2026 Half Year Results

27 August 2026 | ASX: KAR

Completion of Baúna 1H26 investment campaign positions Karoon for stronger second half performance

HIGHLIGHTS

- Major investment campaign at Baúna completed, strengthening future operations.
- 1H26 sales revenue of US$244.9 million, underlying EBITDAX of US$129.7 million.
- 1H26 underlying net profit after tax (NPAT) of US$29.2 million, statutory NPAT (adjusted for non-underlying impacts) of US$26.7 million (refer to 2026 First Half Report for details).
- Interim dividend declared of AUD 1.2 cents per share fully franked, payable on 30 September 2026, equivalent to 20% of underlying NPAT based on AUD:USD exchange rate of 0.7182.
- US$15.3 million spent in 1H26 on buying back Karoon shares (11.8 million shares at an average price of A$1.84/share).
- Who Dat East Final Investment Decision approved on 12 August 2026.
- Revised concept select work on potential development of Neon progressing well, with decision to enter Front-End Engineering and Design (FEED) expected to be made in 4Q26.
- Updated CY26 guidance includes Who Dat East Development 2H26 capex of US$15 - 20 million (see page 3 for full details).

Commenting on 2026 first half operating and financial performance, Chief Executive Officer and Managing Director, Ms Carri Lockhart, said:

"In 1H26, Karoon undertook its largest ever program of capital projects at Baúna in Brazil, designed to enhance the future performance of the Baúna FPSO and bring two important wells back into production. All key Baúna activities have now been successfully delivered, with an excellent personal safety performance maintained throughout, positioning the Company for improved operating performance in 2H26.

While the planned Baúna activities and a riser issue at Who Dat impacted 1H26 production and hydrocarbon sales, revenue benefited from a material lift in realised oil prices. This highlights Karoon's leverage to oil price movements, with approximately 97% of our 1H26 hydrocarbon sales either oil or liquids and no hedging.

Total Baúna and Who Dat production costs fell from US$74.0 million in 1H25 to US$59.3 million in 1H26, primarily reflecting the removal of Baúna FPSO lease charges following our purchase of the vessel in 2025. This was partly offset by temporary costs relating to the transitional services agreement (TSA) with the prior FPSO operator, Altera&Ocyan. Following the transfer of FPSO operatorship to Karoon in late May 2026, the TSA has expired, which will result in a further cost reduction in the second half of the year. At the time of the FPSO acquisition, our aim was to achieve US$30 – 40 million of annual cost savings. We are well on track to deliver this.

Net debt increased over 1H26, from US$143.9 million at the end of 2025 to US$269.7 million at 30 June 2026, primarily due to the large capital program at Baúna. Cash outflows are expected to be materially lower in the *second half of the year, resulting in de-levering through to year end, subject to oil prices and operational performance.*

In line with the Company's Capital Allocation Framework, the Board has declared an AUD 1.2 cents per share fully franked interim dividend in respect of the 2026 half year. The dividend equates to 20% of underlying NPAT and is in addition to the on-market share buyback program. During the first half of 2026, an additional 11.8 million shares were bought back on market. With an additional 12.6 million shares acquired over July and August, more than 13.3% of shares on issue have been acquired since the program began in 2024, adding significant value to remaining Karoon shareholders.

On 12 August, the Who Dat East Joint Venture, operated by LLOG, sanctioned the development of the Who Dat East field.[1] This initial one well development is expected to generate an IRR in excess of 20% based on our mid-case economics and will leverage existing infrastructure. Other key milestones expected in the second half of the year include a decision whether to commence the FEED phase of the Neon development opportunity. This is subject to the completion of technical and commercial workstreams on the revised, more capital efficient, development concept currently underway. In addition, further work to mature the Who Dat South discovery is underway and a farm-down of our high-potential deepwater Santos Basin exploration acreage in Brazil has recommenced.

We enter the second half in a strong position, with a low-cost asset base, restored production at Baúna and a robust balance sheet. Our core objectives remain unchanged, focused on ensuring safe, reliable and efficient operations, mitigating natural decline from our two long-life assets, advancing our growth opportunities and maintaining capital discipline to create shareholder value."

2026 FIRST HALF SUMMARY

Six months to	30 June 2026 (1H26)	30 June 2025 (1H25)	% Change
NWI production[1] (MMboe)	**3.17**	5.64	-44
NRI sales volume (MMboe)	**3.08**	4.75	-35
Sales revenue (US$ million)	**244.9**	308.3	-21
Underlying EBITDAX[2] (US$ million)	**129.7**	200.5	-35
Underlying net profit after tax[2] (US$ million)	**29.2**	45.0	-35
Statutory net profit after tax (US$ million)	**26.7**	71.0	-62
Interim dividend (Australian cents per share)	**1.2**	2.4	-50
Unit NWI production costs[1] (US$/boe)	**18.82**	13.11	+44
Unit depreciation and amortisation (US$/boe)[3]	**17.55**	15.68	+12
Operating cash flow (US$ million)	**58.4**	81.6	-28
Lost Time Injury Rate (incidents/200,000 hours)[4]	**nil**	nil	NA
Total Recordable Injury Rate (incidents/200,000 hours)[4]	**zero**	0.28	NA

1. Baúna Project production based on Karoon's working interest, Who Dat on a net revenue interest (NRI) basis.
2. Underlying EBITDAX (earnings before interest, tax, depreciation, depletion, amortisation and exploration expense) and underlying net profit after tax are non-IFRS measures that are unaudited but are derived from figures within the audited financial statements.
3. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 'Leases' and non-oil and gas related depreciation.
4. Calculated YTD per calendar year.

For details on financial performance, please refer to pages 2 - 5 of the 2026 Half Year Report.

[1] See ASX release "Who Dat East development sanctioned" dated 12 August 2026 for further details.

2026 FULL YEAR GUIDANCE

2026 full year guidance in Table 3 has been revised to reflect the recent positive Who Dat East development decision, which has resulted in a US$15 - 20 million increase in 2026 investment expenditure.

The guidance table does not include the following:

- US$49 – 53 million of flotel and FPSO integrity costs. The flotel campaign was completed in 1H26, for US$46.5 million, with additional integrity costs expected to be incurred in 2H26.
- One off FPSO transition costs of US$6m.
- US$3 - 4 million related to relocating corporate head office roles from Melbourne to the USA (Houston) and Brazil (Rio de Janeiro).

2026 calendar year[1, 2]		Guidance 27 August 26
PRODUCTION[3]		
Brazil	MMbbl	6.0 – 6.7
Who Dat (NRI)	MMboe	1.2 – 1.5
Total production	**MMboe**	**7.2 – 8.2**
UNDERLYING OPERATING COSTS		
Unit production costs (NWI)[4]	US$/boe	12 – 15
Exploration expenses, Business Development, share-based payments	US$m	10 – 14
Unit DD&A (NWI)[5]	US$/boe	15 – 17
Finance costs and interest (net of interest income)[5]	US$m	60 – 70
Other operating costs[6]	US$m	37 – 41
INVESTMENT EXPENDITURE		
Baúna[7]	US$m	89 – 97
Who Dat[8]	US$m	87 – 105
Exploration and appraisal (Neon, Santos Basin)	US$m	14 – 16
Other capex [8]	US$m	3 – 4
Total capex	**US$m**	**193 - 222**
Petrobras contingent consideration[9]	US$m	28

NOTES:
1. Numbers may not add due to rounding.
2. Guidance is subject to various risks (including "Key Risks" set out in the 2025 Annual Report).
3. Production assumes drilling results and expected future development projects, including well interventions, are delivered in accordance with their currently expected schedules and work scopes.
4. Unit Production Costs: based on daily operating costs associated with Baúna and Who Dat production. Excludes carbon costs and non-oil and gas related depreciation and is based on Karoon's Net Working Interest production. Excludes one off FPSO transition costs and corporate office relocation costs.
5. Finance costs and interest includes interest expense, amortisation of loan transaction costs, commitment fees, bank fees, surety bond costs, withholding tax related to intra-group and cross-border cash movements, and the unwind of restoration and abandonment provision net of interest income.
6. Other operating costs include staff costs, IT, other corporate and Business Unit overhead costs and non-oil and gas related depreciation. Excludes royalties and other government take, social investment/sponsorships in lieu of tax, foreign exchange gains/losses, hedge costs and non-underlying transaction costs.
7. The cost of the 2026 Baúna FPSO revitalisation campaign is guided separately.
8. CY26 capex includes the A1 and G1 sidetracks and the 2026 portion of the recently approved Who Dat East development.
9. The 2025 Petrobras contingent payment was made in late January 2026.

CONFERENCE CALL

Karoon's Chief Executive Officer and Managing Director, Ms Carri Lockhart, and Chief Financial Officer, Mr Eric Williams, will hold a conference call for analysts and investors to discuss the 2026 Half Year Results on Thursday, 27 August 2026 at 11am (Melbourne time). The conference call will be streamed live and can be accessed via the following link:

https://edge.media-server.com/mmc/p/sfy7iw6a

This announcement was authorised by the Board of Karoon Energy Ltd.

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GLOSSARY

Term	Definition
AUD	Australian dollar
bbl/boe	Barrels of oil/barrels of oil equivalent
bopd/boepd	Barrels of oil per day/barrels of oil equivalent per day
1H25/1H26	Six months ending 30 June 2025/30 June 2026
Karoon	Karoon Energy Ltd and its subsidiaries
US$/USD	United States dollars
AUD cps	Australian cents per share

Forward-looking statements

Petroleum exploration and production operations rely on the interpretation of complex and uncertain data and information which cannot be relied upon 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.

Oil and gas Reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly due to new information or when new techniques become available. Additionally, by their nature, Reserves and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further data becomes available through, for instance, production, the estimates are likely to change. This may result in alterations to production plans, which may in turn, impact the Company's operations. Reserves and resource estimates are by nature forward looking statements and are the subject of the same risks as other forward-looking statements.

This announcement 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 announcement. 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 announcement 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 announcement. 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.

ABOUT KAROON ENERGY LTD

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

Karoon's vision is to be a leading, independent international energy company that adapts to a dynamic world in an entrepreneurial and innovative way. Karoon's purpose is to provide energy safely, reliably and responsibly, creating lasting benefits for all its stakeholders.