# TAKING CONTROL

KAROON ENERGY

2026 HALF YEAR REPORT

# Shaping our future

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Baúna FPSO, Santos Basin, Brazil

# FORWARD-LOOKING STATEMENTS

This Half Year Financial Report may contain certain 'forward-looking statements' with respect to the financial condition, results of operations and business of Karoon and certain plans and objectives of the management of Karoon. Forward-looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this report. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Investors are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. Any forward-looking statements, opinions and estimates provided in this Half Year Financial Report necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward-looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Such forward-looking statements speak only as of the date of this report.

Karoon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Petroleum exploration and production operations rely on the interpretation of complex and uncertain data and information which cannot be relied on to lead to a successful outcome in any particular case. Petroleum exploration and production operations are inherently uncertain and involve significant risk of failure.

All information regarding Reserve and Contingent Resource estimates and other information in relation to Karoon's assets is given in light of this caution.

Indications of, and guidance on, future earnings and financial position and performance, well drilling programs and drilling plans, estimates of Reserves and Contingent Resources and information on future production are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. Any forward-looking statements, opinions and estimates provided in this report necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise (including, without limitation, in respect of imprecise Reserve and Resource estimates, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling, demand for oil, commercial negotiations and other technical and economic factors), many of which are outside the control of Karoon.

Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward-looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements speak only as of the date of this report.

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# DIRECTORS' REPORT

Karoon Energy Ltd is an international oil and gas exploration and production company with assets in Brazil, the United States of America and Australia, and is an ASX listed company (ASX code: KAR).

The Board of Directors submits its Directors' Report on Karoon Energy Ltd (the 'Company') and its subsidiaries (the 'Group') for the half year ended 30 June 2026 (the 'financial half year' or '1H26'). The Directors' Report is presented in US dollars, unless otherwise indicated.

## 1H26 FINANCIAL SUMMARY

| | 1H26 6 MONTHS TO 30 JUNE 2026 | 1H25 6 MONTHS TO 30 JUNE 2025 |
|---|---|---|
| NWI production volumes (MMboe)[1] | **3.17** | 5.64 |
| NRI production volume (MMboe)[1] | **3.02** | 5.30 |
| Sales volume (MMboe) | **3.08** | 4.75 |
| Unit production costs on NWI basis[2] (US$/boe) | **18.82** | 13.11 |
| Realised oil, condensate and NGL price (US$/boe) | **80.65** | 68.07 |
| Realised gas price (US$/mcf) | **6.35** | 4.18 |
| **US$ million** | | |
| Sales revenue | **244.9** | 308.3 |
| Underlying EBITDAX[3,4,7] | **129.7** | 200.5 |
| EBITDAX[3,4] | **115.4** | 227.1 |
| Net interest and other finance costs | **(30.6)** | (29.2) |
| Depreciation and amortisation[5] | **(57.1)** | (89.2) |
| Underlying net profit before income tax[3,7] | **46.6** | 77.4 |
| Underlying net profit after income tax[3,7] | **29.2** | 45.0 |
| Reported net profit after income tax | **26.7** | 71.0 |
| Operating cash flows | **58.4** | 81.6 |
| Net assets | **1,023.8** | 996.1 |
| Investment expenditure: | | |
| – Oil and gas assets | **153.9** | 151.6 |
| – Exploration and evaluation capital expenditure | **10.2** | 3.6 |
| – Other plant and equipment[6] | **2.8** | 0.5 |

1. NWI (Net Working Interest) production is Karoon's share of production. NRI (Net Revenue Interest) production is Karoon's share of production after deducting royalties, overriding royalties, and other similar burdens from the working interest.
2. Unit production costs are based on operating costs as disclosed in Note 4(a) of the Financial Statements adjusted for depreciation on the FPSO right-of-use asset and related finance cost to reflect the expense related to the FPSO charter lease. The FPSO was purchased in May 2025.
3. EBITDAX (earnings before interest, tax, depreciation, depletion, amortisation and exploration expense), underlying EBITDAX, underlying net profit before income tax and underlying net profit after income tax are non-IFRS measures that are unaudited but are derived from financial statements, which have been subject to review by the Company's auditor. These measures are presented to provide further insight into Karoon's performance.
4. Includes depreciation on the FPSO charter lease right-of-use asset and finance charges on the FPSO right-of-use lease. Refer to Note 2 above.
5. Excludes depreciation on FPSO charter lease right-of-use asset. Refer to Note 2 above.
6. Excludes leased right-of-use asset additions.
7. Underlying EBITDAX, underlying net profit before income tax (NPBT) and underlying net profit after tax (NPAT) have been adjusted for the following items:

| US$ MILLION | 30 JUN 26 NPAT | 30 JUN 26 EBITDAX | 30 JUN 25 NPAT | 30 JUN 25 EBITDAX |
|---|---|---|---|---|
| Statutory results | **26.7** | **115.4** | 71.0 | 227.1 |
| Flotel costs | **–** | **–** | 13.9 | 21.1 |
| Unsuccessful exploratory wells | **–** | **–** | 13.2 | – |
| Change in fair value of contingent consideration | **7.1** | **10.7** | (11.2) | (17.0) |
| Local content obligations[1] | **1.5** | **2.2** | – | – |
| Corporate relocation costs | **1.6** | **2.3** | 2.3 | 3.1 |
| Realised losses/(gains) on cash flow hedges | **–** | **–** | 0.8 | 1.3 |
| Foreign exchange losses/(gains) | **(3.3)** | **(6.7)** | 0.2 | 0.2 |
| FPSO transition costs | **3.0** | **4.6** | – | – |
| Gain on disposal of right-of-use asset – Baúna FPSO | **–** | **–** | (35.3) | (35.3) |
| Deferred tax asset write off – Baúna FPSO | **–** | **–** | 18.4 | – |
| SPS-92 workover derecognition and prior-period correction[2] | **5.4** | **1.2** | – | – |
| Cumulative translation adjustment impact on deferred tax | **(12.8)** | **–** | (28.3) | – |
| Total adjustments | **2.5** | **14.3** | (26.0) | (26.6) |
| Underlying results | **29.2** | **129.7** | 45.0 | 200.5 |

1. The provision for local content obligations has been excluded from underlying results because it relates to a discrete assessment of historical local content requirements associated with exploration activities undertaken in prior periods on specified blocks. The provision is not attributable to current-period production or sales and is not considered indicative of the costs ordinarily incurred in generating the Group's current operating results. Management therefore considers that separate presentations provide users with additional information about the Group's underlying operating performance. Management has applied this treatment consistently with the Group's policy for presenting underlying results.
2. Includes a prior-period correction of US$7.0 million pre-tax (US$4.6 million after tax) relating to depreciation of the SPS-92 Electrical Submersible Pump (ESP) installed in 2022 and replaced in 2026, and the derecognition of the remaining carrying value of the ESP of US$1.2 million pre-tax (US$0.8 million after tax). Both items have been excluded from underlying NPAT. As the US$7.0 million prior-period correction relates to depreciation, it is already excluded from EBITDAX and therefore does not require a further underlying EBITDAX adjustment. Accordingly, the underlying EBITDAX adjustment comprises only the US$1.2 million derecognition.

## REVIEW OF FINANCIALS

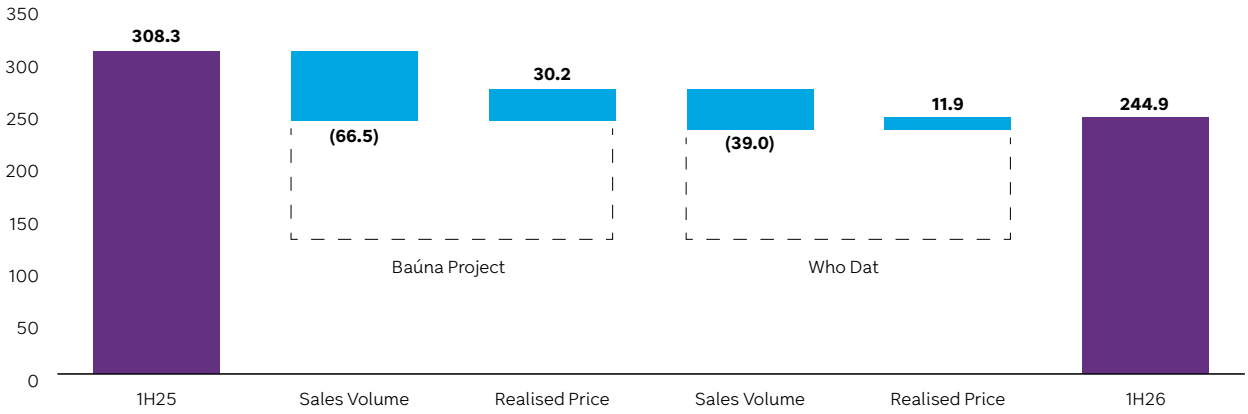
### Revenue

Sales revenue in 1H26 was US$244.9 million, 21% lower than in 1H25 (US$308.3 million). The decline reflected lower total sales volumes, down from 4.75 MMboe to 3.08 MMboe, partly offset by higher realised oil, condensate, NGL and gas prices due to strong global pricing.

1H26 Baúna Project sales volumes were 2.45 MMbbl, with five cargoes sold, compared with seven cargoes and sales volumes of 3.43 MMbbl in 1H25. Sales volumes reflected lower production and a commercial decision to delay the delivery of one cargo from 1H26 into 2H26, to optimise expected realised pricing. The 1H26 average realised oil price for Baúna crude increased by 18%, from US$68.30/bbl in 1H25 to US$80.66/bbl in 1H26.

Who Dat sales volumes, after gas used for fuel and flaring, were 0.63 MMboe in 1H26, compared with 1.33 MMboe in 1H25, also reflecting lower production. The average realised liquids price increased by 20%, from US$67.29/bbl to US$80.60/bbl, while the average realised gas price rose from US$4.18/mcf to US$6.35/mcf.

### Revenue chart (US$m)




### Underlying Net Profit After Tax

Underlying NPAT in 1H26 was US$29.2 million, compared to US$45.0 million in 1H25. The difference principally reflected lower sales revenue, partially offset by lower depreciation and amortisation. This reflected the termination of the Baúna FPSO lease agreement following the acquisition of the vessel in May 2025, the consequent removal of depreciation on the FPSO right-of-use asset and related finance costs.

Total production costs, comprising operating costs and Baúna FPSO lease costs, decreased by US$12.2 million to US$59.6 million. This was mainly due to the removal of depreciation and finance charges associated with the former FPSO lease, partially offset by costs related to the Baúna Transitional Services Agreement with A&O, for providing operations and maintenance services until the vessel operatorship transition was completed in May 2026. Despite the decrease in absolute production costs, total NWI unit production costs increased from US$13.11/boe to US$18.82/boe reflecting lower production volumes.

At Who Dat, production costs declined from US$15.0 million to US$12.2 million due to lower repair and maintenance activity and a reduction in variable costs (fuel and chemicals) related to production. Transportation costs also decreased, from US$5.7 million in 1H25 to US$2.6 million in 1H26, reflecting lower production volumes.

Gross profit decreased by 17%, from US$112.6 million in 1H25 to US$93.3 million in 1H26, while the gross margin increased from 36.5% to 38.1%. The margin increased primarily due to lower production-linked depreciation and the capitalisation of US$46.5 million of flotel costs in 1H26 (US$21.1 million of flotel costs expensed in 1H25), with the 1H26 program related to FPSO life extension activities, while the 1H25 flotel campaign supported maintenance backlog reductions. This was partly offset by higher operating costs, royalties and government take, FPSO transition costs and an unfavourable inventory movement.

Royalties and government take recognised in cost of sales increased by US$5.7 million, from US$23.3 million in 1H25 to US$29.0 million in 1H26, principally reflecting the temporary Brazilian export tax and higher Baúna realised prices. Transportation and marketing costs decreased from US$10.2 million to US$7.1 million because of lower sales volumes.

Exploration and evaluation expenditure recognised as an expense decreased from US$4.7 million in 1H25 to US$2.4 million in 1H26. Additions to exploration and evaluation assets were US$10.2 million (US$3.6 million in 1H25) comprising the Esmeralda signature bonus and Who Dat seismic data acquisition.

Total depreciation and amortisation, excluding depreciation on the former FPSO right-of-use asset, decreased from US$89.2 million in 1H25 to US$57.1 million in 1H26, principally reflecting lower production-linked depletion. Including the former FPSO right-of-use asset, total depreciation and amortisation decreased from US$103.4 million to US$57.1 million. 1H26 included US$5.9 million of depreciation on the Baúna FPSO following the acquisition of the vessel.

Net interest and other finance costs, excluding finance charges associated with the former Baúna FPSO lease, were US$30.6 million, compared with US$29.2 million in 1H25. The increase principally reflected US$3.3 million of withholding tax expense, US$1.0 million higher restoration accretion and US$1.2 million lower interest income, partly offset by US$3.9 million lower other finance costs and US$0.3 million lower interest expense.

Underlying income tax expense was US$17.4 million in 1H26, compared with US$32.4 million in 1H25. The underlying effective tax rate of 37.5% was slightly lower than 41.8% in 1H25 due to less adverse net foreign exchange related tax impacts than in 1H25.

### Statutory Net Profit After Tax

Statutory net profit after tax for 1H26 was US$26.7 million (1H25: US$71.0 million). Significant items affecting statutory NPAT included the following:

- US$12.8 million of cumulative translation adjustment impact on deferred tax. This relates to movements in deferred tax from temporary differences between the carrying amount of non-monetary assets and liabilities and their tax base. This arises as the functional currency and reporting currency of the Company's Brazilian operation is US dollars (US$), while tax is determined and settled in the local currency, Brazilian REAL (BRL). This is expected to vary between reporting periods with movements in BRL/US$ exchange rates.
- US$10.7 million non-cash expense from the re-evaluation of the Petrobras contingent consideration. Based on current oil prices and industry consensus, the expected payment in respect of 2026, to be paid in January 2027, was revised upward to the maximum contractual amount of US$15 million plus interest. The corresponding after-tax adjustment in the underlying NPAT reconciliation was US$7.1 million.
- US$1.6 million of corporate relocation costs incurred to date associated with relocating corporate head office roles from Melbourne to Houston and Rio de Janeiro. Further costs are expected to be incurred over the second half of 2026.

## Cash Flows

Net cash from operating activities in 1H26 was US$58.4 million, compared to US$81.6 million in 1H25. The decrease principally reflected lower receipts from customers due to lower sales revenue and higher payments to suppliers and employees, partially offset by lower payments for expensed exploration activities, finance costs and income taxes.

Net cash used in investing activities was US$152.6 million, compared with US$240.8 million in 1H25. 1H26 expenditures included US$107.2 million of payments for oil and gas assets, including the SPS-92 intervention, PRA-2 work and the Baúna FPSO revitalisation campaign, and US$27.4 million contingent consideration paid to Petrobras relating to the Baúna acquisition.

Net cash used in financing activities was US$30.9 million, comprising US$15.6 million of dividends paid and US$15.3 million spent on on-market share buybacks.

## Financial Position

Cash and cash equivalents decreased by US$125.8 million, from US$206.1 million at 31 December 2025 to US$80.3 million at 30 June 2026. Total liquidity, comprising cash and undrawn borrowing capacity, was US$363.6 million at 30 June 2026. The decrease reflected operating cashflow less investment in the 2026 capital program, the contingent consideration payment, dividends and share buybacks.

Current assets decreased from US$295.1 million to US$202.7 million, principally reflecting the reduction in cash. Current liabilities increased from US$110.0 million to US$140.8 million, due to higher trade and capital expenditure payables, partially offset by the payment of US$27.4 million of contingent consideration. Working capital decreased by US$123.2 million, from US$185.1 million at 31 December 2025 to US$61.9 million at 30 June 2026. The reduction principally reflected the deployment of cash into the 2026 capital program, contingent consideration, dividends and share buybacks, together with higher trade and capital expenditure payables.

During the financial half year, total assets rose from US$1,773.6 million to US$1,785.3 million, total liabilities increased from US$741.1 million to US$761.5 million and total equity decreased from US$1,032.50 million to US$1,023.8 million. The major changes in the consolidated statement of financial position included:

- Working capital movements as discussed above.
- A US$83.4 million increase in oil and gas assets to US$1,198.2 million. Additions of US$153.9 million, principally relating to the Baúna FPSO revitalisation campaign, the SPS-92 intervention and the Who Dat A1 sidetrack, were partially offset by depreciation.
- A reduction in financial liabilities following the US$27.4 million contingent consideration paid to Petrobras in January 2026, and a US$10.7 million change in the fair value of contingent consideration (discussed above).
- An increase in net deferred tax assets from US$36.4 million to US$41.2 million, largely due to increases relating to net operating losses and other tax credits of US$7.2 million, provisions and accruals of US$7.2 million, and a net benefit from foreign currency movements of US$2.3 million. These increases were partly offset by movements relating to exploration and development costs of US$6.3 million, fair value adjustments of US$3.4 million and accelerated depreciation of oil and gas assets of US$1.2 million.

Liquidity at 30 June 2026, comprising US$80.3 million of cash and equivalents and US$283.3 million of funds available under the US$340 million Reserves Based Lending (RBL) facility, was US$363.6 million. Note that the RBL facility, which is currently undrawn, will amortise to US$226.7 million on 30 September 2026, in line with the semi-annual redetermination facility reduction schedule and straight amortising facility profile to maturity in September 2028. The available amount of the facility is based on the lesser of the facility amount, and the calculated borrowing base amount, which is subject to a semi-annual redetermination process which takes into account production, price and cost estimate.

## REVIEW OF OPERATIONS

### PRODUCTION

1H26 production, based on Karoon's working interest in the Baúna Project and Net Revenue Interest (NRI) in Who Dat, was 3.02 MMboe, compared to 5.3 MMboe in 1H25. The decrease reflected lower production from the Baúna Project, primarily due to the SPS-92 and PRA-2 wells and periodic rate reductions during a planned four month maintenance and revitalisation program on the Baúna FPSO, together with the suspension of production from the Who Dat E manifold following identification of a riser integrity issue.

### OPERATIONAL METRICS

| BAÚNA PROJECT | 1H26 | 1H25 |
|---|---|---|
| Production (MMbbl) | **2.40** | 3.94 |
| Sales (MMbbl) | **2.45** | 3.43 |
| Revenue (US$ million) | **197.7** | 234.0 |
| Average realised oil price (US$/bbl) | **80.66** | 68.30 |
| Production cost (US$/bbl)* | **19.70** | 14.95 |
| **WHO DAT** | | |
| Production on Net Revenue Interest basis (MMboe) | **0.62** | 1.36 |
| Sales (MMboe) | **0.63** | 1.33 |
| Realised oil, condensate and NGLs price (US$/bbl) | **80.60** | 67.29 |
| Realised sales gas price (US$/mscf) | **6.35** | 4.18 |
| Revenue (US$ million) | **47.2** | 74.3 |
| Production cost on Net Revenue Interest basis (US$/boe) | **19.56** | 11.10 |
| Production cost on Net Working Interest basis (US$/boe) | **15.76** | 8.84 |

* Restated to exclude carbon credit costs from operating costs as reported in Note 4(a).

### BRAZIL PRODUCTION

#### Baúna Project: Concession BM-S-40 (KAR 100%, Operator: KAR)

During 1H26, several significant strategic and operational Baúna Project milestones were achieved, which have established a stronger operating platform with higher operational efficiency and structurally lower operating costs.

On 27 May 2026 (BRT), operatorship of the Baúna FPSO (Cidade de Itajaí) was transferred from A&O to Karoon. The operatorship transition occurred after an intensive period of internal Karoon capacity building, including staff recruitment, contract transfer and establishment of management systems and processes, and the receipt of Brazilian regulatory approvals. The transfer has provided Karoon with strategic control of the vessel and has reduced operating costs.

In mid-2026, Karoon completed a comprehensive program aimed at improving the asset integrity, reliability and long-term asset preservation of the Baúna FPSO. This comprised a 120-day, flotel-supported asset revitalisation campaign, and a planned 28-day shut down for maintenance. The work helped underpin higher FPSO operational efficiency, which improved from 94.5% in 1H25 to 96.6% in 1H26.

Baúna Project production was 2.40 MMbbl in 1H26, compared to 3.94 MMbbl in 1H25. The decrease primarily reflected lower output from SPS-92 following a partial electrical failure in the Electric Submersible Pump (ESP) in August 2025 and the shut-in of PRA-2 after the subsea control umbilical disconnected at the FPSO in September 2025. In addition, the planned FPSO revitalisation project required intermittent rate reductions. SPS-92 was successfully brought back onstream on 24 June following the replacement of the ESP, while PRA-2 resumed production in early July with the successful reconnection of the umbilical.

Revenue from the Baúna Project for 1H26 was US$197.7 million, 16% lower than in 1H25. Five cargoes were lifted and sold during 1H26 (2.45 MMbbl), compared to seven cargoes in 1H25 (3.43 MMbbl). Lower sales volumes were offset by a materially higher average realised oil price, which increased from US$68.30/bbl in 1H25 to US$80.66/bbl in 1H26.

Unit production costs for the Baúna Project increased from US$14.95/bbl in 1H25 to US$19.70/bbl in 1H26, reflecting lower production and costs associated with the Transitional Services Agreement with A&O. This expired when Karoon took control of the FPSO in late May 2026. Transportation costs for 1H26 were US$4.5 million, similar to US$4.5 million in 1H25.

## BRAZIL GROWTH OPPORTUNITIES

### Santos Basin, Brazil

#### Neon: Exploration Block S-M-1037 (KAR 100%, Operator: KAR)

During 1H26, activities on Neon, located approximately 75 kilometres northeast of the Baúna Project, focused on progressing a revised, simplified development concept, with lower upfront capital, better capital efficiency and improved project robustness. Key workstream included the assessment of phased development options, host facility evaluations, reservoir studies, well design optimisation and engagement with subsea equipment suppliers. The next project decision, entry into the Front-End Engineering and Design phase of the revised concept, is expected to be made in the fourth quarter of 2026.

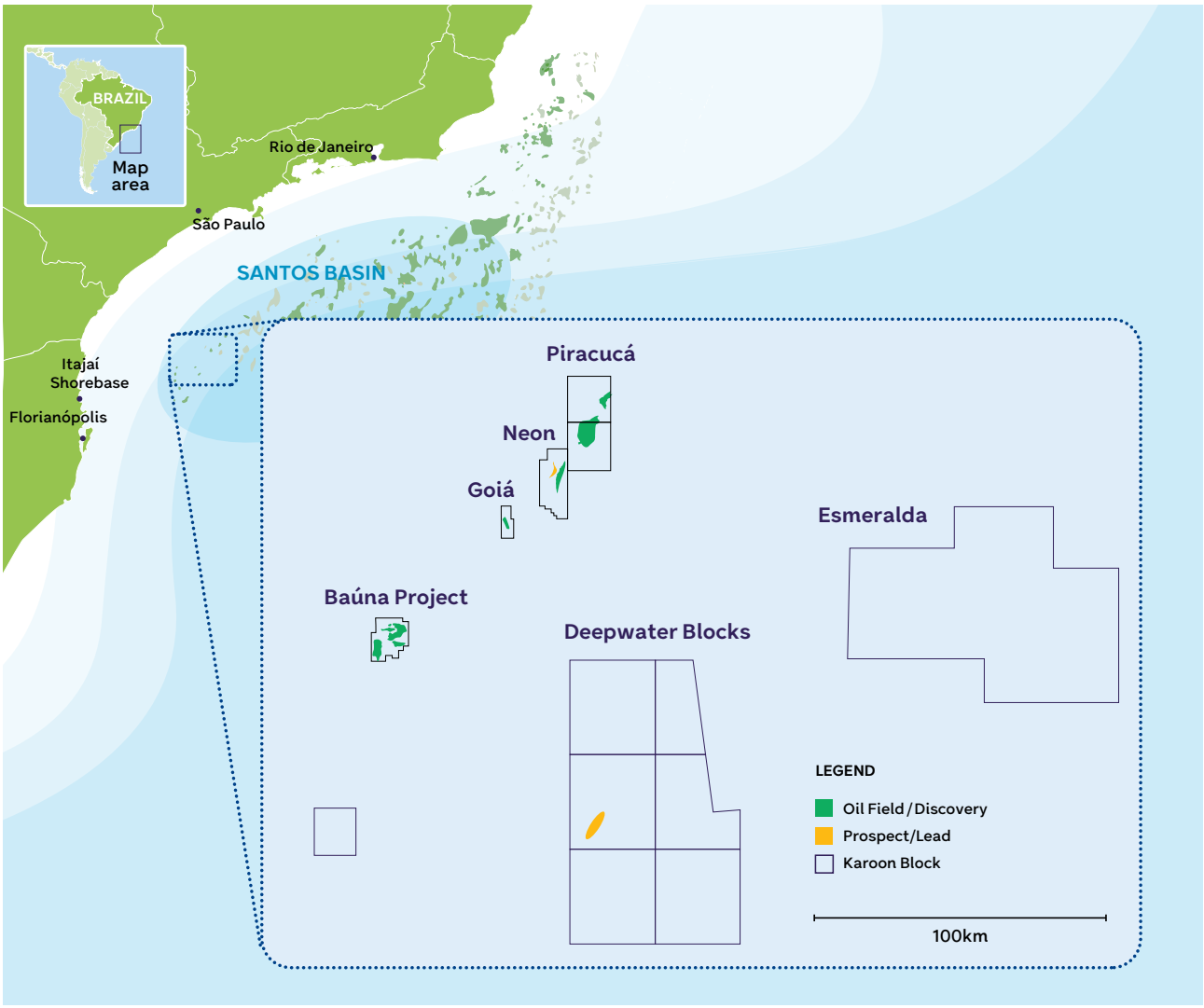
Due to the potential changes in the development scheme, the farm down process that commenced in 2025 was temporarily suspended. Karoon intends to revisit commercial farm-out discussions once the revised development concept reaches maturity.

#### Deepwater Exploration Blocks S-M-1356, S-M-1358, S-M-1482, S-M-1484, S-M-1603, S-M-1605, ESMERALDA (KAR: 100%, OPERATOR)

In 1H26, Karoon continued a technical evaluation of its Santos Basin deepwater blocks, focused on maturing the Company's regional understanding of the area and refining prospectivity. This included ongoing interpretation of reprocessed seismic data, inversion work and progression of subsurface studies to support prospect definition and screening.

Planning for a farm-down of one or more of the deepwater blocks continued, with the timing and structure remaining subject to ongoing technical work and operational planning.

The formal grant of the Esmeralda block, awarded in late 2025, was received on 27 May 2026.



## USA PRODUCTION

### Who Dat assets: (KAR working interests – Who Dat and Dome Patrol – 30%, Abilene ~ 16%, Operator: LLOG)

Production from Who Dat in 1H26 was 0.62 MMboe net to Karoon on a Net Revenue Interest (NRI) basis. This was 54% lower than in 1H25, reflecting the shut-in in February 2026 of production from seven wells connected to the E manifold, after one of the two E manifold risers developed a minor leak. The operator, LLOG, is developing a remediation plan, with E manifold production expected to be restored in 4Q27.

The A1 sidetrack commenced production on 13 July 2026 and is providing a positive near-term contribution while the joint venture advances the E manifold restoration workstream. Subject to final technical assessment and joint venture and regulatory approvals, drilling of the G1 sidetrack is expected to commence in 4Q26, with first production targeted for 1H27.

Revenue from Who Dat (net to Karoon) in 1H26 was US$47.2 million, down from US$74.3 million in 1H25. This reflected lower hydrocarbon sales volume, partly offset by higher oil realised prices.

Who Dat unit production costs (on an NWI basis) increased from US$8.84/boe in 1H25 to US$15.76/boe. This was due to lower production over a largely fixed cost base. Transportation costs decreased from US$5.7 million in 1H25 to US$2.6 million in 1H26, reflecting lower production volumes.

## USA GROWTH OPPORTUNITIES

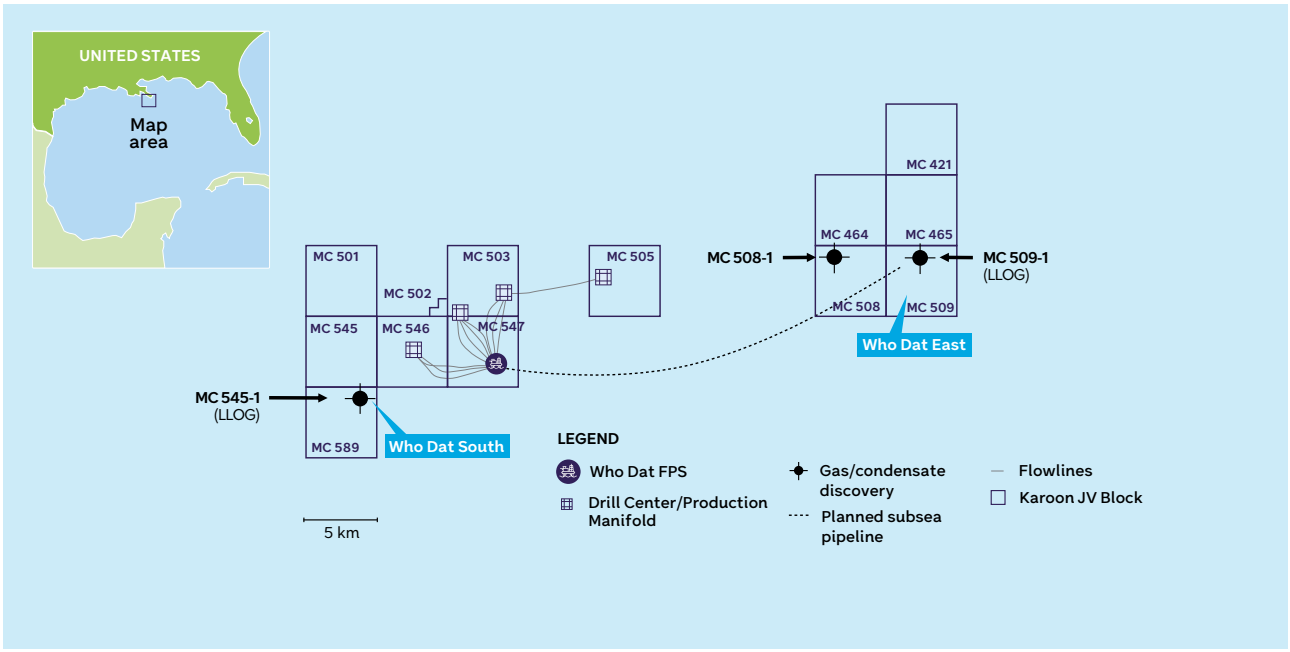
### Gulf of America, USA

### Who Dat East: MC 464, MC 465, MC 508, MC 509, MC 421 (Karoon working interest 40%, Operator: LLOG)

An evaluation of the proposed Who Dat East Project, which comprises an initial one well, 29 kilometre subsea tieback to the Who Dat Floating Production System (FPS), was completed during 1H26. A Final Investment Decision by the Joint Venture partners, led by LLOG, to proceed with the development was reached on 12 August 2026. The total capital cost, net to Karoon is estimated at US$155 – 165 million and first production is expected in the second half of 2028.

### Who Dat South: MC 545, MC 589 (Karoon working interest 30%, Operator: LLOG)

The Who Dat South discovery is located approximately 11 kilometres southwest of the Who Dat FPS. During 1H26, work commenced on a seismic reprocessing project, to assist with optimising the location of a potential future Who Dat South development well, which is targeted to be drilled in 2027. The reprocessing project is also expected to help refine future infill locations at Who Dat.



## HEALTH, SAFETY AND THE ENVIRONMENT

Despite the active flotel-supported revitalisation campaign, a planned maintenance shutdown and two material well operations undertaken at Baúna in 1H26, Karoon delivered a strong personal safety outcome, with no recordable safety incidents during the period, compared to one in 1H25. The Company has experienced zero recordable safety incidents over the last 12 months. Five high potential, zero Tier One and five Tier Two Process Safety Incidents were reported for the period.

Safe operations remain an ongoing focus with the Company's staff and contractors, and Karoon is focused on eliminating incidents through disciplined risk management and planning.

There were no material environment incidents reported during 1H26.

| | 2025 | | 2026 |
|---|---|---|---|
| | 1H25 | 2H25 | 1H26 |
| **Health, Safety and Security**[1] | | | |
| Fatalities | – | – | **–** |
| High Potential Incidents | 4 | 3 | **5** |
| Lost Time Injuries (LTI) | – | – | **–** |
| Medical Treatment cases | – | – | **–** |
| Restricted Work Cases | 1 | – | **–** |
| Work Exposure Hours | 711,858 | 526,291 | **1,141,674** |
| Total Recordable Injury Rate (per 200,000 hours)[2] | 0.28 | 0.16 | **0.00** |
| Lost Time Injury Rate (per 200,000 hours) | 0.00 | 0.00 | **0.00** |
| **Process Safety** | | | |
| Tier 1 or 2 Process Safety Events | – | – | **5** |
| **Environment** | | | |
| Number of minor spills (to sea) | – | – | **–** |

1. Excludes equity share operations.
2. Calculated per calendar year.

## SUSTAINABILITY

Karoon's Annual Sustainability Report for 2025 was released in February 2026. Highlights were the continuation and growth of the Company's sustainability programs, entry into the Suzano Afforestation, Reforestation & Revegetation (ARR) carbon project and the continuation of Karoon's social programs in Brazil, including voluntary social programs. The Company is committed to achieving 'Net Zero by 2050 or sooner' for Scope 1 and Scope 2 emissions, while continuing to focus on reducing absolute emissions where practical and economical. Karoon remains carbon neutral for Scope 1 and 2 emissions through the use of carbon offsets, which it has achieved since 2021.

In 1H26, Karoon received verified credit units from three carbon projects, Suzano SA's Horizonte ARR, Carbonext Hiwi REDD+ project and the Cerrado Project, all of which are located Brazil. In 3Q26, Karoon will surrender credits from these projects to offset 118,236 tCO2e of operated and equity share Scope 1 emissions from 2025.

Total Scope 1 & 2 emissions for 1H26 were 21% lower than in 1H25, at 48,221 tCO2e compared with 61,045 tCO2e. The decrease was a result of production efficiencies, a 60% reduction in flaring and reduced energy requirements from production across both Baúna and Who Dat. Despite a reduction in absolute emissions, lower production resulted in an increase in emissions intensity, from 10.7 kgCO2e/boe in 1H25 to 14.6 kgCO2e/boe, including field logistics and support activities.

Karoon continued to develop its social programs in 1H26, with the ongoing completion of incentivised projects committed to in 2025 and progression of four voluntary projects.

## CORPORATE AND COMMERCIAL

### BRAZILIAN EXPORT TAX

On 12 March 2026, the Brazilian Government announced a 120-day temporary export tax on crude oil sales, levied at a rate of 12% of the total value of exports. The export tax is deductible against tax, reducing the impact on NPAT to 7.92%.

On 9 July 2026, the date that the temporary export tax was due to expire, the Government announced a 60-day extension.

During 1H26, two Karoon cargoes were subject to the export tax. One, which was exported to the European Union, is expected to qualify for a preferential 6% export tax rate (3.97% after tax) available under the Mercosur–European Union trade framework.

The industry is pursuing legal challenges to the temporary export tax, seeking the refund of any amounts paid related to this tax since its inception.

### Further on-market share buyback announced

Over 1H26, Karoon completed the second phase of the US$75 million on-market share buyback program and announced that a further buyback phase would commence in July 2026.

As at 30 June 2026, since its on-market share buyback program began in 2H24, Karoon had bought back and cancelled 94.3 million shares at a cost of approximately US$97 million, equivalent to an average price of A$1.57 a share. The third phase of the on-market buyback will not exceed 10% of Karoon's issued capital in a twelve-month period (the 10/12 limit), in accordance with section 257B of the *Corporations Act 2001* (Cth).

The on-market share buyback forms part of Karoon's disciplined capital allocation framework, which prioritises the allocation of surplus funds into investments with the highest returns for shareholders, while preserving flexibility for sanctioned or potential future project sanctions, such as Who Dat East and Neon, respectively.

## DIRECTORS

Ms Carri Lockhart (Chief Executive Officer and Managing Director)

Mr Peter Turnbull (Independent Non-Executive Director)

Ms Luciana Bastos De Freitas Rachid (Independent Non-Executive Director)

Mr Peter Botten (Independent Non-Executive Chair)

Ms Joanne Palmer (Independent Non-Executive Director)

Ms Melissa Holzberger (Independent Non-Executive Director)

Mr Fernando Borges (Independent Non-Executive Director) – Appointed to role on 30 March 2026

Mr. Tadeu Fraga – (Independent Non-Executive Director) – Resigned from role on 30 March 2026

# AUDITOR'S INDEPENDENCE DECLARATION

## Auditor's Independence Declaration

As lead auditor of Karoon Energy Ltd's financial report for the half-year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review of the financial report; and

b) no contraventions of any applicable code of professional conduct in relation to the review of the financial report.

Graeme McKenna
Partner
PricewaterhouseCoopers

Melbourne
27 August 2026

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# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE HALF YEAR ENDED 30 JUNE 2026

| | NOTE | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|---|
| Revenue | 3(a) | **244.9** | 308.3 |
| Cost of sales | 4(a) | **(151.6)** | (195.7) |
| **Gross profit** | | **93.3** | 112.6 |
| Other income | 3(b) | **3.0** | 39.6 |
| Finance costs | 4(b) | **(33.6)** | (36.7) |
| Net foreign currency gains/(losses) | | **6.7** | (0.2) |
| Other expenses | 4(c) | **(33.4)** | (45.1) |
| Change in fair value of contingent consideration | 10 | **(10.7)** | 17.0 |
| **Profit before income tax** | | **25.3** | 87.2 |
| Income tax benefit/(expense) | 5(a) | **1.4** | (16.2) |
| **Profit for the period attributable to equity holders of the Company** | | **26.7** | 71.0 |
| **Other comprehensive income net of income tax:** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences arising from the translation of financial statements into presentation currency | | **(8.3)** | (0.2) |
| Net change in fair value of cash flow hedges and cost of hedging | | **–** | 1.0 |
| **Other comprehensive income/(loss) for the period, net of income tax** | | **(8.3)** | 0.8 |
| **Total comprehensive income for the period attributable to equity holders of the Company, net of income tax** | | **18.4** | 71.8 |
| **Earnings per share attributable to equity holders of the Company:** | | | |
| Basic earnings per ordinary share (cents per share) | | **3.72** | 9.45 |
| Diluted earnings per ordinary share (cents per share) | | **3.63** | 9.31 |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2026

| | NOTE | 30 JUNE 2026 US$M | 31 DEC 2025 US$M |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | **80.3** | 206.1 |
| Receivables | | **64.4** | 48.9 |
| Inventories | | **32.0** | 23.3 |
| Current tax asset | | **7.9** | 8.1 |
| Other assets | | **18.1** | 8.7 |
| **Total current assets** | | **202.7** | 295.1 |
| **Non-current assets** | | | |
| Oil and gas assets | 7 | **1,198.2** | 1,114.8 |
| Exploration and evaluation assets | | **307.8** | 297.6 |
| Property, plant and equipment | | **8.1** | 6.2 |
| Intangible assets | | **6.4** | 2.4 |
| Deferred tax assets | 5(b) | **41.2** | 36.4 |
| Inventories | | **10.8** | 10.5 |
| Other assets | | **10.1** | 10.6 |
| **Total non-current assets** | | **1,582.6** | 1,478.5 |
| **Total assets** | | **1,785.3** | 1,773.6 |
| **Current liabilities** | | | |
| Trade and other payables | | **121.2** | 68.1 |
| Current tax liabilities | | **–** | 11.5 |
| Other financial liabilities | 10 | **17.5** | 27.4 |
| Lease liabilities | | **0.8** | 0.7 |
| Provisions | | **1.3** | 2.3 |
| **Total current liabilities** | | **140.8** | 110.0 |
| **Non-current liabilities** | | | |
| Trade and other payables | | **8.9** | 7.8 |
| Borrowings | 9 | **339.7** | 337.7 |
| Other financial liabilities | 10 | **–** | 6.8 |
| Lease liabilities | | **2.3** | 0.4 |
| Provisions | | **269.8** | 278.4 |
| **Total non-current liabilities** | | **620.7** | 631.1 |
| **Total liabilities** | | **761.5** | 741.1 |
| **Net assets** | | **1,023.8** | 1,032.5 |
| **Equity** | | | |
| Contributed equity | 11 | **1,114.3** | 1,129.5 |
| Accumulated losses | | **(314.5)** | (341.2) |
| Reserves | | **224.0** | 244.2 |
| **Total equity** | | **1,023.8** | 1,032.5 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE HALF YEAR ENDED 30 JUNE 2026

| | CONTRIBUTED EQUITY US$M | ACCUMULATED LOSSES US$M | DISTRIBUTION RESERVE US$M | SHARE-BASED PAYMENTS RESERVE US$M | FOREIGN CURRENCY TRANSLATION RESERVE US$M | HEDGING RESERVE US$M | TOTAL EQUITY US$M |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2025** | 1,174.6 | (457.8) | 367.8 | 60.1 | (167.1) | (1.2) | 976.4 |
| Profit for financial period | – | 71.0 | – | – | – | – | 71.0 |
| Other comprehensive income (loss) | – | – | – | – | (0.2) | 1.0 | 0.8 |
| **Total comprehensive income/ (loss) for financial period** | – | 71.0 | – | – | (0.2) | 1.0 | 71.8 |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Dividends paid | – | – | (23.8) | – | – | – | (23.8) |
| Ordinary shares bought back (on-market) and cancelled | (29.2) | – | – | – | – | – | (29.2) |
| Share-based payments expense | – | – | – | 0.9 | – | – | 0.9 |
| | (29.2) | – | (23.8) | 0.9 | – | – | (52.1) |
| **Balance as at 30 June 2025** | 1,145.4 | (386.8) | 344.0 | 61.0 | (167.3) | (0.2) | 996.1 |
| Balance as at 1 January 2026 | **1,129.5** | **(341.2)** | **341.4** | **62.9** | **(160.1)** | **–** | **1,032.5** |
| Profit for financial period | **–** | **26.7** | **–** | **–** | **–** | | **26.7** |
| Other comprehensive income (loss) | **–** | **–** | **–** | **–** | **(8.3)** | **–** | **(8.3)** |
| **Total comprehensive income/ (loss) for financial period** | **–** | **26.7** | **–** | **–** | **(8.3)** | **–** | **18.4** |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Dividends paid | **–** | **–** | **(15.6)** | **–** | **–** | **–** | **(15.6)** |
| Ordinary shares bought back (on-market) and cancelled | **(15.2)** | **–** | **–** | **–** | **–** | **–** | **(15.2)** |
| Share-based payments expense | **–** | **–** | **–** | **3.7** | **–** | **–** | **3.7** |
| | **(15.2)** | **–** | **(15.6)** | **3.7** | **–** | **–** | **(27.1)** |
| **Balance as at 30 June 2026** | **1,114.3** | **(314.5)** | **325.8** | **66.6** | **(168.4)** | **–** | **1,023.8** |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE HALF YEAR ENDED 30 JUNE 2026

| | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | **249.5** | 298.4 |
| Payments to suppliers and employees | **(151.7)** | (131.0) |
| Payments for exploration and evaluation expenditure expensed | **(2.2)** | (21.4) |
| Interest received | **3.2** | 5.3 |
| Borrowing and other costs of finance paid | **(25.9)** | (29.9) |
| Income taxes paid | **(14.5)** | (39.8) |
| **Net cash flows provided from operating activities** | **58.4** | 81.6 |
| **Cash flows from investing activities** | | |
| Acquisition of oil and gas assets | **(27.4)** | (202.6) |
| Payments for oil and gas assets | **(107.2)** | (27.9) |
| Purchase of plant and equipment and intangibles | **(7.1)** | (3.8) |
| Payments for exploration and evaluation expenditure capitalised | **(10.9)** | (6.5) |
| **Net cash flows used in investing activities** | **(152.6)** | (240.8) |
| **Cash flows from financing activities** | | |
| Principal elements of lease payments | **–** | (19.6) |
| Share buy-back (on-market) | **(15.3)** | (29.2) |
| Dividends paid | **(15.6)** | (23.8) |
| **Net cash flows used in financing activities** | **(30.9)** | (72.6) |
| Net decrease in cash and cash equivalents | **(125.1)** | (231.8) |
| Cash and cash equivalents at beginning of the period | **206.1** | 341.2 |
| Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | **(0.7)** | 2.7 |
| **Cash and cash equivalents at end of the period** | **80.3** | 112.1 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 30 JUNE 2026

### Note 1. General Information

#### (a) Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*. Compliance with AASB 134 *'Interim Financial Reporting'* ensures compliance with International Financial Reporting Standard IAS 134 *'Interim Financial Reporting'*.

The condensed consolidated financial statements are for the consolidated entity comprising Karoon Energy Ltd (the 'Company') and its subsidiaries (the 'Group') for the half year ended 30 June 2026. The Company is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:KAR).

The condensed consolidated financial statements do not include all the notes of the type normally included in an Annual Report and should be read in conjunction with the Company's Annual Report for the financial year ended 31 December 2025 and any public announcements made by Karoon Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*.

The financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's Annual Report for the year ended 31 December 2025.

#### (b) Rounding

The amounts in the financial statements are rounded to the nearest hundred thousand dollars unless otherwise indicated, under the option available to the Company ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183. The Company is an entity to which this legislative instrument applies.

#### (c) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements was adopted during the year. The amendments introduce additional illustrative examples accompanying AASB 136 *Impairment of Assets* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to assist entities in applying existing disclosure requirements. AASB 2026-1 effective date is for annual reporting periods beginning on or after 1 July 2025 that end on or after 28 February 2026. The Company is assessing how the new AASB guidance will impact our financial statements.

#### (d) Key Accounting Estimates, Assumptions and Judgements

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant accounting judgements, estimates and assumptions adopted in this interim financial report are consistent with those disclosed in the Company's Annual Report for the year ended 31 December 2025.

## Note 2. Segment Information

### (a) Description of Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group's Executive Management Team (identified as the 'chief operating decision maker') in assessing performance and in determining the allocation of resources.

The operating segments are based on the nature and geographical location of the Group's operations; as follows:

- Brazil – in which the Group is currently involved in the exploration, development and production of hydrocarbons; and
- USA – in which the Group is currently involved in the exploration, development and production of hydrocarbons; and
- Corporate/other – includes head office costs incurred, net financing and other corporate costs not specifically attributable to an operating segment.

The accounting policies of the reportable operating segments are the same as the Group's accounting policies.

Segment revenues and results do not include transfers between segments as intercompany balances are eliminated on consolidation.

Segment revenue is derived from external customers who market to a range of end customers. Karoon USA's revenue is reported on a Net Revenue Interest (NRI) basis, meaning it reflects the company's share of oil revenue after accounting for royalties and other interests payable to third parties. Revenue from two major customers was US$197.3 million and US$57.7 million, respectively. The revenue was reported in the Brazil and USA segments

The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. Reportable segment assets and segment liabilities are equal to consolidated total assets and total liabilities respectively. These assets and liabilities are allocated in accordance with the operations of the segment.

(b) Operating Segments

| SEGMENT PERFORMANCE | NOTE | BRAZIL US$M | USA US$M | CORPORATE/ OTHER US$M | CONSOLIDATED US$M |
|---|---|---|---|---|---|
| **Result for half year ended 30 June 2026** | | | | | |
| **Revenue** | | | | | |
| Crude oil sales | | **197.7** | **43.2** | **–** | **240.9** |
| Gas sales | | **–** | **3.5** | **–** | **3.5** |
| NGL sales | | **–** | **0.5** | **–** | **0.5** |
| **Total revenue from contracts with customers** | 3(a) | **197.7** | **47.2** | **–** | **244.9** |
| **Expenses** | | | | | |
| **Cost of sales** | | | | | |
| Operating costs | | **(47.4)** | **(12.2)** | **–** | **(59.6)** |
| Carbon credit costs | | **(0.7)** | **(0.3)** | **–** | **(1.0)** |
| FPSO transition costs | | **(4.6)** | **–** | **–** | **(4.6)** |
| Royalties and other government take | | **(29.0)** | **–** | **–** | **(29.0)** |
| Depreciation and amortisation – oil and gas asset | | **(30.3)** | **(19.8)** | **–** | **(50.1)** |
| Depreciation and amortisation – FPSO asset | | **(5.9)** | **–** | **–** | **(5.9)** |
| Change in inventories | | **5.7** | **–** | **–** | **5.7** |
| Transportation costs | | **(4.5)** | **(2.6)** | **–** | **(7.1)** |
| **Total cost of sales** | 4(a) | **(116.7)** | **(34.9)** | **–** | **(151.6)** |
| **Gross profit** | | **81.0** | **12.3** | **–** | **93.3** |
| **Other income** | | | | | |
| Interest income | | **–** | **–** | **3.0** | **3.0** |
| **Total other income** | 3(b) | **–** | **–** | **3.0** | **3.0** |
| **Other expenses** | | | | | |
| Business development and other project costs | | **(1.3)** | **–** | **(0.1)** | **(1.4)** |
| Exploration and evaluation expenditure expensed | | **(2.1)** | **(0.3)** | **–** | **(2.4)** |
| Corporate costs | | **(6.6)** | **(1.3)** | **(11.2)** | **(19.1)** |
| Depreciation and amortisation – non-oil and gas assets | | **(0.6)** | **(0.3)** | **(0.2)** | **(1.1)** |
| Share-based payments expense | | **(0.4)** | **–** | **(3.3)** | **(3.7)** |
| Corporate relocation | | **–** | **–** | **(2.3)** | **(2.3)** |
| Provision for local content | | **(2.2)** | **–** | **–** | **(2.2)** |
| Loss on SPS-92 derecognition | | **(1.2)** | **–** | **–** | **(1.2)** |
| **Total other expenses** | 4(c) | **(14.4)** | **(1.9)** | **(17.1)** | **(33.4)** |
| **Finance costs** | | | | | |
| Discount unwinding on provision for restoration | | **(4.1)** | **(1.7)** | **–** | **(5.8)** |
| Interest expense | | **–** | **–** | **(18.7)** | **(18.7)** |
| Withholding tax expense | | **–** | **–** | **(3.3)** | **(3.3)** |
| Other finance costs | | **–** | **–** | **(5.8)** | **(5.8)** |
| **Total finance costs** | 4(b) | **(4.1)** | **(1.7)** | **(27.8)** | **(33.6)** |
| Net foreign currency gains/(losses) | | **(0.5)** | **–** | **7.2** | **6.7** |
| Change in fair value of contingent consideration | | **(10.7)** | **–** | **–** | **(10.7)** |
| **Profit/(loss) before income tax** | | **51.3** | **8.7** | **(34.7)** | **25.3** |
| **Income tax benefit** | 5(a) | **–** | **–** | **1.4** | **1.4** |
| **Profit/(loss) for financial period** | | **51.3** | **8.7** | **(33.3)** | **26.7** |

| SEGMENT PERFORMANCE | NOTE | BRAZIL US$M | USA US$M | CORPORATE/ OTHER US$M | CONSOLIDATED US$M |
|---|---|---|---|---|---|
| **Result for half year ended 30 June 2025** | | | | | |
| **Revenue** | | | | | |
| Crude oil sales | | 234.0 | 63.6 | – | 297.6 |
| Gas sales | | – | 8.8 | – | 8.8 |
| NGL sales | | – | 1.9 | – | 1.9 |
| **Total revenue from contracts with customers** | 3(a) | 234.0 | 74.3 | – | 308.3 |
| **Expenses** | | | | | |
| **Cost of sales** | | | | | |
| Operating costs | | (39.3) | (15.0) | – | (54.3) |
| Carbon credit costs | | (0.9) | (0.5) | – | (1.4) |
| Flotel costs | | (21.1) | – | – | (21.1) |
| Royalties and other government take | | (23.3) | – | – | (23.3) |
| Depreciation and amortisation – oil and gas asset | | (43.0) | (40.7) | – | (83.7) |
| Depreciation – FPSO asset | | (4.7) | – | – | (4.7) |
| Depreciation and amortisation – FPSO right of use asset | | (14.2) | – | – | (14.2) |
| Change in inventories | | 17.2 | – | – | 17.2 |
| Transportation costs | | (4.5) | (5.7) | – | (10.2) |
| **Total cost of sales** | 4(a) | (133.8) | (61.9) | – | (195.7) |
| **Gross profit** | | 100.2 | 12.4 | – | 112.6 |
| **Other income** | | | | | |
| Interest income | | – | – | 4.2 | 4.2 |
| Gain on disposal of right of use asset | | 35.3 | – | – | 35.3 |
| Sundry Income | | 0.1 | – | – | 0.1 |
| **Total other income** | 3(b) | 35.4 | – | 4.2 | 39.6 |
| **Other expenses** | | | | | |
| Costs of unsuccessful wells | | – | (16.8) | – | (16.8) |
| Business development and other project costs | | (0.4) | – | (0.4) | (0.8) |
| Exploration and evaluation expenditure expensed | | (4.4) | (0.3) | – | (4.7) |
| Corporate costs | | (5.9) | (1.8) | (9.0) | (16.7) |
| Realised losses on cash flow hedges | | – | – | (1.3) | (1.3) |
| Depreciation and amortisation – non-oil and gas assets | | (0.4) | (0.1) | (0.3) | (0.8) |
| Share-based payments expense | | (0.2) | (0.1) | (0.6) | (0.9) |
| Corporate relocation | | – | – | (3.1) | (3.1) |
| **Total other expenses** | 4(c) | (11.3) | (19.1) | (14.7) | (45.1) |
| **Finance costs** | | | | | |
| Finance charges on lease liabilities | | (3.3) | – | – | (3.3) |
| Discount unwinding on provision for restoration | | (3.2) | (1.6) | – | (4.8) |
| Interest expense | | – | – | (19.0) | (19.0) |
| Other finance costs | | – | – | (9.6) | (9.6) |
| **Total finance costs** | 4(b) | (6.5) | (1.6) | (28.6) | (36.7) |
| Net foreign currency gains/(losses) | | (0.2) | – | – | (0.2) |
| Change in fair value of contingent consideration | | 17.0 | – | – | 17.0 |
| **Profit/(loss) before income tax** | | 134.6 | (8.3) | (39.1) | 87.2 |
| **Income tax expense** | 5(a) | – | – | (16.2) | (16.2) |
| **Profit/(loss) for financial period** | | 134.6 | (8.3) | (55.3) | 71.0 |

| 30 JUNE 2026 | BRAZIL US$M | USA US$M | CORPORATE/ OTHER US$M | CONSOLIDATED US$M |
|---|---|---|---|---|
| Total segment assets | **895.5** | **863.3** | **26.5** | **1,785.3** |
| Total segment liabilities | **306.9** | **105.0** | **349.6** | **761.5** |

| 31 DECEMBER 2025 | BRAZIL US$M | USA US$M | CORPORATE/ OTHER US$M | CONSOLIDATED US$M |
|---|---|---|---|---|
| Total segment assets | 828.1 | 858.2 | 87.3 | 1,773.6 |
| Total segment liabilities | 283.1 | 97.0 | 361.0 | 741.1 |

## Note 3. Revenue and Other Income

| (a) Revenue | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| Crude oil sales | **240.9** | 297.6 |
| Gas sales | **3.5** | 8.8 |
| NGL sales | **0.5** | 1.9 |
| **Total revenue from contracts with customers** | **244.9** | 308.3 |

| (b) Other income | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| Interest income | **3.0** | 4.2 |
| Gain on disposal of right of use asset | **–** | 35.3 |
| Sundry income | **–** | 0.1 |
| **Total other income** | **3.0** | 39.6 |

## Note 4. Expenses

| | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| (a) Cost of sales | | |
| Operating costs | **59.6** | 54.3 |
| Carbon credit costs | **1.0** | 1.4 |
| Flotel costs[(i)] | **–** | 21.1 |
| FPSO transition costs | **4.6** | – |
| Royalties and other government take | **29.0** | 23.3 |
| Depreciation and amortisation – oil and gas asset | **50.1** | 83.7 |
| Depreciation and amortisation – FPSO asset | **5.9** | 4.7 |
| Depreciation and amortisation – FPSO right of use asset | **–** | 14.2 |
| Change in inventories | **(5.7)** | (17.2) |
| Transportation and marketing costs | **7.1** | 10.2 |
| **Total cost of sales** | **151.6** | 195.7 |

(i) Flotel costs incurred in the current period were capitalised as they were directly attributable to the FPSO life extension and revitalisation activities, which are expected to improve asset integrity and reliability and support operations over the extended field life. In contrast, the flotel campaign undertaken in the prior period primarily supported maintenance backlog reduction activities and the associated costs were expensed as incurred.

| | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| (b) Finance costs | | |
| Finance charges on lease liabilities | **–** | 3.3 |
| Discount unwinding on net present value of provision for restoration | **5.8** | 4.8 |
| Interest expense | **18.7** | 19.0 |
| Withholding tax expense | **3.3** | 3.7 |
| Other finance costs | **5.8** | 5.9 |
| **Total finance costs** | **33.6** | 36.7 |
| (c) Other expenses | | |
| Costs of unsuccessful wells[(i)] | **–** | 16.8 |
| Corporate costs | **19.1** | 16.7 |
| Share-based payments expense | **3.7** | 0.9 |
| Exploration and evaluation expenditure expensed | **2.4** | 4.7 |
| Corporate relocation | **2.3** | 3.1 |
| Provision for local content[(ii)] | **2.2** | – |
| Business development and other project costs | **1.4** | 0.8 |
| Realised losses on cash flow hedges | **–** | 1.3 |
| Loss on SPS-92 derecognition | **1.2** | – |
| Depreciation and amortisation – non-oil and gas assets | **1.1** | 0.8 |
| **Total other expenses** | **33.4** | 45.1 |

(i) Costs of unsuccessful wells of $16.8 million relates to the Who Dat West (MC-629-1) well. Drilling commenced in December 2024 reaching total depth in January 2025, with management determining the well as unsuccessful with no significant hydrocarbon zones encountered, as a result all costs incurred in the period were expensed.

(ii) The Group is subject to local content requirements under certain offshore exploration concession agreements. During the period, the Group identified a potential shortfall, primarily relating to the Black Dolphin drilling rig. Based on its assessment of the applicable requirements, including advice from legal and regulatory specialists, the Group recognised a provision of US$2.2 million at 30 June 2026.

## Note 5. Income Tax

| | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| (a) Income Tax Recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | | |
| **Income tax expense/(benefit) comprises:** | | |
| Current income tax | **3.2** | 0.1 |
| Deferred income tax | **(4.6)** | 16.1 |
| **Total income tax expense/(benefit)** | **(1.4)** | 16.2 |
| The prima facie tax on profit/(loss) before income tax is reconciled to tax (expense)/benefit as follows: | | |
| Prima facie tax expense/(benefit) on profit before income tax, calculated at the Brazilian tax rate of 34% | **8.6** | 29.6 |
| **Add/(subtract) the tax effect of:** | | |
| Share-based payments expense (non-cash) | **0.7** | 0.2 |
| Deferred tax impact – FPSO acquisition | **(0.1)** | 18.4 |
| Difference in overseas tax rates | **1.6** | 4.8 |
| Foreign exchange differences – translation adjustment | **(12.8)** | (28.3) |
| Foreign exchange differences – permanent differences | **1.0** | 10.4 |
| Non assessable income | **–** | (13.8) |
| Tax credits available | **(0.4)** | (5.1) |
| **Total income tax expense/(benefit)** | **(1.4)** | 16.2 |

| | BALANCE AS AT 1 JANUARY 2026 US$M | (CHARGED) CREDITED TO PROFIT OR LOSS US$M | (CHARGED) CREDITED DIRECTLY TO EQUITY US$M | BALANCE AS AT 30 JUNE 2026 US$M |
|---|---|---|---|---|
| (b) Deferred Tax Balances | | | | |
| *Temporary differences* | | | | |
| Provisions and accruals | 48.3 | 6.8 | – | **55.1** |
| Depreciation of oil and gas assets | (91.8) | (1.1) | – | **(92.9)** |
| Equity raising transaction costs | 0.4 | – | – | **0.4** |
| Unrealised foreign currency losses/(gains) | 7.5 | (10.4) | – | **(2.9)** |
| Translation adjustment | (1.4) | 12.8 | – | **11.4** |
| Fair value movement of financial liabilities | 9.3 | (3.4) | – | **5.9** |
| Right-of-use assets | – | 0.1 | – | **0.1** |
| Lease liabilities | – | (0.3) | – | **(0.3)** |
| Hedge premium | – | – | – | **–** |
| Net changes of cash flow hedges | – | – | – | **–** |
| Exploration and evaluation assets | (23.4) | (6.3) | – | **(29.7)** |
| Other | (1.0) | (0.5) | – | **(1.5)** |
| **Total temporary differences** | (52.1) | (2.3) | – | **(54.4)** |
| *Unused tax losses* | | | | |
| Tax losses | 88.5 | 7.1 | – | **95.6** |
| **Total unused tax losses** | 88.5 | 7.1 | – | **95.6** |
| **Net deferred tax assets/(liabilities)** | 36.4 | 4.8 | – | **41.2** |

The Group is subject to income tax in a number of jurisdictions and recognises and measures uncertain income-tax treatments in accordance with AASB 112 and AASB Interpretation 23. At the reporting date, the Group had no material tax-related contingent liabilities requiring disclosure.

## Note 6. Dividends

| | 30 JUNE 2026 US$M | 30 JUNE 2025 US$M |
|---|---|---|
| Dividends provided for or paid during the period | **15.6** | 23.8 |
| Dividends not recognised at the end of the period[(i)] | **6.0** | 11.4 |

(i) Converted at the AUD:USD exchange rate of 0.7182 (30 June 2025: Converted at the AUD:USD exchange rate of 0.6482 paid on 29 September 2025).

After the reporting date, on 26 August 2026, the Board declared an interim dividend of 1.2 cents per share. Consequently, the financial effect of the dividend has not been brought to account in the financial statements for the half year ended 30 June 2026 and will be recognised in subsequent financial reports.

## Note 7. Oil and Gas Assets

| | PRODUCTION ASSET US$M | FPSO ASSET US$M | DEVELOPMENT ASSET US$M | RIGHT OF USE ASSET US$M | CONSOLIDATED TOTAL US$M |
|---|---|---|---|---|---|
| **Half year ended 30 June 2025** | | | | | |
| Balance at beginning of period | 1,045.3 | – | – | 134.9 | 1,180.2 |
| Acquisitions during the period[(i)] | – | 115.0 | – | – | 115.0 |
| Additions during the period | 27.5 | 8.5 | 0.6 | – | 36.6 |
| Disposals during the period | – | – | – | (118.7) | (118.7) |
| Transfers from exploration and evaluation assets | 1.0 | – | – | – | 1.0 |
| Remeasurement of lease arrangements | – | – | – | (2.0) | (2.0) |
| Depreciation expense | (83.7) | (4.7) | – | (14.2) | (102.6) |
| Increase in provision for restoration | 49.0 | – | – | – | 49.0 |
| **Carrying amount at end of the half year** | 1,039.1 | 118.8 | 0.6 | – | 1,158.5 |
| **At 30 June 2025** | | | | | |
| At cost | 1,523.9 | 123.5 | 0.6 | – | 1,648.0 |
| Accumulated depreciation | (484.8) | (4.7) | – | – | (489.5) |
| **Carrying amount at end of the half year** | 1,039.1 | 118.8 | 0.6 | – | 1,158.5 |
| **Half year ended 30 June 2026** | | | | | |
| Balance at beginning of period | **1,006.3** | **108.5** | **–** | **–** | **1,114.8** |
| Additions during the period | **54.8** | **64.2** | **34.8** | **–** | **153.9** |
| Remeasurement of lease arrangements | **–** | **–** | **–** | **–** | **–** |
| Depreciation expense[(ii)] | **(50.1)** | **(5.9)** | **–** | **–** | **(56.0)** |
| Decrease in provision for restoration | **(14.5)** | **–** | **–** | **–** | **(14.5)** |
| **Carrying amount at end of half year[(iii)]** | **996.5** | **166.9** | **34.8** | **–** | **1,198.2** |
| **At 30 June 2026** | | | | | |
| At cost | **1,580.6** | **186.7** | **34.8** | **–** | **1,802.0** |
| Accumulated depreciation | **(584.0)** | **(19.8)** | **–** | **–** | **(603.8)** |
| **Carrying amount at end of half year[(iii)]** | **996.6** | **166.9** | **34.8** | **–** | **1,198.2** |

(i) Karoon Petróleo & Gás Ltda., a wholly owned Brazilian subsidiary, acquired the Baúna Floating Production, Storage and Offloading vessel (FPSO), the Cidade de Itajaí, from Altera & Ocyan (A&O) in May 2025. The total consideration for the FPSO was US$115 million plus US$8.5 million in transaction costs.

(ii) Includes a prior period correction in the current period relating to depreciation of the component pump ($7.0 million) and the derecognition of the remaining carrying value of the SPS-92 ESP asset installed in 2022 following its replacement in 2026 ($1.2 million).

(iii) During the half-year, impairment indicators were identified and an impairment assessment was performed in accordance with AASB 136. The estimated recoverable amount exceeded the carrying amount and, accordingly, no impairment was recognised. The assessment was most sensitive to oil price and discount rate assumptions.

## Note 8. Contingent Liabilities and Contingent Assets

### (a) Contingent Liabilities

As at reporting date, the Group believes that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

(i) As part of the acquisition of Pacific Exploration and Production Corp's equity interest of Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 during the 2017 financial year, the Group agreed to pay Pacific Exploration and Production Corp. a deferred contingent consideration of $5.0 million payable on first production reaching a minimum of 1 million barrels of oil equivalent from the Blocks. The deferred contingent obligation has not been provided for as at 30 June 2026, as it is dependent on uncertain future events.

(ii) There are also other matters such as legal claims and exposures, which arise from the Group's ordinary course of business. No material loss to the Group is expected to result.

The Concession Contracts for Santos Basin Blocks S M 1037, S M 1101, S M 1102, S M 1165, S M 1356, S M 1482, S M 1537 and S M 1166 require Karoon Petróleo & Gás Ltda. to acquire a minimum proportion of goods and services from Brazilian suppliers. The minimum Brazilian obligation for local content requirement during the exploration and appraisal phase is up to 55%.

The contingent liability disclosed in this note relates to obligation for local content associated with Blocks S M 1356, S M 1482 and S M 1537, for which uncertainty remains regarding the outcome of discussions with the ANP and/or the ultimate amount of any obligation. Accordingly, these matters have not met the recognition criteria under AASB 137 and continue to be disclosed as contingent liabilities.

### (b) Contingent Assets

The Group has no contingent assets as at 30 June 2026 (31 December 2025: $Nil).

## Note 9. Borrowings

| | 30 JUNE 2026 US$M | 31 DEC 2025 US$M |
|---|---|---|
| **Total current borrowings** | **–** | – |
| **Non-current** | | |
| Long term bonds issued | **350.0** | 350.0 |
| Less: transaction costs[(i)] | **(10.3)** | (12.3) |
| **Total non-current borrowings** | **339.7** | 337.7 |
| **Total borrowings** | **339.7** | 337.7 |

(i) Includes remaining unamortised transaction costs associated with the syndicated loan facility.

As at 30 June 2026, Karoon Energy Ltd's corporate credit rating was B (outlook stable) from Standard & Poor's and B (outlook Negative) from Fitch.

### Loans – Secured

In November 2023, Karoon Energy Ltd's wholly owned subsidiaries, KEI (Brazil Santos) Pty Ltd, KEI Finance 1 Pty Ltd and Karoon Petróleo & Gás Ltda., entered into a facility ("Facility") with commitments totalling US$340 million. The Facility is a syndicated revolving credit facility provided by lenders comprising Deutsche Bank AG, ING Belgium SA/NV, Macquarie Bank Limited and Shell Western Supply and Trading Limited.

The Facility is secured against various group assets (including Baúna/Patola and Who Dat) and guaranteed by various Group members which comprise no less than 90% of EBITDAX and 90% of total assets.

The Facility is an amortising reserves based loan, bears interest at a rate comprising a benchmark rate of term SOFR plus the applicable margin and has a maturity date of 30 September 2028. The availability of funds under the Facility remains subject to semi-annual redetermination and the facility reduction schedule (commencing 31 March 2026).

As at the balance date, the Facility was undrawn.

### Notes – Secured

In May 2024, Karoon USA Finance Inc issued US$350 million of Second Priority Senior Secured Notes ("Notes") with a coupon of 10.50%, which are due for repayment in May 2029. The Notes are guaranteed by Karoon Energy Ltd and certain subsidiaries of the Group. Payment of interest on the Notes, termed coupons, is payable semi-annually in arrears.

The net proceeds from the issuance of Notes were applied to repayment of amounts outstanding under the Facility with the balance retained as cash.

### Brent Oil Price Hedging

In accordance with the terms of the Facility and linked to any drawn amounts, Karoon enters into hedging arrangements in respect of oil price from time to time over a proportion of production and over a period of up to 24 months.

During the period ending 30 June 2026, Karoon did not enter into any new hedging arrangements.

### Covenants

The Group has complied with all loan covenants throughout the reporting period.

## Note 10. Other Financial Liabilities

| | 30 JUNE 2026 US$M | 31 DEC 2025 US$M |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Derivative financial instruments – cash flow hedges[(i)] | **–** | – |
| **Total assets** | **–** | – |
| **Liabilities** | | |
| **Current** | | |
| Embedded derivative – contingent consideration payable[(ii)] | **17.5** | 27.4 |
| **Total current other financial liabilities** | **17.5** | 27.4 |
| **Non-current** | | |
| Embedded derivative – contingent consideration payable[(ii)] | **–** | 6.8 |
| **Total non-current other financial liabilities** | **–** | 6.8 |
| **Total other financial liabilities** | **17.5** | 34.2 |

(i) In a prior period, the Group entered into Brent oil price collar hedges (bought put and sold call options) covering March 2024 to December 2025 to protect operating cash flows from lower oil prices while retaining exposure to price increases. The hedges were also required under the syndicated loan facility (refer to Note 9). At 30 June 2026, the syndicated loan facility was undrawn, and the Group had no outstanding hedges.

### (ii) Reconciliation of contingent consideration payable

| | 30 JUNE 2026 US$M | 31 DEC 2025 US$M |
|---|---|---|
| Balance at the beginning of the financial period | **34.2** | 143.0 |
| Payments | **(27.4)** | (87.6) |
| Unrealised fair value changes recognised in profit or loss during the period | **10.7** | (21.2) |
| **Total contingent consideration payable at fair value** | **17.5** | 34.2 |

The contingent consideration arrangement for the acquisition of Baúna requires Karoon's wholly owned subsidiary, Karoon Petróleo & Gás Ltda., to pay Petrobras contingent consideration of up to US$285 million.

The contingent consideration accrues interest at 2% per annum from 1 January 2019 with any amounts payable by 31 January after the completion of the relevant testing period. The relevant testing periods are each calendar year from 2022 to 2026 inclusive and are based on the achievement of annual average Platts Dated Brent oil prices thresholds commencing at ≥US$50 and ending at ≥US$70 a barrel.

After the testing of each year, any amount deemed not payable is cancelled and not carried forward. The amount payable each calendar year excluding interest depending on achievement of certain oil prices is disclosed below:

| AVERAGE BRENT PRICE (IN US$ UNITS) | CY2022 | CY2023 | CY2024 | CY2025 | CY2026 | TOTAL |
|---|---|---|---|---|---|---|
| B < 50 | – | – | – | – | – | – |
| 50 <= B < 55 | 3 | 3 | 3 | 2 | 2 | 13 |
| 55 <= B < 60 | 17 | 17 | 17 | 8 | 4 | 63 |
| 60 <= B < 65 | 34 | 34 | 34 | 15 | 6 | 123 |
| 65 <= B < 70 | 53 | 53 | 53 | 24 | 10 | 193 |
| B >= 70 | 78 | 78 | 78 | 36 | 15 | 285 |

$27.4m, the amount payable in respect of the 2025 calendar year, was paid in January 2026.

At 30 June 2026, based on higher current oil prices and industry consensus, the Group's internal assessment of future oil prices was revised, and it was assessed that the amount payable in respect of the 2026 calendar year would be revised upwards to the maximum amount payable of $15m plus interest.

Interest per annum of 2% has been applied in the calculation of the present value at 30 June 2026. The fair value of the contingent consideration is estimated by calculating the present value of the future expected cash outflows.

## Note 11. Equity

### (a) Contributed Equity

| | 30 JUNE 2026 NUMBER | 31 DEC 2025 NUMBER | 30 JUNE 2026 US$M | 31 DEC 2025 US$M |
|---|---|---|---|---|
| Ordinary shares, fully paid | **710,532,881** | 722,097,286 | **1,114.3** | 1,129.5 |
| Total contributed equity | **710,532,881** | 722,097,286 | **1,114.3** | 1,129.5 |

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Voting rights of shareholders are governed by the Company's Constitution. In summary, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll each such attending shareholder is entitled to one vote for every fully paid ordinary share held.

Ordinary shares participate in dividends as declared from time to time and the proceeds on winding up of the Company in proportion to the number of fully paid ordinary shares held.

### (b) Movement in Ordinary Shares

| DATE | DETAILS | NUMBER OF ORDINARY SHARES | US$M |
|---|---|---|---|
| 1 January 2025 | Opening balance in previous financial period | 764,369,698 | 1,174.6 |
| | Ordinary shares bought back (on-market) and cancelled | (43,530,890) | (45.1) |
| | Performance rights conversion | 1,258,478 | – |
| 31 December 2025 | Balance at end of previous financial period | 722,097,286 | 1,129.5 |
| | Ordinary shares bought back (on-market) and cancelled | **(11,819,590)** | **(15.2)** |
| | Performance rights conversion | **255,185** | **–** |
| 30 June 2026 | Balance at end of half year | **710,532,881** | **1,114.3** |

### (c) Reassessment of intercompany loan forming part of the net investment in a foreign operation

From 1 January 2026, following a reassessment of the expected timing of settlement of certain intercompany loans, the loans to the Group's KUSA and Brazilian foreign operations met the criteria in AASB 121 *The Effects of Changes in Foreign Exchange Rates* to be treated, in substance, as part of the Group's net investment in those foreign operations. Settlement of the loans is neither planned nor considered likely to occur in the foreseeable future. There were no changes to the legal terms of the loans.

Accordingly, exchange differences arising on the loan from 1 January 2026 are recognised in other comprehensive income in the consolidated financial statements and accumulated in the foreign currency translation reserve. For the six months ended 30 June 2026, a foreign exchange loss of US$18.1 million was recognised in other comprehensive income before the associated income tax effect.

This treatment affects the classification of the exchange difference between profit or loss and other comprehensive income but does not affect total comprehensive income or net assets before tax. Amounts accumulated in the foreign currency translation reserve will be reclassified to profit or loss on disposal, or a qualifying partial disposal, of the foreign operation.

## Note 12. Commitments

| | 30 JUNE 2026 US$M | 31 DEC 2025 US$M |
|---|---|---|
| (a) Capital and Service Expenditure Commitments | | |
| Contracts for capital and service expenditure in relation to assets not provided for in the condensed consolidated financial statements and payable. | | |
| **Capital commitments** | | |
| Not later than one year[(i)] | **4.8** | 0.7 |
| Later than one year but not later than five years | **2.7** | – |
| **Total capital commitments** | **7.5** | 0.7 |
| **Service commitments** | | |
| Service commitments predominantly relating to the logistics and service contracts for the Baúna FPSO | **–** | |
| Not later than one year[(iii)] | **118.3** | 30.8 |
| Later than one year but not later than five years[(iii)] | **86.1** | 9.6 |
| Later than five years | **–** | – |
| **Total service commitments** | **204.4** | 40.4 |
| **Total capital and service expenditure commitments** | **211.9** | 41.1 |
| (b) Exploration Expenditure Commitments | | |
| The Group has guaranteed commitments for exploration expenditure arising from obligations to governments to perform minimum exploration and evaluation work and expend minimum amounts of money pursuant to the award of exploration tenement, not provided for in the consolidated financial statements and payable. | | |
| Not later than one year[(ii)] | **–** | 8.9 |
| Later than one year but not later than five years | **4.4** | – |
| Later than five years | **17.6** | 9.9 |
| Total guaranteed exploration expenditure commitments | **22.0** | 19.8 |

(i) Contractual obligations for well development equipment for Brazil and USA for the period ending 30 June 2026 and 2025.

(ii) The Group was successful in securing six blocks in the Santos Basin, offshore Brazil in the ANP 5th permanent offer bid round during June 2025.

(iii) During the current period, following the acquisition of the previously leased FPSO, the Group entered into operating and maintenance agreements with various expiration dates through 2031. Prior to the acquisition, these agreements were managed by the FPSO owner and the Group had no direct contractual obligations to the underlying vendors. Accordingly, the acquisition resulted in a significant period-over-period increase in the Group's reported vendor commitments.

Note, the figures above do not include any commitments in relation to Exploration Blocks S-M-1037 and S-M-1101 relating to the Neon and Goiá light oil discoveries. In accordance with Brazilian regulatory requirements, during January 2019 Karoon submitted both a Final Discovery Evaluation Report and Declaration of Commerciality for the discoveries. This transitioned the Blocks for Brazilian regulatory requirements, from the exploration phase to the development phase. However, it does not mean that Karoon has reached, nor is compelled to reach, a final investment decision ('FID') to proceed into a Development of the discoveries.

Estimates for future exploration expenditure commitments to the government are based on estimated well and seismic costs, which will change as actual drilling locations and seismic surveys are completed and are calculated in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

## Note 13. Subsequent Events

On 26 August 2026, the Board of Directors of Karoon Energy Ltd declared to pay an interim dividend of 1.2 Australian cents per share in respect of the 2026 half year period. Consequently, the financial effect of the dividend has not been brought to account in the half year financial statements and will be recognised in subsequent financial reports.

On 9 July 2026, subsequent to the reporting date, the Brazilian Government extended the 12% export tax on crude oil for an initial period of 60 days.

On 12 August 2026, subsequent to the reporting date, the joint venture participants in the Who Dat East Project reached a Final Investment Decision to proceed with the development. Karoon holds a 40% working interest in the project and LLOG is the operator. The development comprises an initial one-well, approximately 29-kilometre subsea tieback to the Who Dat Floating Production System.

Karoon's share of the total development capital expenditure is currently estimated to be between US$155 million and US$165 million, with first production expected in the second half of 2028.

The Final Investment Decision occurred after 30 June 2026 and has therefore been treated as a non-adjusting event after the reporting period. Accordingly, the decision has not resulted in any adjustment to the amounts recognised in the condensed consolidated financial statements at 30 June 2026.

There have been no other material events which have arisen since 30 June 2026 and up to the date of this report, of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

# DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 13 to 31, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half year ended on that date; and

(b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This Directors' Declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors:

**Mr Peter Botten**

Independent Non-Executive Chairman

27 August 2026

**Ms Carri Lockhart**

Managing Director and Chief Executive Officer

# INDEPENDENT AUDITOR'S REVIEW REPORT
## TO THE MEMBERS OF KAROON ENERGY LTD

## Independent auditor's review report to the members of Karoon Energy Ltd

### Report on the half-year financial report

#### Conclusion

We have reviewed the half-year financial report of Karoon Energy Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2026, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Karoon Energy Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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## Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

## Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Graeme McKenna
Partner

Melbourne
27 August 2026

# GLOSSARY

| TERM | DEFINITION |
|---|---|
| **1H25** | Six month period beginning on 1 Jan 2025 and ending on 30 June 2025. |
| **1H26** | Six month period beginning on 1 Jan 2026 and ending on 30 June 2026. |
| **AASB** | Australian Accounting Standards Board. |
| **ANP** | Agência Nacional do Petróleo, Gás Natural e Biocombustíveis. |
| **API** | The American Petroleum Institute gravity, or API gravity, is a measure of how heavy or light a petroleum liquid is compared to water. |
| **ASX** | ASX Limited (ACN 008 624 691), trading as Australian Securities Exchange. |
| **Barrel Or Bbl** | Barrel of oil, inclusive of condensate. A quantity of 42 United States gallons; equivalent to approximately 159 litres. |
| **Basin** | A natural depression on the earth's surface in which sediments, eroded from higher surrounding ground levels, accumulated and were preserved. |
| **Baúna** | Concession BM-S-40 containing the producing Baúna, Piracaba and Patola light oil fields in Brazil. |
| **Block** | A licence or concession area. It may be almost any size or shape, although usually part of a grid pattern. |
| **Boe** | Barrel of oil equivalent. 1 Boe = 6000 scf natural gas. |
| **boepd** | Barrels of oil equivalent per day. |
| **bopd** | Barrels of oil per day. |
| **Carbon Neutral** | Condition in which, during a specified period of time, the carbon footprint has been reduced through greenhouse gas (GHG) emission reductions or GHG removal enhancements and, if greater than zero, is then counterbalanced by offsetting. |
| **$CO_2e$** | Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide. |
| **Company or Parent Company** | Karoon Energy Ltd. |
| **Contingent Resources** | Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality).<br>• 1C – Denotes low estimate scenario of contingent resources.<br>• 2C – Denotes best estimate scenario of contingent resources.<br>• 3C – Denotes high estimate scenario of contingent resources. |
| **CY** | Calendar year beginning 1 January to 31 December. |
| **D&A** | Depreciation and amortisation. |
| **D,D&A** | Depreciation, Depletion and amortisation. |
| **Director** | A Director of Karoon Energy Ltd. |
| **E&P** | Exploration and production. |
| **EBITDAX** | Earnings before interest, tax, depreciation, amortisation, exploration and costs of unsuccessful wells. |
| **Emissions intensity** | Total Scope 1 and Scope 2 GHG emissions ($kgCO_2e$) divided by the total production (boe) over the equivalent period. |
| **Exploration and drilling** | The process of identifying, discovering and testing prospective hydrocarbon regions and structures, mainly by interpreting regional and specific geochemical, geological, geophysical survey data. |
| **FEED** | Front End Engineering and Design. |
| **FID** | Final Investment Decision. |

| TERM | DEFINITION |
|---|---|
| **Field** | An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area although it may refer to both the surface and underground productive formation. |
| **FPS** | Floating Production System. |
| **FPSO** | Floating production, storage and off-loading facility. |
| **Free cash flow from operations** | Operating cash flows less lease liability payments and investing cashflows net of the Who Dat and Baúna FPSO acquisition. |
| **FY or financial year** | Financial Year. |
| **FX** | Foreign Exchange. |
| **Gearing** | Net debt/(net debt+ book value of equity). |
| **GHG** | Greenhouse gas. Inclusive of Carbon Dioxide, Methane, Nitrous Oxide hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3), expressed in terms of the global warming potential of one unit of carbon dioxide. |
| **GoA** | Gulf of America. |
| **HSSE** | Health, safety, security and environment. |
| **JV** | Joint Venture. |
| **Karoon or Group** | Karoon Energy Ltd and its subsidiaries. |
| **kg$CO_2$e/boe** | Kilograms of carbon dioxide equivalent per barrel of oil equivalent. |
| **KMP** | Key Management Personnel. |
| **LLOG** | LLOG Exploration Offshore, LLC and LLOG Omega Holdings. |
| **Lost Time or Recordable Incident** | A recordable incident is any incident that is required to be reported to parties external to Karoon, including Medical Treatment Injuries, Alternative Duties Injuries, Lost Time Injuries and Fatalities. |
| **LTI** | Lost time injury. |
| **LTI** | Long-term incentive. |
| **LTIR** | Lost time injury rate. |
| **m** | Million. |
| **MMbbl** | Millions of barrels (1,000,000 barrels). |
| **MMboe** | Millions of barrels of oil equivalent. |
| **MMscf/d** | Million standard cubic feet per day. |
| **NED** | Non-Executive Director. |
| **Net debt** | Total borrowings (excluding transaction costs) less cash and cash equivalents. |
| **Net Zero (Scope 1 and 2)** | Reduction of Scope 1 and 2 GHG emissions as far as possible with the residual balanced using carbon removals projects and if required carbon offsets. |
| **NPAT** | Net Profit After Tax. |
| **NRI** | Net Revenue Interest relates to a share of production after deducting royalties, overriding royalties, and other similar burdens from the working interest. |
| **NWI** | Net Working Interest. |
| **OMS** | Operating Management System. |
| **Operator** | One joint operation participant that has been appointed to carry out all operations on behalf of all the joint operation participants. |
| **Permit** | A hydrocarbon tenement, lease, license, concession or block. |
| **Petrobras** | Petróleo Brasileiro SA. |

| TERM | DEFINITION |
|---|---|
| **Prospect** | A geological or geophysical anomaly that has been surveyed and defined to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended. |
| **Prospective Resources** | Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.<br>• 1U – Denotes the unrisked low estimate qualifying as Prospective Resources.<br>• 2U – Denotes the unrisked best estimate qualifying as Prospective Resources.<br>• 3U – Denotes the unrisked high estimate qualifying as Prospective Resources. |
| **REAL, Reais or BRL** | Brazilian currency. |
| **Recordable incident** | Any incident required to be reported to parties external to Karoon, including Medical Treatment Injuries, Alternative Duties Injuries, Lost Time Injuries and Fatalities. |
| **Reserves** | Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.<br>• 1P – Denotes low estimate of Reserves.<br>• 2P – Denotes best estimate of Reserves.<br>• 3P – Denotes high estimate of Reserves. |
| **Reservoir** | A porous and permeable rock formation to store and transmit fluids such as hydrocarbons and water. |
| **Rig** | The equipment needed for drilling a well. It includes the onshore and offshore vehicles, mobile platforms or vessel on which the equipment is stored. |
| **Risk** | Prospect risk or geologic risk is the assessed chance that the drilling of the prospect will be successful in finding significant volumes of hydrocarbons. The risk is calculated by multiplying the chance of success of each of the petroleum system elements involved in the prospect. |
| **Scope 1 Emissions** | Direct GHG emissions occurring from sources controlled or owned by the organisation includes direct emissions from operated assets, non-operated assets on an equity basis and field logistics activities in Brazil. Contracted exploration, well development, well workover and field logistics associated with non-operated assets and any other indirect emissions as defined in the GHG Protocol are considered Scope 3. |
| **Scope 2 Emissions** | Indirect GHGs released from purchased energy. |
| **Scope 3 Emissions** | Emissions occurring outside an organisation's boundary, but as a result of its actions. |
| **Seismic survey** | A type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near vertical plane back to the surface from subsurface boundaries.<br>This data is typically used to determine the depths and form of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures. |
| **STI** | Short-term incentive. |
| **$tCO_2e$** | Tonnes of carbon dioxide equivalent. |
| **TRIR** | Total Recordable Injury Rate. |
| **TSR** | Total Shareholder Return |
| **US$** | United States dollars. |
| **US, USA** | The United States of America. |
| **VER** | Verified Emission Reduction. A type of carbon offset certification traded in voluntary or over-the counter market for carbon credits. |
| **Who Dat** | The Who Dat producing assets comprise the Who Dat, Dome Patrol and Abilene oil and gas fields and associated infrastructure. The fields are located in the Mississippi Canyon, offshore Louisiana in the USA. |

KAROON ENERGY