM_{R_n} - SF_{R_n}}{SM_{R_n}}$,

SM_{R_n} – average monthly wage of male gender employees in year "n" [RON];

SF_{R_n} – average monthly wage of female gender employees in year "n" [RON].

Source of information: Annual Report.

18. Reporting in due time the company's performance indicators, according to the financial calendar (I_R)

Objective: full compliance with the reporting deadlines.

Calculation method: $I_{R_n} = \frac{NR_{Rt_n}}{NR_{RT_n}}$,

where:

NR_{Rt_n} - number of reporting activities made timely in year "n";

NR_{RT_n} - total number of reporting activities made in year "n";

Source of information: Annual Report.

19. Implementing the National Anticorruption System (Isna)

Objective: implementing in due time the measures provided in Romgaz Integrity Plan.

Calculation method: $Isna_n = \frac{M_{R_n}}{M_{P_n}}$,

where:

M_{R_n} - measures implemented in year "n";

M_{P_n} - measures proposed to be implemented in year "n";

Source of information: Annual Report.

II. WEIGH OF FINANCIAL AND NON-FINANCIAL INDICATORS

Indicators	Non-executive board members	Executive board members/officers
FINANCIAL	35%	50%
N0N-FINANCIAL, of which:	65%	50%
1. Operational	25%	25%
2. Public service oriented	15%	10%
3. Corporate governance	25%	15%
TOTAL	100%	100%

Non-executive board members

Key performance indicators for calculating the variable remuneration component	Non-executive board members
FINANCIAL	35%
1. Revenue	4%
2. EBITDA Margin	4%
3. Operating expenses for RON 1000 operating income	3%
4. Labour productivity (in value units)	4%
5. Ratio between liabilities and EBITDA	4%
6. Operating profit margin	3%
7. Dividend payout ratio	4%
8. Capital expenditure ratio	5%
9. Current liquidity ratio	3%
10. Receivables turnover ratio	1%
NON-FINANCIAL	65%
Operational	25%
11. Natural gas production decline	7%
12. Emissions in the applicable area 1t	1%
13. Fulfilling the natural gas supply obligation	5%
14. Average number of training hours per employee	4%
15. Implementing a safety system for employees	6%
16. Total frequency of recorded accidents	2%
Public service oriented	15%
17. Score of client satisfaction	15%
Corporate governance	25%
18. Rate of independent members in the Board of Directors	4%
19. Number of Board of Directors meetings	3%
20. Rate of participation in the Board of Directors meetings	2%
21. Number of meetings of the Audit Committee	2%
22. Rate of women in executive positions	4%
23. Reporting in due time Romgaz performance indicators, according to the financial calendar	5%
24. Implementing the National Anticorruption System	5%
TOTAL	100%

Executive board members/Officers

Key performance indicators for calculating the variable remuneration component	Executive board members/Officers
FINANCIAL	**50%**
1. Revenue	9%
2. EBITDA Margin	5%
3. Operating expenses for RON 1000 operating income	6.5%
4. Labour productivity (in value units)	5%
5. CapEx	3.5%
6. Ratio between liabilities and EBITDA	5%
7. Operating profit margin	5%
8. Dividend payout ratio	6.5%
9. Immediate liquidity ratio	2.5%
10. Inventory turnover	2%
NON-FINANCIAL	**50%**
Operational	**25%**
11. Natural gas production decline	7%
12. Emissions in the applicable area 1t	1%
13. Fulfilling the natural gas supply obligation	5%
14. Market share	4%
15. Average number of training hours per employee	3%
16. Number of safety trainings	3%
17. Total frequency of recorded accidents	2%
Public service oriented	**10%**
18. Score of client satisfaction	10%
Corporate governance	**15%**
19. Setting risk management policies	2%
20. Number of full time equivalent employees	3%
21. Gender pay gap ratio	2%
22. Reporting in due time the company performance indicators, according to the financial calendar	4%
23. Implementing the Anticorruption National System	4%
TOTAL	**100%**