



Oatly Reports Third Quarter 2024 Financial Results

November 7, 2024

MALMÖ, Sweden, Nov. 07, 2024 (GLOBE NEWSWIRE) -- Oatly Group AB (Nasdaq: OTLY) ("Oatly" or the "Company"), the world's original and largest oat drink company, today announced financial results for the third quarter and nine months ended September 30, 2024.

Jean-Christophe Flatin, Oatly's CEO, commented, "I am pleased to report another quarter of solid progress in strengthening our business. Our team's continued focus on solid execution has enabled us to drive profitable growth in each of our three operating segments. As we move forward, we will maintain our north star of driving the total business toward structural, consistent profitable growth, and we intend to continue to invest behind our unique brand voice to recruit more consumers to our brand and further stimulate demand."

The tables below reconcile revenue as reported to revenue on a constant currency basis by segment for the three and nine months ended September 30, 2024.

	Three months ended September 30,		\$ Change			% Change		Volume	Constant currency price/mix
	2024	2023	As reported	Foreign exchange impact	In constant currency	As reported	In constant currency		
Europe & International	109,853	103,526	109,853	2,140	107,713	6.1 %	4.0 %	5.4 %	-1.4 %
North America	69,073	58,491	69,073	—	69,073	18.1 %	18.1 %	17.6 %	0.5 %
Greater China	29,074	25,578	29,074	327	28,747	13.7 %	12.4 %	35.3 %	-22.9 %
Total revenue	208,000	187,595	208,000	2,467	205,533	10.9 %	9.6 %	13.0 %	-3.4 %

	Nine months ended September 30,		\$ Change			% Change		Volume	Constant currency price/mix
	2024	2023	As reported	Foreign exchange impact	In constant currency	As reported	In constant currency		
Europe & International	325,801	302,790	325,801	3,488	322,313	7.6 %	6.4 %	5.1 %	1.3 %
North America	203,859	184,364	203,859	—	203,859	10.6 %	10.6 %	11.9 %	-1.3 %
Greater China	79,690	92,073	79,690	(1,887)	81,577	-13.4 %	-11.4 %	15.1 %	-26.5 %
Total revenue	609,350	579,227	609,350	1,601	607,749	5.2 %	4.9 %	8.4 %	-3.5 %

Highlights

- Third quarter revenue of \$208.0 million, a 10.9% increase compared to the prior year period, with a constant currency revenue increase of 9.6% compared to the prior year period, with solid volume growth in each operating segment.
- Gross margin in the third quarter was 29.8%, which is a 12.4 percentage points increase compared to the prior year period.
- Third quarter net loss attributable to shareholders of the parent was \$34.6 million, which is a decline of \$78.6 million compared to net profit attributable to shareholders of the parent of \$44.1 million in the prior year period.
- Third quarter Adjusted EBITDA loss was \$5.0 million, which is an improvement of \$31.0 million compared to the prior year period.
- For the first time since the Company's IPO, each operating segment reported positive Adjusted EBITDA for the full quarter.
- With one quarter remaining in the year, the Company is refining its full year 2024 outlook. The Company now expects:
 - Constant currency revenue growth near, or slightly below, the low end of the previously-provided range of 6% to

10%,

- o Adjusted EBITDA near the favorable end of its previously-provided range of \$(35) million to \$(50) million, and
- o Capital expenditures below \$55 million, compared to the prior expectation of below \$70 million.

Third Quarter 2024 Results

Revenue increased \$20.4 million, or 10.9% to \$208.0 million for the third quarter ended September 30, 2024, compared to \$187.6 million for the prior year period. Excluding a foreign currency exchange tailwind of \$2.5 million, revenue for the third quarter was \$205.5 million, or an increase of 9.6% compared to the prior year period. The growth in constant currency revenue was primarily driven by solid volume growth in each operating segment. Sold volume for the third quarter of 2024 increased 13.0% to 141.3 million liters compared to 125.0 million liters in the third quarter of 2023. Produced finished goods volume for the third quarter of 2024 was 148.0 million liters compared to 118.8 million liters for the third quarter of 2023.

The Company continued to drive revenue growth in both the retail channel and foodservice channel in the third quarter of 2024 compared to the third quarter of 2023.

Gross profit was \$62.0 million for the third quarter of 2024 compared to \$32.6 million for the third quarter of 2023. Gross profit margin was 29.8% in the third quarter of 2024, an increase of 1,240 basis points compared to the prior year period. The margin improvement compared to the third quarter of 2023 was primarily driven by improvements in supply chain efficiency across all segments, especially in the North America and Greater China segments, as well as improvements in product mix in the Greater China segment due to the strategic reset implemented in the third quarter of 2023.

Research and development expenses in the third quarter of 2024 increased \$6.2 million to \$10.9 million compared to \$4.7 million in the prior year period. The increase was mainly driven by expenses related to the previously communicated new product launch in the North America segment.

Selling, general and administrative expenses in the third quarter of 2024 decreased \$7.4 million to \$79.7 million compared to \$87.1 million in the prior year period. The decrease was primarily due to the various cost restructuring activities implemented since early 2023, including \$3.9 million reduction in employee-related expenses, which were partially offset by foreign exchange headwinds.

Other operating income and (expenses), net for the third quarter of 2024 was an expense of \$0.4 million compared to an expense of \$8.1 million in the prior year period. The decrease was primarily due to the impact of the settlement of US securities class action lawsuits in the third quarter of 2023.

Finance income and (expenses), net for the third quarter of 2024 was an expense of \$4.3 million comprised primarily of net interest expenses of \$13.3 million, offset by fair value gains on Convertible Notes of \$5.3 million and net foreign exchange gains of \$4.5 million. The finance income and (expenses), net for the prior year period was an income of \$112.8 million. The decrease was mainly driven by \$121.2 million in lower fair value gains on Convertible Notes.

Net loss attributable to shareholders of the parent was \$34.6 million for the third quarter of 2024 compared to a profit of \$44.1 million in the prior year period. The decrease was primarily a result of decreased finance income and (expenses), net, offset by improved operating loss.

Adjusted EBITDA loss for the third quarter of 2024 was \$5.0 million, compared to a loss of \$36.0 million in the prior year period. The improvement in Adjusted EBITDA loss was primarily a result of higher gross profit and lower selling, general and administrative expenses.

EBITDA, Adjusted EBITDA loss, and Constant Currency Revenue are non-IFRS financial measures defined under "Non-IFRS financial measures". Please see above revenue at constant currency table and "Reconciliation of IFRS to Non-IFRS Financial measures" at the end of this press release.

The following tables set forth revenue, Adjusted EBITDA, EBITDA and (loss)/profit before tax for the Company's three reportable segments for the periods presented.

Revenue, Adjusted EBITDA and EBITDA

Segment information for the three and nine months ended September 30, 2023 presented below has been updated to reflect previously disclosed changes to our operating segments, which were effective as of January 1, 2024. Please see our press release, dated April 17, 2024, furnished on Form 6-K with the SEC for further information regarding these changes.

Revenue, Adjusted EBITDA and EBITDA

Three months ended September 30, 2024

(in thousands of U.S. dollars)

Revenue

Europe &
International

North
America

Greater
China

Corporate*

Eliminations**

Total

Revenue from external customers	109,853	69,073	29,074	—	—	208,000
Intersegment revenue	1,325	—	—	—	(1,325)	—
Total segment revenue	111,178	69,073	29,074	—	(1,325)	208,000
Adjusted EBITDA	12,414	3,271	1,622	(22,352)	—	(5,045)
Share-based compensation expense	(800)	(141)	(411)	(1,949)	—	(3,301)
Restructuring costs ⁽¹⁾	(35)	(97)	—	(808)	—	(940)
New product launch issue ⁽²⁾	—	(6,888)	—	—	—	(6,888)
Non-controlling interests	—	—	(70)	—	—	(70)
EBITDA	11,579	(3,855)	1,141	(25,109)	—	(16,244)
Finance income and (expenses), net	—	—	—	—	—	(4,284)
Depreciation and amortization	—	—	—	—	—	(12,713)
Loss before tax	—	—	—	—	—	(33,241)

Three months ended September 30, 2023

(in thousands of U.S. dollars)	Europe & International	North America	Greater China	Corporate*	Eliminations**	Total
Revenue						
Revenue from external customers	103,526	58,491	25,578	—	—	187,595
Intersegment revenue	3,717	—	59	—	(3,776)	—
Total segment revenue	107,243	58,491	25,637	—	(3,776)	187,595
Adjusted EBITDA	8,476	(8,035)	(16,481)	(19,958)	—	(35,998)
Share-based compensation expense	(580)	(978)	(1,205)	(3,527)	—	(6,290)
Restructuring costs ⁽¹⁾	(29)	112	(2,292)	(968)	—	(3,177)
Legal settlement ⁽³⁾	—	—	—	(9,250)	—	(9,250)
Non-controlling interests	—	—	(74)	—	—	(74)
EBITDA	7,867	(8,901)	(20,052)	(33,703)	—	(54,789)
Finance income and (expenses), net	—	—	—	—	—	112,841
Depreciation and amortization	—	—	—	—	—	(12,559)
Profit before tax	—	—	—	—	—	45,493

Nine months ended September 30, 2024

(in thousands of U.S. dollars)	Europe & International	North America	Greater China	Corporate*	Eliminations**	Total
Revenue						
Revenue from external customers	325,801	203,859	79,690	—	—	609,350
Intersegment revenue	5,103	—	—	—	(5,103)	—
Total segment revenue	330,904	203,859	79,690	—	(5,103)	609,350
Adjusted EBITDA	39,548	4,049	(2,234)	(70,609)	—	(29,246)
Share-based compensation expense	(1,679)	886	(1,590)	(7,712)	—	(10,095)
Restructuring costs ⁽¹⁾	(890)	(866)	(1,940)	(879)	—	(4,575)
Discontinued construction of production facilities ⁽⁴⁾	(2,923)	1,161	—	—	—	(1,762)
New product launch issue ⁽²⁾	—	(12,565)	—	—	—	(12,565)
Non-controlling interests	—	—	(172)	—	—	(172)
EBITDA	34,056	(7,335)	(5,936)	(79,200)	—	(58,415)
Finance income and (expenses), net	—	—	—	—	—	(11,272)
Depreciation and amortization	—	—	—	—	—	(38,034)
Loss before tax	—	—	—	—	—	(107,721)

Nine months ended September 30, 2023

(in thousands of U.S. dollars)	Europe & International	North America	Greater China	Corporate*	Eliminations**	Total
Revenue						
Revenue from external customers	302,790	184,364	92,073	—	—	579,227

Intersegment revenue	23,268	—	181	—	(23,449)	—
Total segment revenue	326,058	184,364	92,254	—	(23,449)	579,227
Adjusted EBITDA	16,967	(29,221)	(52,387)	(73,698)	—	(138,339)
Share-based compensation expense	(1,699)	(2,830)	(3,984)	(8,246)	—	(16,759)
Restructuring costs ⁽¹⁾	(1,063)	(2,482)	(2,402)	(6,397)	—	(12,344)
Legal settlement ⁽³⁾	—	—	—	(9,250)	—	(9,250)
Costs related to the YYF Transaction ⁽⁵⁾	—	(375)	—	—	—	(375)
Non-controlling interests	—	—	(74)	—	—	(74)
EBITDA	14,205	(34,908)	(58,847)	(97,591)	—	(177,141)
Finance income and (expenses), net	—	—	—	—	—	99,333
Depreciation and amortization	—	—	—	—	—	(37,256)
Loss before tax	—	—	—	—	—	(115,064)

* Corporate consists of general costs not allocated to the segments.

** Eliminations in 2024 and 2023 primarily refer to intersegment revenue for sales of products from Europe & International to Greater China.

- (1) Relates primarily to severance payments as the Group continues to adjust its organizational structure to the macro environment.
- (2) Expenses related to a new product launch issue.
- (3) Relates to US securities class action litigation settlement expenses.
- (4) Relates primarily to non-cash impairments related to discontinued construction of the Group's production facility in Peterborough, UK, and reversal of previously recognized non-cash impairments related to discontinued construction of the Group's production facility in Dallas-Fort Worth, Texas.
- (5) Relates to the Ya YA Foods USA LLC transaction (the "YYF Transaction"). See the Company's Forms 6-K filed on January 3, 2023 and March 2, 2023 for further details.

Europe & International

Europe & International revenue increased \$6.3 million, or 6.1%, to \$109.9 million for the third quarter of 2024, compared to \$103.5 million in the prior year period. Excluding a foreign currency exchange tailwind of \$2.1 million, Europe & International revenue for the third quarter was \$107.7 million, or an increase of 4.0%. The increase in revenue was primarily driven by volume growth from increased Barista and ambient oatmilk sales in established markets, as well as continued expansion in the new European markets. Approximately 82% of Europe & International revenue was from the retail channel for the third quarter of 2024 and 2023, respectively. The sold finished goods volume for the three months ended September 30, 2024 and 2023 amounted to 77.2 and 73.2 million liters, respectively.

Europe & International Adjusted EBITDA increased \$3.9 million to \$12.4 million for the third quarter of 2024 compared to \$8.5 million in the prior year period. The improvement in Adjusted EBITDA was primarily driven by higher gross profit, partially offset by higher selling, general and administrative expenses due to increased brand building investments during the quarter.

North America

North America revenue increased \$10.6 million, or 18.1%, to \$69.1 million for the third quarter of 2024, compared to \$58.5 million in the prior year period. The sold finished goods volume for the three months ended September 30, 2024 and 2023 amounted to 39.5 million and 33.6 million liters, respectively. The 17.6% volume increase was due to higher volumes across the retail and foodservice channels as the Company continued to expand distribution and launch new products. Approximately 52% of North America revenue was from the retail channel in the third quarter of 2024 compared to 53% in the prior year period.

North America Adjusted EBITDA improved \$11.3 million to \$3.3 million compared to a loss of \$8.0 million in the prior year period. The improvement in Adjusted EBITDA was primarily due to higher gross profit and lower selling, general and administrative expenses through stronger cost control to drive profitability.

Greater China

Greater China revenue increased \$3.5 million, or 13.7%, to \$29.1 million for the third quarter of 2024, compared to \$25.6 million in the prior year period. Excluding a foreign currency exchange tailwind of \$0.3 million, Greater China revenue for the third quarter was \$28.7 million, or an increase of 12.4%. The Greater China segment growth was primarily driven by sales to a new foodservice customer. Approximately 72% of Greater China revenue was from the foodservice channel for the third quarter of 2024 compared to 68% in the prior year period. The sold finished goods volume for the three months ended September 30, 2024 and 2023 amounted to 24.6 million and 18.1 million liters, respectively.

Greater China Adjusted EBITDA improved \$18.1 million to \$1.6 million compared to a loss of \$16.5 million in the prior year period.

The improvement in Adjusted EBITDA was primarily due to higher gross profit and reduction in selling, general and administrative expenses, as the segment executed on its previously-communicated strategic reset.

Corporate

Oatly's corporate expense, which consists of general costs not allocated to the segments, in the third quarter of 2024 was \$25.1 million, a decrease of \$8.6 million compared to the prior year period. Adjusted EBITDA in the third quarter of 2024 was a loss of \$22.4 million compared to a loss of \$20.0 million in the prior year period. The increase in Adjusted EBITDA loss was primarily driven by the addition of global branding and advertising expenses as well as foreign exchange headwinds, which were partially offset by reductions in personnel-related expenses.

Balance Sheet and Cash Flows

As of September 30, 2024, the Company had cash and cash equivalents of \$119.3 million and total outstanding debt of \$441.3 million consisting of Convertible Notes and liabilities to credit institutions. Net cash used in operating activities was \$104.2 million for the nine months ended September 30, 2024, compared to \$151.5 million during the prior year period, which was primarily driven by improved operating results, partly offset by cash outflow of \$26.3 million related to discontinued construction of the Group's production facilities in Peterborough, UK and Dallas-Fort Worth, Texas, and a cash outflow of \$9.3 million related to the settlement of US securities class action litigation.

Capital expenditures were \$28.9 million for the nine months ended September 30, 2024, compared to \$52.0 million in the prior year period and, in addition, proceeds from the sale of property, plant and equipment was \$24.4 million for the nine months ended September 30, 2024.

Free cash flow was an outflow of \$133.1 million for the nine months ended September 30, 2024 compared to an outflow of \$203.5 million during the prior year period. The improvement in free cash flow was driven both by decreased net cash flows used in operating activities and lower capital expenditures, partly offset by the above-mentioned cash outflows relating to discontinued construction of the Group's production facilities in Peterborough, UK and Dallas-Fort Worth, Texas and settlement of the US securities class action litigation.

Free Cash Flow is a non-IFRS liquidity measure defined under "Non-IFRS financial measures." Please see "Reconciliation of IFRS to Non-IFRS Financial measures" at the end of this press release.

Outlook

Based on the Company's assessment of the current operating environment and the actions it is taking, the Company is refining its full year 2024 outlook. The Company now expects:

- Constant currency revenue growth near, or slightly below, the low end of the previously-provided range of 6% to 10%,
- Adjusted EBITDA near the favorable end of its previously-provided range of \$(35) million to \$(50) million, and
- Capital expenditures below \$55 million, compared to the prior expectation of below \$70 million.

This outlook is provided in the context of significant macroeconomic uncertainty and other geopolitical uncertainties.

The Company cannot provide a reconciliation of constant currency revenue growth or Adjusted EBITDA guidance to the nearest comparable corresponding IFRS metric without unreasonable efforts due to difficulty in predicting certain items excluded from these non-IFRS measures. The items necessary to reconcile are not within Oatly's control, may vary greatly between periods and could significantly impact future financial results.

Conference Call, Webcast and Supplemental Presentation Details

Oatly will host a conference call and webcast at 8:30 a.m. ET today to discuss these results. The conference call, simultaneous, live webcast and supplemental presentation can be accessed on Oatly's Investors website at <https://investors.oatly.com> under "Events." The webcast will be archived for 30 days.

About Oatly

We are the world's original and largest oat drink company. For over 25 years, we have exclusively focused on developing expertise around oats: a global power crop with inherent properties suited for sustainability and human health. Our commitment to oats has resulted in core technical advancements that enabled us to unlock the breadth of the dairy portfolio, including alternatives to milks, ice cream, yogurt, cooking creams, and spreads. Headquartered in Malmö, Sweden, the Oatly brand is available in more than 20 countries globally.

For more information, please visit www.oatly.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any express or implied statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation, statements regarding our financial outlook for 2024, profitability

improvement, long-term growth strategy, expected capital expenditures, anticipated returns on our investments, anticipated supply chain performance, anticipated impact of our improvement plans, anticipated impact of our decision to discontinue construction of certain production facilities, plans to achieve profitable growth and anticipated cost savings as well as statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “forecast,” “estimate,” “may,” “should,” “anticipate,” “will,” “aim,” “potential,” “continue,” “is/are likely to” and similar statements of a future or forward-looking nature. Forward-looking statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, including, without limitation: our history of losses and inability to achieve or sustain profitability; including due to elevated inflation and increased costs for transportation, energy and materials; reduced or limited availability of oats or other raw materials and ingredients that meet our quality standards; failure to obtain additional financing to achieve our goals or failure to obtain necessary capital when needed on acceptable terms, or at all; failure of the financial institutions in which we hold our deposits; damage or disruption to our production facilities; harm to our brand and reputation as a result of real or perceived quality or food safety issues with our products; food safety and food-borne illness incidents or other safety concerns which may lead to lawsuits, product recalls or regulatory enforcement actions; our ability to successfully compete in our highly competitive markets; reduction in the sales of our oatmilk varieties; failure to effectively navigate our shift to an asset-light business model; failure to successfully achieve any or all of the benefits of the YYF Transaction; failure to meet our existing or new environmental metrics and other risks related to sustainability and corporate social responsibility; litigation, regulatory actions or other legal proceedings including environmental and securities class action lawsuits and settlements; changes to international trade policies, treaties and tariffs; global conflict, including the ongoing wars in Ukraine and Israel; changes in our tax rates or exposure to additional tax liabilities or assessments; supply chain delays, including delays in the receipt of product at factories and ports, and an increase in transportation costs; the impact of rising commodity prices, transportation and labor costs on our cost of goods sold; failure by our logistics providers to deliver our products on time, or at all; our ability to successfully execute our cost reduction activities in accordance with our expectations and the impact of such actions on our company; failure to develop and maintain our brand; our ability to introduce new products or successfully improve existing products; failure to retain our senior management or to attract, train and retain employees; cybersecurity incidents or other technology disruptions; risks associated with our operations in the People’s Republic of China; the success of our strategic reset in Asia; failure to protect our intellectual property and other proprietary rights adequately; our ability to successfully remediate previously disclosed material weaknesses or other future control deficiencies, in our internal control over financial reporting; impairments of the value of our assets; potential delisting from Nasdaq; our status as a foreign private issuer; risks related to the significant influence of our largest shareholder, Nativus Company Limited, entities affiliated with China Resources Verlinvest Health Investment Ltd. has over us, including significant influence over decisions that require the approval of shareholders; and the other important factors discussed under the caption “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission (“SEC”) on March 22, 2024 and our other filings with the SEC as such factors may be updated from time to time. Any forward-looking statements contained in this press release speak only as of the date hereof and accordingly undue reliance should not be placed on such statements. Oatly disclaims any obligation or undertaking to update or revise any forward-looking statements contained in this press release, whether as a result of new information, future events or otherwise, other than to the extent required by applicable law.

Non-IFRS Financial Measures

We use EBITDA, Adjusted EBITDA, Constant Currency Revenue as non-IFRS financial measures in assessing our operating performance and Free Cash Flow as a liquidity measure, and each in our financial communications:

“EBITDA” is defined as (loss)/profit for the period adjusted to exclude, when applicable, income tax expense, finance expenses, finance income and depreciation and amortization expense.

“Adjusted EBITDA” is defined as (loss)/profit for the period adjusted to exclude, when applicable, income tax expense, finance expenses, finance income, depreciation and amortization expense, share-based compensation expense, restructuring costs, expenses related to a new product launch issue, costs related to legal settlement, impacts related to discontinued construction of production facilities, costs related to the YYF Transaction, and non-controlling interests.

Adjusted EBITDA should not be considered as an alternative to (loss)/profit for the period or any other measure of financial performance calculated and presented in accordance with IFRS. There are a number of limitations related to the use of Adjusted EBITDA rather than (loss)/profit for the period, which is the most directly comparable IFRS measure. Some of these limitations are:

- Adjusted EBITDA excludes depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated may have to be replaced in the future increasing our cash requirements;
- Adjusted EBITDA does not reflect interest expense, or the cash required to service our debt, which reduces cash available to us;
- Adjusted EBITDA does not reflect income tax payments that reduce cash available to us;
- Adjusted EBITDA does not reflect recurring share-based compensation expense and, therefore, does not include all of our compensation costs;
- Adjusted EBITDA does not reflect restructuring costs that reduce cash available to us in future periods;
- Adjusted EBITDA does not reflect expenses related to a new product launch issue that reduce cash available to us;
- Adjusted EBITDA does not reflect costs related to legal settlement that reduce cash available to us in future periods;
- Adjusted EBITDA excludes impacts related to discontinued construction of production facilities, although some of these may reduce cash available to us in future periods;
- Adjusted EBITDA does not reflect costs related to the YYF Transaction that reduced cash available to us;

- Other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Adjusted EBITDA should not be considered in isolation or as a substitute for financial information provided in accordance with IFRS. Below we have provided a reconciliation of EBITDA and Adjusted EBITDA to (loss)/profit for the period, the most directly comparable financial measure calculated and presented in accordance with IFRS, for the periods presented.

“Constant Currency Revenue” is calculated by translating the current year reported revenue amounts into comparable amounts using the prior year reporting period’s average foreign exchange rates which have been provided by a third party. Constant Currency Revenue is a non-IFRS measure and is not a substitute for IFRS measures in assessing our overall financial performance.

Constant currency revenue is used to provide a framework in assessing how our business and geographic segments performed excluding the effects of foreign currency exchange rate fluctuations and believe this information is useful to investors to facilitate comparisons and better identify trends in our business. Above we have provided a reconciliation of revenue as reported to revenue on a constant currency basis for the periods presented.

“Free Cash Flow” is defined as net cash flows used in operating activities less capital expenditures. We believe Free Cash Flow is a useful supplemental financial measure for us and investors in assessing our ability to pursue business opportunities and investments. Free Cash Flow is not a measure of our liquidity under IFRS and should not be considered as an alternative to net cash flows from operating activities.

Free Cash Flow is a non-IFRS measure and is not a substitute for IFRS measures in assessing our overall financial liquidity. Because Free Cash Flow is not a measurement determined in accordance with IFRS, and is susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies. Free Cash Flow should not be considered in isolation, or as a substitute for an analysis of our results as reported on our interim condensed consolidated financial statements appearing elsewhere in this document. Below we have provided a reconciliation of Free Cash Flow to net cash flows used in operating activities for the periods presented.

Financial Statements

Interim condensed consolidated statement of operations

(Unaudited) (in thousands of U.S. dollars, except share and per share data)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	208,000	187,595	609,350	579,227
Cost of goods sold	(145,979)	(155,034)	(434,475)	(474,922)
Gross profit	62,021	32,561	174,875	104,305
Research and development expenses	(10,867)	(4,684)	(26,407)	(15,719)
Selling, general and administrative expenses	(79,743)	(87,125)	(242,746)	(292,675)
Other operating income and (expenses), net	(368)	(8,100)	(2,171)	(10,308)
Operating loss	(28,957)	(67,348)	(96,449)	(214,397)
Finance income and (expenses), net	(4,284)	112,841	(11,272)	99,333
(Loss)/profit before tax	(33,241)	45,493	(107,721)	(115,064)
Income tax expense	(1,389)	(1,482)	(3,194)	(3,221)
(Loss)/profit for the period	(34,630)	44,011	(110,915)	(118,285)
Attributable to:				
Shareholders of the parent	(34,560)	44,085	(110,743)	(118,211)
Non-controlling interests	(70)	(74)	(172)	(74)
(Loss)/profit per share, attributable to shareholders of the parent:				
Basic	(0.06)	0.07	(0.19)	(0.20)
Diluted	(0.06)	(0.07)	(0.19)	(0.26)
Weighted average common shares outstanding:				
Basic	597,968,449	594,255,240	596,434,390	593,261,979
Diluted	597,968,449	994,871,584	596,434,390	832,310,554

Interim condensed consolidated statement of financial position

(Unaudited)	September 30,	December 31,
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	<u>2024</u>	<u>2023</u>
(in thousands of U.S. dollars)		
ASSETS		
Non-current assets		
Intangible assets	127,135	130,326
Property, plant and equipment	352,138	360,286
Right-of-use assets	56,270	88,393
Other non-current receivables	44,450	44,378
Deferred tax assets	8,428	10,203
Total non-current assets	<u>588,421</u>	<u>633,586</u>
Current assets		
Inventories	81,793	67,882
Trade receivables	102,177	112,951
Current tax assets	3,742	2,505
Other current receivables	13,068	33,820
Prepaid expenses	12,260	16,928
Cash and cash equivalents	119,333	249,299
Total current assets	<u>332,373</u>	<u>483,385</u>
TOTAL ASSETS	<u>920,794</u>	<u>1,116,971</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	106	105
Treasury shares	(0)	(0)
Other contributed capital	1,628,045	1,628,045
Other reserves	(236,972)	(233,204)
Accumulated deficit	(1,161,600)	(1,060,952)
Equity attributable to shareholders of the parent	<u>229,579</u>	<u>333,994</u>
Non-controlling interests	1,629	1,787
Total equity	<u>231,208</u>	<u>335,781</u>
Liabilities		
Non-current liabilities		
Lease liabilities	36,189	72,570
Liabilities to credit institutions	115,056	114,249
Provisions	1,667	10,716
Total non-current liabilities	<u>152,912</u>	<u>197,535</u>
Current liabilities		
Lease liabilities	13,990	16,432
Convertible Notes	320,191	323,528
Liabilities to credit institutions	6,020	6,056
Trade payables	57,303	64,368
Current tax liabilities	762	2,732
Other current liabilities	7,666	13,873
Accrued expenses	123,859	121,338
Provisions	6,883	35,328
Total current liabilities	<u>536,674</u>	<u>583,655</u>
Total liabilities	<u>689,586</u>	<u>781,190</u>
TOTAL EQUITY AND LIABILITIES	<u>920,794</u>	<u>1,116,971</u>

Interim condensed consolidated statement of cash flows

	Nine months ended	
	September 30,	
(Unaudited)	<u>2024</u>	<u>2023</u>
(in thousands of U.S. dollars)		
Operating activities		
Net loss	(110,915)	(118,285)
Adjustments to reconcile net loss to net cash flows		

—Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	38,034	37,256
—Write-downs of inventories	1,558	14,258
—Impairment loss on trade receivables	94	461
—Share-based compensation	10,095	16,759
—Movements in provisions	(37,520)	10,447
—Finance (income) and expenses, net	11,272	(99,333)
—Income tax expense	3,194	3,221
—Loss on disposal of property, plant and equipment	—	317
—Impairment related to discontinued construction of production facilities	1,747	—
—Other	1,307	—
Interest received	6,791	5,028
Interest paid	(18,767)	(13,912)
Income tax paid	(5,325)	(15,001)
Changes in working capital:		
—(Increase)/decrease in inventories	(15,110)	15,059
—Decrease in trade receivables, other current receivables, prepaid expenses	23,164	6,967
—Decrease in trade payables, other current liabilities, accrued expenses	(13,811)	(14,721)
Net cash flows used in operating activities	(104,192)	(151,479)
Investing activities		
Purchase of intangible assets	(1,439)	(2,392)
Purchase of property, plant and equipment	(27,483)	(49,591)
Investments in financial assets	—	(1,651)
Proceeds from sale of property, plant and equipment	24,405	—
Proceeds from sale of assets held for sale	—	43,998
Other	774	—
Net cash flows used in investing activities	(3,743)	(9,636)
Financing activities		
Proceeds from Convertible Notes	—	324,950
Proceeds from liabilities to credit institutions	—	176,854
Repayment of liabilities to credit institutions	(2,012)	(98,088)
Payment of loan transaction costs	(4,965)	(32,550)
Repayment of lease liabilities	(17,246)	(9,133)
Cash flows (used in)/from financing activities	(24,223)	362,033
Net (decrease)/increase in cash and cash equivalents	(132,158)	200,918
Cash and cash equivalents at the beginning of the period	249,299	82,644
Exchange rate differences in cash and cash equivalents	2,192	(378)
Cash and cash equivalents at the end of the period	119,333	283,184

Reconciliation of IFRS to Non-IFRS Financial measures

Reconciliation of EBITDA and Adjusted EBITDA to (loss)/profit for the period

(Unaudited) (in thousands of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(Loss)/profit for the period	(34,630)	44,011	(110,915)	(118,285)
Income tax expense	1,389	1,482	3,194	3,221
Finance (income) and expenses, net	4,284	(112,841)	11,272	(99,333)
Depreciation and amortization expense	12,713	12,559	38,034	37,256
EBITDA	(16,244)	(54,789)	(58,415)	(177,141)
Share-based compensation expense	3,301	6,290	10,095	16,759
Restructuring costs ⁽¹⁾	940	3,177	4,575	12,344
Discontinued construction of production facilities ⁽²⁾	—	—	1,762	—
New product launch issue ⁽³⁾	6,888	—	12,565	—
Legal settlement ⁽⁴⁾	—	9,250	—	9,250
Costs related to the YYF Transaction ⁽⁵⁾	—	—	—	375

Non-controlling interests	70	74	172	74
Adjusted EBITDA	(5,045)	(35,998)	(29,246)	(138,339)

- (1) Relates primarily to severance payments as the Group continues to adjust its organizational structure to the macro environment.
- (2) Relates primarily to non-cash impairments related to discontinued construction of the Group's production facility in Peterborough, UK, and reversal of previously recognized non-cash impairments related to discontinued construction of the Group's production facility in Dallas-Fort Worth, Texas.
- (3) Expenses related to a new product launch issue.
- (4) Relates to US securities class action litigation settlement expenses.
- (5) Relates to the YYF Transaction. See the Company's Forms 6-K filed on January 3, 2023 and March 2, 2023 for further details.

Reconciliation of Free Cash Flow to Net Cash Flows used in Operating Activities

(Unaudited) (in thousands of U.S. dollars)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net cash flows used in operating activities	(18,179)	(38,389)	(104,192)	(151,479)
Capital expenditures	(8,502)	(10,949)	(28,922)	(51,983)
Free Cash Flow	(26,681)	(49,338)	(133,114)	(203,462)

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