

Registered number: 08038012

Oatly UK Limited

Annual report and financial statements

For the year ended 31 December 2025

Oatly UK Limited

Company Information

Director	B D Carroll
Registered number	08038012
Registered office	Third Floor, 20 Kirby Street 20-24 Kirby Street London EC1N 8TS
Independent auditors	Kreston Reeves Audit LLP Statutory Auditor 2nd Floor 168 Shoreditch High Street London E1 6RA
Bankers	BNP Paribas London Office 3rd Floor 10 Harewood Avenue London NW1 6AA

Oatly UK Limited

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**Strategic report
For the year ended 31 December 2025**

The directors present their strategic report on the company for the year ended 31 December 2025.

Principal activity

The principal activity of the business is selling a range of oat-based products. Oatly UK Limited (the company) operates in the UK.

We offer a range of plant-based dairy products made from oats. The foundation for all these products is our proprietary oat based technology, which mimics nature's own process and turns fibre-rich oats into products that are designed for humans.

Business review

Oatly UK Limited is a subsidiary of Oatly Group AB, the world's original and largest oatmilk company. For over 25 years, we have focused on developing expertise around oats: a global power crop with inherent properties suited for sustainability and human health.

Sustainability is at the core of our business. Oatmilk typically results in significantly fewer greenhouse gas emissions compared to cow's milk, supporting our mission to drive a more climate-conscious food system.

During the financial year ending 31 December 2025, Oatly UK Limited continued to deliver robust performance in the UK market. This performance was supported by the launch of new oat milk products and formats, alongside steady consumer demand for plant-based alternatives. The company also executed targeted brand campaigns, particularly focused on promoting the health benefits of oat-based products and addressing misinformation surrounding plant-based nutrition.

During 2025, the Group implemented a change to its operating model in Ireland. With effect from the second quarter of 2025, the Irish business transitioned from a distributor model, under which sales to Ireland were recognised by Oatly UK Limited, to a direct local operating model in Ireland. As a result, revenue relating to the Irish market is no longer recognised by Oatly UK Limited from that date. This change affects the comparability of the Company's results with the prior year and should be considered when assessing year-on-year performance.

Operational efficiencies and strategic initiatives contributed to the company's performance, in line with the wider Oatly Group's transformation agenda. These efforts reflect the company's commitment to sustainable growth, innovation, and operational excellence.

The directors remain confident in the company's ability to sustain its growth trajectory, supported by continued product innovation, leadership in sustainability, and a resilient market position.

Strategic report (continued)
For the year ended 31 December 2025

Principal risks and uncertainties

The company operates in highly competitive market. Numerous brands and products compete for limited retail, coffee shop, foodservice and restaurant customers and consumers. In our market, competition is based on, among other things, brand equity and consumer relationships, consumer trends, product experience (including taste, functionality and texture), nutritional profile and dietary attributes, sustainability of our products, including our supply chain (including raw materials), quality and type of ingredients, distribution and product availability, pricing pressure and competitiveness and product packaging.

Furthermore, the current macro-economic environment has caused elevated inflationary pressure across the broader economy, driving further increases to, among other things, interest rates, transportation, energy, and materials. For example, we have experienced, and may continue to experience, higher commodity and supply chain costs, including transportation, packaging, manufacturing and ingredient costs, as well as higher electricity costs.

Further, changes in the macro-economic and political landscape, including global conflicts, have affected customer spending habits, increasing demand for cheaper products.

Continuous commercial, supply and operations focus are key to business success. The management understanding of the marketplace means it is well placed to adapt to the ever changing environment.

Other principal risks that are applicable to the company are as follows:

Credit risk

The company enforces adherence to agreed credit terms rigidly and obtains credit insurance on selected customers when felt necessary.

Liquidity and Cashflow risk

The company manages its liquidity and cashflow within limits agreed by Oatly AB. The company has no bank balance as cash flow is pooled and managed centrally.

Foreign exchange risk

The company is exposed to foreign exchange risk as the company has transactions with the parent and its subsidiaries.

Strategic report (continued)
For the year ended 31 December 2025

Future developments

The company will continue to develop and grow the breadth of its oat-based products in both new and existing markets by the continued enhancement of its product quality and logistical operations.

Key performance indicators

The company monitors financial key performance indicators to determine the progress and performance of the company in relation to Net Sales, Gross Margin, EBIT and Cash Generation which is managed centrally.

	2025	2024
	£	£
Net Sales	103,203,475	104,829,947
Gross Profit	11,401,018	13,270,556
EBIT	1,901,113	1,730,909

In addition, the company also monitors non-financial key performance indicators in Delivery Service Levels. Customer service levels of 98.2% were achieved with the 2025 customer service level target being 98.5% (2024: 98.8% customer service level).

Streamlined energy and carbon reporting

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) regulations 2013, the company is not required to disclose information regarding its energy use due to its usage being below the set limit for disclosure.

Directors' statement of compliance with duty to promote the success of the Company

This statement is intended by the Board to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the financial period ending 31 December 2025. Stakeholders of the company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

The directors considers that he has acted in good faith to promote the success of the company for the benefit of its stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular:

- To ensure the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, health & safety, environmental reports, risks and opportunities - all supported by Key Performance Indicators (KPIs). The company's performance and progress is also reviewed regularly at Board and senior management meetings.
- The company's employees are fundamental to the success of the business. The directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the directors promote and encourage all employees to raise any concerns or suggestions with senior management without hesitation.
- The company's customers and suppliers are also fundamental to the success of the business and as a leading supplier of oat milk products in the UK, it is essential that the company maintains its reputation for high standards of business conduct. The company strives to continually improve and strengthen its supply chain, products and customer service for the mutual benefit of all of its stakeholders.
- The directors take environmental matters into deep consideration as part of their decision-making process and strive to be a responsible member of the local and wider community, minimising the company's impact on the environment wherever possible, and working hard to help their own customers reduce their impact too.
- The directors' intentions are to behave responsibly toward all stakeholders and treat them fairly and equally, so that they all benefit from the long-term success of the company.

Strategic report (continued)
For the year ended 31 December 2025

The directors have overall responsibility for determining the company's purpose, values and strategy and for ensuring high standards of governance. The primary aim of the directors are to promote the long-term sustainable success of the company, generating value for stakeholders and contributing to the wider society. Throughout 2026, the Board will continue to review and challenge how the company can improve engagement with its employees and other stakeholders.

This report was approved by the board on

and signed on its behalf.

B D Carroll
Director

Directors' report
For the year ended 31 December 2025

The directors present their report and the financial statements for the year ended 31 December 2025.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,553,513 (2024: £1,616,803).

The directors do not recommend payment of any dividends (2024: £Nil).

Directors

The directors who served during the year were:

B D Carroll
G Lombardo (resigned 30 April 2025)

Matters covered in the Strategic report

The directors have considered it to be more appropriate to disclose the Future Developments in the Strategic Report as they are of strategic importance.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Directors' report (continued)
For the year ended 31 December 2025

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The audit registration of Kreston Reeves LLP was transferred to Kreston Reeves Audit LLP on 6 October 2025. Kreston Reeves Audit LLP were formally appointed as auditor to the company on 15 January 2026. Kreston Reeves Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

B D Carroll
Director

Independent auditors' report to the members of Oatly UK Limited

Opinion

We have audited the financial statements of Oatly UK Limited (the 'Company') for the year ended 31 December 2025, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Oatly UK Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Oatly UK Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the valuation of stock and posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Assessment of identified fraud risk factors; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation; and
- Performed physical verification of inventory to obtain audit evidence over the existence and condition of stock.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent auditors' report to the members of Oatly UK Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Dwyer Bsc (Hons) FCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves Audit LLP

Statutory Auditor

London

Date:

**Statement of comprehensive income
For the year ended 31 December 2025**

	Note	2025 £	2024 £
Revenue	4	103,203,475	104,829,947
Cost of sales		(91,802,457)	(91,559,391)
Gross profit		11,401,018	13,270,556
Administrative expenses		(11,475,405)	(13,441,525)
Other operating income	5	1,975,500	1,901,878
Operating profit	6	1,901,113	1,730,909
Interest receivable and similar income	11	133,092	273,234
Interest payable and similar expenses	12	(2,800)	(75,174)
Profit before tax		2,031,405	1,928,969
Tax on profit	13	(477,892)	(312,166)
Profit for the financial year		1,553,513	1,616,803

There were no recognised gains and losses for 2025 or 2024 other than those included in the statement of comprehensive income.

The notes on pages 15 to 28 form part of these financial statements.

Balance sheet
As at 31 December 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	14	6,681	17,852
Current assets			
Stocks	15	1,115,491	2,334,326
Debtors: amounts falling due within one year	16	16,778,517	17,659,757
Cash at bank and in hand		-	-
		<u>17,894,008</u>	<u>19,994,083</u>
Creditors: amounts falling due within one year	17	(6,845,853)	(10,871,319)
Net current assets		<u>11,048,155</u>	<u>9,122,764</u>
Total assets less current liabilities		<u>11,054,836</u>	<u>9,140,616</u>
Net assets		<u><u>11,054,836</u></u>	<u><u>9,140,616</u></u>
Capital and reserves			
Called up share capital	19	100	100
Capital contribution reserve	20	1,541,150	1,180,443
Profit and loss account	20	9,513,586	7,960,073
		<u><u>11,054,836</u></u>	<u><u>9,140,616</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

B D Carroll
Director

The notes on pages 15 to 28 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2025

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2024	100	837,081	6,343,270	7,180,451
Comprehensive income for the year				
Profit for the year	-	-	1,616,803	1,616,803
Net share option expense for the year	-	343,362	-	343,362
At 1 January 2025	100	1,180,443	7,960,073	9,140,616
Comprehensive income for the year				
Profit for the year	-	-	1,553,513	1,553,513
Net share option expense for the year	-	360,707	-	360,707
At 31 December 2025	100	1,541,150	9,513,586	11,054,836

The notes on pages 15 to 28 form part of these financial statements.

Statement of cash flows
For the year ended 31 December 2025

	2025 £	2024 £
Cash flows from operating activities		
Profit for the financial year	1,553,513	1,616,803
Adjustments for:		
Depreciation of tangible assets	11,171	17,109
Interest paid	2,800	75,174
Interest received	(133,092)	(273,234)
Taxation charge	477,892	312,166
Decrease in stocks	1,218,835	341,574
Decrease in debtors	137,501	929,860
Decrease in amounts owed by groups	638,524	628,737
Increase in creditors	1,383,418	812,685
(Decrease) in amounts owed to groups	(5,408,884)	(4,432,111)
Corporation tax (paid)	(372,677)	(569,030)
Share options expense	360,707	343,362
Net cash used from operating activities	(130,292)	(196,905)
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(1,155)
Interest received	133,092	273,234
Net cash generated from investing activities	133,092	272,079
Cash flows from financing activities		
Interest paid	(2,800)	(75,174)
Net cash used in financing activities	(2,800)	(75,174)
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at the end of year	-	-

The notes on pages 15 to 28 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2025

1. General information

Oatly UK Limited is a private company limited by shares, incorporated in England and Wales within the United Kingdom. The registered address and principal place of business is Third Floor, 20 Kirby Street, 20-24 Kirby Street, London, EC1N 8TS. The nature of the company's operations and its principal activities are set out in the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company has net current assets and the company is expected to be further cash generative in the foreseeable future. However, the company has no cash balance due to the cash pooling function which has been adopted within the wider Oatly group. The company is dependent on cash support in order to meet liabilities as they fall due, which the wider Oatly group will continue to provide for at least 12 months from the date of signing these financial statements. Therefore, after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities for a period of at least twelve months from the date these financial statements were approved. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Notes to the financial statements
For the year ended 31 December 2025

2. Accounting policies (continued)

2.4 Revenue

The company distributes a range of oat-based products in the UK and Ireland. Revenue is recognised when control of products is transferred to a customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods, which is typically at the point of delivery. The company has concluded it is the principal in its revenue arrangements as it controls the goods before transferring them to its customer.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements
For the year ended 31 December 2025

2. Accounting policies (continued)

2.10 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements
For the year ended 31 December 2025

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Oatly AB operates a cash pooling arrangement where at the end of each day, management physically transfers cash from the Company to cash pooling bank accounts which are held and managed centrally. Intercompany balances arising from cash pooling transactions are recorded as either intercompany debtors or creditors within Oatly UK Limited.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Notes to the financial statements
For the year ended 31 December 2025

2. Accounting policies (continued)

2.18 Financial instruments

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

Notes to the financial statements
For the year ended 31 December 2025

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Revenue

The whole of the revenue is attributable to the company's principal activity, being the sale of oat-based products.

Analysis of turnover by country of destination:

	2025 £	2024 £
United Kingdom	103,176,890	104,723,333
Rest of Europe	26,585	106,614
	<u>103,203,475</u>	<u>104,829,947</u>

5. Other operating income

	2025 £	2024 £
Other operating income	<u>1,975,500</u>	<u>1,901,878</u>

Other operating income is re-chargeable income between other group companies and Oatly UK Limited.

Notes to the financial statements
For the year ended 31 December 2025

6. Operating profit

The operating profit is stated after charging:

	2025	2024
	£	£
Depreciation	11,171	17,109
Exchange differences	(292,111)	(126,573)
Operating lease rentals	348,440	333,000
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2025	2024
	£	£
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	80,000	78,500
	<u> </u>	<u> </u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2025	2024
	£	£
Wages and salaries	5,048,755	5,072,934
Social security costs	742,405	631,797
Cost of defined contribution scheme	255,948	242,830
	<u>6,047,108</u>	<u>5,947,561</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2025	2024
	No.	No.
Employees	64	61
	<u> </u>	<u> </u>

Notes to the financial statements
For the year ended 31 December 2025

9. Share-based payments

The Company's ultimate parent company incorporated in Sweden, Oatly Group AB, operates a long-term incentive plan for eligible employees. Eligible employees may be granted share options or restricted stock units (RSU). A third will be vested after 12 months of the grant date, another third will be vest after 24 months of the grant date and the final third will be vest after 36 months of the grant date. The share option entitles the holder to acquire 1 share in Oatly Group AB for the share price at the grant date.

In February 2025, the company completed a ratio change whereby the ratio of the American depositary shares (ADS) to ordinary shares was changed from one ADS representing one ordinary share to one ADS representing twenty ordinary shares (the "ADS Ratio Change"). The restricted stock units and stock options for 2024 and 2025 reflect the new ADS to ordinary share ratio of one ADS representing twenty ordinary shares (1:20).

At the year end, there were 82,078 (2024: 42,952) restricted share units and 23,332 (2024: 29,165) share options granted to 57 (2024: 49) members of staff of Oatly UK Limited.

During the year, the value of fair value adjustments relating to the share option scheme that have been charged to the Statement of changes in equity amounted to £360,707 (2024: £343,362).

	Weighted average exercise price (pence) 2025	Number 2025	Weighted average exercise price (pence) 2024 (Restated)	Number 2024 (Restated)
Outstanding restricted share units at the beginning of the year	22.38	42,952	53.99	12,995
Granted during the year	11.10	71,734	18.86	36,779
Forfeited during the year	19.59	(17,039)	61.83	(2,114)
Exercised during the year	24.63	(15,569)	64.42	(4,708)
Outstanding restricted share units at the end of the year	12.67	82,078	22.38	42,952

	Weighted average exercise price (£) 2025	Number 2025	Weighted average exercise price (£) 2024 (Restated) £	Number 2024 (Restated) £
Outstanding share options at the beginning of the year	19.26	29,165	36.31	24,375
Granted during the year	-	-	19.26	29,165
Exchanged to RSU during the year	-	-	36.31	(24,375)
Forfeited during the year	11.20	(5,833)	-	-
Outstanding share options at the end of the year	18.78	23,332	19.26	29,165

Notes to the financial statements
For the year ended 31 December 2025

10. Directors' remuneration

	2025 £	2024 £
Directors' emoluments	398,081	782,039
Company contributions to defined contribution pension schemes	15,914	26,822
	413,995	808,861

During the year retirement benefits were accruing to 1 director (2024 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £398,081 (2024 - £428,718).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,914 (2024 - £15,753).

During the year 1 (2024 - 2) director received 10,894 (2024 - 262,499) shares under the long-term incentive schemes granted at €11.10 (2024 - €1.06). There were no share options granted to the highest paid director during the year (2024 - 145,833).

11. Interest receivable

	2025 £	2024 £
Other interest receivable	133,092	273,234

12. Interest payable and similar expenses

	2025 £	2024 £
Bank interest payable	-	73,150
Interest payable on overdue tax	-	171
Other interest payable	2,800	1,853
	2,800	75,174

Notes to the financial statements
For the year ended 31 December 2025

13. Taxation

	2025 £	2024 £
Corporation tax		
Current tax on profits for the year	522,813	346,433
Deferred tax		
Origination and reversal of timing differences	(44,921)	(34,267)
Taxation on profit on ordinary activities	477,892	312,166

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2024 - lower than) the effective rate of corporation tax in the UK of 25% (2024 - 25%). The differences are explained below:

	2025 £	2024 £
Profit on ordinary activities before tax	2,031,405	1,928,969
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	507,851	482,242
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	132,391	109,880
Short term differences leading to a decrease in taxation	(32,360)	(18,309)
Adjustments to brought forward values	(43,509)	(30,486)
Group relief	(86,481)	(231,161)
Total tax charge for the year	477,892	312,166

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the financial statements
For the year ended 31 December 2025

14. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2025	105,194	81,898	187,092
At 31 December 2025	105,194	81,898	187,092
Depreciation			
At 1 January 2025	94,612	74,628	169,240
Charge for the year on owned assets	6,243	4,928	11,171
At 31 December 2025	100,855	79,556	180,411
Net book value			
At 31 December 2025	4,339	2,342	6,681
At 31 December 2024	10,582	7,270	17,852

15. Stocks

	2025 £	2024 £
Finished goods and goods for resale	1,115,491	2,334,326

16. Debtors

	2025 £	2024 £
Trade debtors	15,592,771	15,612,780
Amounts owed by group undertakings	-	638,524
Other debtors	973,963	1,000,047
Prepayments and accrued income	38,941	130,349
Corporation tax recoverable	75,770	225,906
Deferred taxation (see note 18)	97,072	52,151
	16,778,517	17,659,757

Amounts owed by the group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements
For the year ended 31 December 2025

17. Creditors: Amounts falling due within one year

	2025 £	2024 £
Trade creditors	839,112	761,234
Amounts owed to group undertakings	570,239	5,979,123
Other taxation and social security	168,238	155,585
Other creditors	716,471	40,107
Accruals and deferred income	4,551,793	3,935,270
	<u>6,845,853</u>	<u>10,871,319</u>

Amounts due to the group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Deferred taxation

	2025 £
At beginning of year	52,151
Credited to profit or loss	44,921
At end of year	<u>97,072</u>

The deferred tax asset is made up as follows:

	2025 £	2024 £
Accelerated capital allowances	(895)	(3,518)
Short term timing difference	97,967	55,669
	<u>97,072</u>	<u>52,151</u>

19. Share capital

	2025 £	2024 £
Allotted, called up and fully paid		
100 (2024 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

Notes to the financial statements
For the year ended 31 December 2025

20. Reserves

Capital contribution reserve

Represents net share option expense for the year with balances brought forward from last year. The capital contribution reserve relates to options given to employees for ordinary shares in the ultimate controlling entity, Oatly Group AB.

Profit and loss account

Profit and loss accounts represent cumulative profits or losses net of other adjustments.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £255,948 (2024: £242,830). Contributions totaling £Nil (2024: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2025 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2025 £	2024 £
Not later than 1 year	378,000	333,000
Later than 1 year and not later than 5 years	63,000	-
	441,000	333,000

23. Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with its fellow group members provided by Section 33 Related Party Disclosures, paragraph 33.1A.

Key management personnel

The directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be the key management personnel.

24. Ultimate parent undertaking and controlling party

The company is controlled by Oatly AB, a company incorporated in Sweden, which owns 100% of the issued share capital.

The smallest group producing consolidated financial statements is Oatly Group AB, incorporated in Sweden. The registered address of Oatly Group AB is Box 588, Malmö, 201 25, Sweden.

Notes to the financial statements
For the year ended 31 December 2025

25. Outstanding charges

On 2 December 2025, the Company entered into a debenture in favour of Nordic Trustee & Agency AB (publ), acting as security agent for the secured parties, in connection with the Oatly Group's financing arrangements. The debenture creates fixed charges over certain present and future assets of the Company and a floating charge over all of the Company's present and future assets and undertaking. The security supports obligations arising under the Group's financing arrangements and restricts the creation of further security over the charged assets.