

Proposal for resolution regarding (a) amendment of resolution on issue of share awards to certain members of the board of directors of Oatly Group AB (publ) and (b) approval of transfer of treasury warrants issued in connection with the share award program

Background and reason

Oatly Group AB (publ) (the “**Company**” or “**Oatly**”) has in 2021 adopted an incentive award plan (the “**Oatly Incentive Plan**”) under which the Company may, subject to approval by the shareholders at a general meeting, issue different types of awards, including stock options, restricted stock units and other incentive awards.

Pursuant to the Oatly Incentive Plan, an extraordinary general meeting held on 6 May 2021 resolved to implement an incentive program for members of the board of directors who are not employed by the Oatly group, or by Verlinvest, China Resources, Blackstone or Östersjöstiftelsen, under the Oatly Incentive Plan (the “**Board LTIP**”). The Board LTIP was amended through a resolution at the annual general meeting on 25 May 2023.

In order to secure delivery of shares under the Board LTIP, the general meeting held on 6 May 2021 resolved on issue and approval of transfer of 1,389,933 warrants of series 2021-B, each exercisable into one share in the Company.

Equity-based awards are a central part of an attractive and competitive remuneration package in order to attract, retain and motivate internationally competent members of the board of directors, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders. Granting equity-based awards to certain members of the board of directors will increase and strengthen the participants’ dedication to Oatly’s operations, improve company loyalty and be beneficial to both the shareholders and Oatly.

The Company’s remuneration committee has identified a need to adjust the allocation principles set forth in the Board LTIP in order to achieve a competitive allocation of share awards (“**Share Awards**”) under the Board LTIP. In order to achieve competitive individual allocations based on the current market value of the Company’s ADS, the maximum number of Share Awards that may be granted to each participant is proposed to be increased from 35,000 to 140,000 Share Awards annually. However, the limitation on the total value of Share Awards that may be granted to each participant will remain unchanged at USD 140,000 annually.

It is therefore proposed that the general meeting resolves to approve an amendment of the Board LTIP and the transfer of warrants of series 2021-B in accordance with items (a) and (b) below. The resolutions under items (a) and (b) are proposed to be conditional upon each other and for that reason it is proposed that both resolutions are passed as one resolution.

The terms and conditions of this resolution to amend the Board LTIP shall replace the terms and conditions of the resolution approved by the annual general meeting held on 25 May 2023 and shall apply to awards made after the date of this resolution. In the event this resolution is not passed, the current terms and conditions of LTIP 2021–2026 will remain in force in accordance with the resolution passed by the annual general meeting held on 25 May 2023.

Item 17(a) – Proposal on amendment of the Board LTIP

It is proposed that the general meeting resolves to amend the Board LTIP. The Board LTIP was implemented, and is amended, under and pursuant to the Oatly Incentive Plan. Please refer to the section *Terms and conditions of the Oatly Incentive Plan* below.

In addition to the 251,140 Share Awards granted to members of the board of directors under the Board LTIP which have vested or remain outstanding as of the date of this resolution proposal, 1,138,793 Share Awards remain to be granted following the amendment proposed under this resolution proposal.

Below is a description of the main terms and conditions for the Share Awards following the amendment pursuant to this resolution proposal.

- The Share Awards shall be granted to members of the board of directors who are not employed by the Oatly group, or by Verlinvest, China Resources or Blackstone.
- Each participant may each year be granted a number of Share Awards equivalent to USD 140,000, as determined by the closing price of the Company's ADS on Nasdaq Global Select Market on the last trading day immediately preceding the date of grant of the Share Award, provided however that in no event shall a participant be awarded more than 140,000 Share Awards per year, and the total number of Share Awards awarded to all participants, excluding Share Awards that have lapsed, been terminated or forfeited, shall in no event exceed 1,389,933.
- The Share Awards shall be granted free of charge to the participants no later than 31 December 2026.
- The Share Awards shall vest on the date of the next annual general meeting after the date of grant, provided that the participant is still a board member of Oatly on such date.
- Each vested Share Award entitles the holder to receive one share, warrant of series 2021-B or ADS in the Company without any compensation being payable (or at a price equal to the quota value of the Company's shares), provided that the holder is still a board member of Oatly at the relevant time of vesting.
- The Share Awards may not be transferred or pledged.
- The number of shares, warrants of series 2021-B or ADSs in the Company that each Share Award entitles to subscription for will be adjusted in the event of a split, reverse split, ADS ratio change, etc. in accordance with customary re-calculation terms.

Item 17(b) – Proposal transfer of warrants of series 2021-B

In order to fulfill the commitments arising from the Share Awards, it is proposed that the general meeting authorizes that the Company may assign the warrants of series 2021-B to a third party, or in another way dispose of the warrants of series 2021-B, in accordance with the above.

Additional information

Dilution

Upon exercise of all warrants of series 2021-B issued for subscription of shares, up to 1,389,933 shares (with reservation for any re-calculation) may be issued, equivalent to a maximum dilution of approximately 0.23 per cent of the shares and votes of the Company as of the date of this proposal. Upon full exercise of warrants of series 2021-B for subscription of shares, the Company's share capital will increase with SEK 2,084.8995. The dilution calculations have been based on the maximum number of shares and votes which may be issued upon exercise of the Share Awards, divided by the total number of shares and votes in the Company after such issues.

The amendment of the Board LTIP will not lead to any dilution in excess of the dilution that would have occurred if the Board LTIP had been fully allocated to participants and exercised in accordance with its current terms.

Preparation of the proposal

This proposal has been prepared by the Company's remuneration committee, together with external advisers.

The reason for the deviation from the shareholders' preferential rights

The reason for the deviation from the shareholders' preferential rights is to implement equity-based awards to certain board members.

Majority requirements

A resolution to approve the present proposal is valid only where supported by shareholders holding not less than nine-tenths (9/10) of both the shares voted for and of the shares represented at the general meeting.

Authorization

The board of directors, or a person appointed by the board of directors, is authorized to undertake such minor adjustments in the decision that may be required for the registration with the Swedish Companies Registration Office and Euroclear Sweden AB and that the board of directors shall have the right to undertake minor adjustments to this resolution due to applicable foreign rules and laws.

Terms and conditions of the Oatly Incentive Plan

The complete terms and conditions of the Oatly Incentive Plan is included in Oatly's post-effective amendment of a Form S-8 Registration Statement under the Securities Act of 1933, filed with the United States Securities Exchange Commission on 4 May 2022, available on the following link: <https://investors.oatly.com/sec-filings/sec-filing/s-8-pos/0001193125-22-140659>.