Management's Prepared Remarks

Q2 2026 Earnings Call

August 5, 2026

JP O'Meara
Senior Vice President, Head of Investor Relations

Thank you Sharon, good to have you back, and good morning everyone. I am delighted to welcome you to our Q2 2026 results conference call.

On today's call are Frans Muller, our President & CEO and Jolanda Poots-Bijl, our CFO. After a brief presentation, we will open the call for questions.

In case you haven't seen it, the earnings release and the accompanying presentation slides can be accessed through the Investors section of our website aholddelhaize.com, which also provides extra disclosures and details for your convenience.

To ensure everyone has the opportunity to get their questions answered today, I ask that you initially limit yourself to 2 questions, to make sure everybody on the call will have sufficient time. If you have further questions then feel free to re-enter the queue.

To ensure ease of speaking, all growth rates mentioned in today's prepared remarks will be at constant exchange rates unless otherwise stated.

I'll now turn the call over to Frans.

Frans Muller
President, Chief Executive Officer

Thank you very much, JP, and good morning, everyone.

I am pleased to report that we delivered a resilient second quarter. We executed well against our Growing Together strategy, gained market share and are reiterating our full-year guidance in a softer macroeconomic environment.

Before I discuss the quarter in more detail, I would like to reflect on an important milestone. This summer marks the tenth anniversary of the merger between Ahold and Delhaize Group.

What began as a belief that strong local brands could become even stronger through international scale has become a proven model for profitable growth and market share expansion.

Ten years on, we operate from a position of strength, with clear priorities and significant opportunities ahead.

Challenging markets provide the clearest test of a business. When households are under pressure and competition for every shopping trip remains intense, the strength of your brands, the relevance of your proposition and the trust you have earned become even more important. Relative market share is one of the clearest measures of whether customers continue to recognize the value you create. Market share is earned and not given.

Our first-half performance is a proof point that our Growing Together strategy is working. It also reinforces how we are steering the business in this difficult environment.

- First, we stay close to our customers and earn their trust every day through value, quality and convenience. And that means strengthening our own-brand proposition, investing in price where it matters most and using customer insights to respond thoughtfully and quickly as needs evolve.

- Second, we make life simpler for our associates. We are investing in technology, data and AI to reduce complexity, improve decisions and give our teams better tools. The objective is straightforward: enable our associates to work more effectively and spend more time serving customers.

- And third, we invest with discipline. Strong cash generation gives us the freedom to strengthen our brands, build future capabilities and maintain the financial resilience to invest throughout the cycle. Discipline does not reduce our ambition; it just enables it.

Steering our business in this way reflects both the simple and the complex part of retail. We need to run great stores, provide compelling value, keep products available and serve customers well every day. At the same time, we must modernize our technology, scale omnichannel capabilities and prepare our business for the next generation of retail. We are determined to do both exceptionally well.

Let me bring each of these to life in a little bit more detail.

It all starts with the customer. Every decision we make is guided by how we can deliver greater value, better choices and more convenient experiences in customers' daily lives.

Every week, millions of loyalty interactions help our brands understand customers in real time. Combined with data and AI, these insights enable us to personalize experiences, make better decisions and strengthen the connection between our local brands and the communities they serve.

That local intimacy, strengthened by the scale and capabilities of the Group, enables our brands to tailor assortments, sharpen their value propositions and respond effectively as customer needs change. This is how trust is built: through many special and small decisions and experiences, delivered consistently every day.

One of the most important drivers of this is through our own-brand assortments.

In the quarter, own-brand food penetration increased by 0.7 percentage points. This marks an important milestone, with Group penetration now exceeding 40 percent.

We are particularly pleased with the continued progress across our U.S. brands, supported by the successful launch of over 200 new own-brand items across 25 center-store categories and selected fresh categories as well, including tomatoes and packaged salads. As our brands prepare for the back-to-school season, they are expanding the assortment with new children's lunch products, helping parents manage the demands of a busy time of the year.

Own brand is most powerful when combined with meaningful and sustained price investment. Our brands are being precise about where price distance matters most and where investment can make the greatest difference to customers. And a few examples include:

- Stop & Shop lowered everyday prices across all 137 stores in New York and New Jersey. All Stop & Shop locations now have the price investments in place;
- Hannaford has priced more than 3,500 key value items in its own-brand assortment at parity with leading competitors;
- Albert Heijn lowered prices on more than 500 popular price favorites to further strengthen its value proposition;
- And in Serbia, Maxi now offers over 600 high-quality affordable products under its new ‘Price Favorites’ label.

Across our business, by providing smarter tools and simpler ways of working, our teams are focused on making life simpler for associates so they can spend more of their time serving customers and innovating.

Data, technology and AI are important enablers. We are investing where it can improve decisions, remove friction, strengthen productivity and create new opportunities at scale.

We approach AI through three clear lenses: re-imagining business domains; optimizing existing processes and systems and; democratizing AI tools for all of our associates.

After proving results with over 120 AI use cases, we are moving to the next level of maturity. We are now looking at end-to-end transformations across sourcing and merchandising, marketing, store operations and agentic shopping.

- In sourcing and merchandising, Albert Heijn is helping shape a future in which agents support better and faster decisions, helping teams get the right products onto the shelves at the right price points;
- In marketing, bol has launched campaigns featuring AI-generated models. This illustrates how AI can shift the role of marketers from producing every element of content to directing the process, setting context and guardrails, and providing human oversight; and
- In agentic shopping, we are developing our own autonomous shopping agents while optimizing our interfaces with external AI agents, so that our products can be found and purchased easily through third-party AI assistants.

These are sophisticated capabilities, and we are approaching them thoughtfully. That means testing, learning and scaling what works, with clear governance and human accountability.

In parallel, we are modernizing and harmonizing our retail technology backbone. This creates the foundation for the next generation of AI-enabled capabilities and will allow us to deploy improved retail performance solutions at scale.

Let me now turn to how we are investing with discipline to strengthen our brands and their omnichannel ecosystems, where online continues to show stronger customer appreciation and further growth opportunity.

At the heart of this opportunity is convenience, which remains a primary driver of online grocery adoption and retention. Convenience is not one thing. It is created through time saved, digital ease and assortment quality and reliability.

First, convenience means saving customers time. Whether they choose click and collect or delivery, same-day or next-day or even same hour, our brands are making it easier to fit grocery shopping into daily life, with flexible solutions that reduce friction and support repeat engagement.

In the U.S., nearly half of online sales come from click and collect, which continues to grow at a healthy pace. To meet demand, our teams are using data and PRISM analytical functionality to increase capacity and more effectively allocate labor. In high-volume stores, we are introducing dedicated order-picking space, reducing disruption for in-store customers while improving efficiency and capacity.

At Delhaize in Belgium, Collect is the fastest-growing channel, with growth of over 20 percent this year. Last year, Delhaize made Collect easier and more affordable by removing fees for in-store pickup. With online penetration still offering substantial room for growth, we are now expanding the network, with the ambition of rolling out to all stores by 2028.

Second, we are making the shopping journey simpler and more seamless. This includes digital and agentic-AI functionality that helps customers plan and complete their shopping.

In the coming quarter, Stop & Shop and The Giant Company will pilot AI-powered functionality that connects recipes with ingredients, enabling customers to find meal inspiration, personalize options based on preferences and purchase history, and add ingredients directly to their baskets.

Albert Heijn is adding functionality to the My AH app focused on social and agentic shopping, enabling customers to discover recipes through Instagram and TikTok and turn them into shopping lists.

To wrap up, I am pleased by the progress we are making with our investments and our strategy execution.

Even more so, I am proud of our teams and how they are anticipating and responding to the environment we are operating in. We are clear about our strengths and determined to use this backdrop to create opportunities to ensure our relative pace of growth stays strong.

With that, over to you Jolanda, to discuss the financials.

Jolanda Poots-Bijl
Chief Financial Officer

Thank you Frans and good morning to everyone.

Frans has started that we are navigating a demanding environment from a position of strength. I am encouraged by our performance in the quarter, our volumes are resilient and we are winning share in most of our major markets.

Energy and utility costs continue to affect household budgets and operating expenses across the value chain. At the same time, competition for every shopping trip remains high, with retailers continuing to invest in price and promotions.

Our response is calm, focused and disciplined. Two years into Growing Together, we are seeing our growth model mature, with many of the actions we identified to strengthen competitiveness now delivering tangible results.

Let's have a look at the key underlying results for the quarter, shown on slide 15.

- Net sales grew 1.9 percent to 23.2 billion euro and we were negatively impacted by 10 basis points from calendar shifts.

- Underlying operating margin was 3.9 percent, a decrease of 10 basis points. Improvements in Europe were offset by a modest decline in the U.S.: and
- Diluted underlying earnings per share was 63 euro cents, down 1.4 percent at constant rates, primarily due to higher financial expenses.

Slide 16 shows our results on an IFRS-reported basis for Q2. These were 41 million euros lower than our underlying results, mainly related to impairment charges on operating stores in the U.S, the sale of investment properties and lease terminations.

For your convenience, Slide 17 provides our comparable store sales trends, with and without adjustments for calendar and other notable items.

Turning to our regional performance, U.S. net sales were 13.0 billion euro. Comparable sales excluding gas increased 0.8 percent.

Top-line performance was negatively impacted by a mix of factors:

- Calendar shifts of 10bps
- Pharmacy sales impacted by the Inflation Reduction Act resulting in 70bps
- Deflation in egg prices of 50bps
- And the reduction in SNAP benefits from eligibility changes of 40bps

Together, these factors reduced our growth rate by 1.7 percentage points.

In the second half of the year, we expect to see a similar impact in pharmacy and a lower impact from deflation in egg-prices as we cycle last year's price spike. For SNAP, we expect some minor variability between the quarters due to the complexity of the program and the timing of benefits. For the full year, we expect an impact of around 60 to 80 basis points.

Underneath these factors, our competitive position remains strong. We gained market share across most of our U.S. brands, demonstrating the resilience of our growth model and the relevance of our customer propositions.

Underlying operating margin in the U.S. was 4.2 percent, down 20 basis points. A favorable mix in pharmacy was offset by price investments, higher utility costs, and the absorption of indirect costs from higher energy prices.

Our U.S. omnichannel strategy remains an important driver of growth and a source of differentiation. Online sales increased by 14.5 percent in the quarter, with Food Lion growing by over 20 percent. This demonstrates the strength of our omnichannel model in expanding reach, improving convenience and attracting new customers into our ecosystem.

We also continue to strengthen the local market positions at the heart of our growth model. Our U.S. remodel program is delivering encouraging results, with completed projects consistently performing above baseline expectations. At Food Lion, we are currently remodeling 93 stores in the

Greensboro market, with launches planned for the end of the year. Preparations are already under way for the next round of remodels in the Richmond and Roanoke markets.

Turning now to Europe, sales were 10.2 billion euro. Comparable sales increased 1.8 percent, excluding the impact of calendar shifts.

Underlying operating margin in Europe was 3.9 percent, up 10 basis points. The realization of synergies in Romania, lower turnover-tax rate, or IMCA, and labor-productivity improvements were partially offset by lower performance in Serbia versus last year, following the government decree on grocery pricing and by the absorption of indirect costs from higher energy prices.

In Belgium, we are building on encouraging momentum, supported by strong operational discipline and the continued success of our localization and franchising strategy.

Since the beginning of the year, we have strengthened our position by opening seven new Delhaize stores and two Albert Heijn stores, and by adding 300 convenience-style locations through the Delfood acquisition. We have also continued to enhance the customer proposition. The successful Little Lions campaigns are delivering tangible improvements in price perception.

Both Albert Heijn and Delhaize continue to gain market share in Belgium, reflecting the strength of their complementary propositions and the trust that customers place in the brands.

At bol, performance was solid, affected by the comparison with a strong prior year and by continued consumer pressure, which contributed to downtrading in parts of the assortment. In a highly competitive market and evolving online-shopping behavior, bol remains focused on strengthening its platform through productivity initiatives, enhanced advertising monetization and the thoughtful deployment of AI. Customer loyalty remains an important differentiator, reinforced by the successful “Effe bollen” campaign which stresses both the convenience and trustworthiness of bol.

Moving on to free cash flow, Q2 free cash flow was 632 million euro. Year-to-date free cash flow was 302 million euro, which is 413 million euro lower than last year.

The year-on-year movement was driven by net working capital, reflecting calendar effects and seasonal phasing related to the strong year end in 2025. This is largely a matter of timing, and our full-year 2026 guidance remains unchanged.

Our strong cash generation over time gives us the capacity to invest in customers, associates, stores, technology and future capabilities, while maintaining disciplined shareholder returns. We remain thoughtful about capital allocation and are focused on converting performance into cash.

I would also like to highlight the progress we are making toward our ambition to increase healthy-food sales. Our brands are committed to making healthier and more sustainable choices affordable and accessible, helping customers and communities make positive choices and live healthier lives.

A good example is Delhaize's expansion of the SuperPlus loyalty program through SuperPlus Families. For only 1 euro per month, SuperPlus Families combines structural benefits on a wide range of healthy and plant-based own-brand products with volume discounts on family purchases. Recent customer research indicates that 60 percent of SuperPlus customers say the program helps them to live healthier lives.

At Albert Heijn, product reformulations, the launch of new healthy snacks and a new product line focused entirely on fiber contributed to steady year-on-year improvements in healthy-food sales. In the U.S., our brands continue to respond to healthy eating trends, including strong growth in yogurt and high-protein products.

Our brands are at the heart of their communities. Health is therefore not a separate agenda; it is part of how we build a relevant customer proposition and support the long-term well-being of the communities we serve.

This brings me to our outlook.

Ahold Delhaize

Our teams delivered a resilient first half of the year, and our performance so far in the third quarter is demonstrating the same level of resilience.

We therefore reiterate our full-year guidance (which this year is based on a 53 week basis):

- Underlying operating margin of around 4 percent
- Free cash flow of at least 2.3 billion euro
- Gross capital expenditures of around 2.7 billion euro, and
- Diluted underlying EPS growth at mid- to high-single-digit based on a constant exchange rate.

As we look to the coming months, we expect the operating environment to remain dynamic and demanding.

Households are value conscious; volumes are subdued in several of our markets and there is plenty of competition for every shopping trip.

These conditions sharpen our focus. They make it even more important to stay close to our customers, act decisively and direct our investments to the areas that visibly strengthen our competitive position.

Our brands are well prepared as we enter the back-to-school and holiday periods. With relevant campaigns, strong assortments and compelling value, supported by targeted price investments and increasingly convenient omnichannel propositions.

At the same time, we remain disciplined on the fundamentals: running great stores, improving productivity, managing cash and capital carefully, and executing consistently.

That balance…supporting customers today while investing in future capabilities to drive growth…is central to our strategy.

With clear priorities and the confidence based on our great local brands' track record in execution, we build on the positive momentum … and further progress towards our Growing Together ambitions.

With that, I thank you for joining us, and Sharon, please open the lines for questions.

Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Forward-looking statements can be identified by certain words, such as "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Koninklijke Ahold Delhaize N.V. (the "Company") to differ materially from future results expressed or implied by such forward-looking statements. Therefore, you should not place undue reliance on any of these forward-looking statements. Factors that might cause or contribute to such a material difference include, but are not limited to, risks relating to the Company's inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions, including high levels of inflation, on consumer spending; changes in consumer expectations and preferences; turbulence in the global capital markets; political developments, natural disasters and pandemics; wars and geopolitical conflicts; climate change; energy supply issues; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company's suppliers; the unsuccessful operation of the Company's franchised and affiliated stores; changes in supplier terms and the inability to pass on cost increases to *prices; risks related to environmental, social and governance matters (including performance) and sustainable retailing; risks related to data management and data privacy; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company's defined benefit pension plans; ransomware and other cybersecurity issues relating to the failure or breach of security of IT systems; disruption from developments in artificial intelligence or inability to realize related benefits; the impact of adverse publicity or operational disruption related to activism or negative media coverage; the Company's inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company's legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company's outstanding financial debt; the Company's ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company's credit ratings and the associated increase in the Company's cost of borrowing; exchange rate fluctuations; inherent limitations in the Company's control systems; changes in accounting standards; inability to obtain effective levels of insurance coverage; adverse results arising from the Company's claims against its self-insurance program; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially* *acceptable terms; and other factors discussed in the Company's public filings and other disclosures.*

Forward-looking statements reflect the current views of the Company's management and assumptions based on information currently available to the Company's management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.