Koninklijke Ahold Delhaize N.V.

Q2 2023 Report

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Ahold Delhaize delivers solid Q2 2023 results driven by growth in loyalty and online sales, raises free cash flow guidance for 2023

* Through our brands' loyalty programs, which offer customers highly personalized discounts to fit their needs; the scale and leverage provided by our global portfolio and award winning own brand propositions; and our €1 billion Save for Our Customers program, we continue to help customers navigate this dynamic inflationary environment.
* Q2 Group net sales were €22.1 billion, up 4.3% at constant exchange rates and up 2.9% at actual exchange rates.
* Q2 comparable sales excluding gas increased by 3.6% in the U.S. and 6.3% in Europe. Excluding weather and calendar impacts, U.S. comparable sales grew 4.0%. Excluding the impact of strikes in Belgium, European comparable sales grew 7.6%.
* Net consumer online sales increased by 9.3% in Q2 at constant exchange rates.
* Q2 underlying operating margin was 4.1%, in line with the prior year. Modest declines in the U.S. and in Europe were offset by insurance benefits at the Global Support Office.
* Q2 IFRS-reported operating income was €724 million and Q2 IFRS-reported diluted EPS was €0.48.
* Q2 diluted underlying EPS was €0.62, an increase of 4.7% compared to the prior year at actual rates.
* 2023 interim dividend is €0.49 (2022: €0.46), based on the Group's interim dividend policy.
* The Company now expects free cash flow in a range from €2.0 billion to €2.2 billion (previously: around €2 billion).
* The Company reiterates the rest of the 2023 full-year outlook, including underlying operating margin of ≥4.0%; underlying EPS at around 2022 levels; and net capital expenditures of approximately €2.5 billion.

Zaandam, the Netherlands, August 9, 2023 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports second quarter results today.

Summary of key financial data

	Ahold Delhaize Group			The United States		Europe	
	Q2 2023	% change	% change constant rates	Q2 2023	% change constant rates	Q2 2023	% change constant rates
€ million, except per share data	13 weeks 2023 vs. 13 weeks 2022						
Net sales	22,068	2.9 %	4.3 %	13,618	2.7 %	8,450	7.0 %
Comparable sales growth excluding gasoline	4.6 %			3.6 %		6.3 %	
Online sales	2,158	6.4 %	7.6 %	1,034	6.6 %	1,124	8.6 %
Net consumer online sales	2,891	8.3 %	9.3 %	1,034	6.6 %	1,856	10.8 %
Operating income	724	(19.1) %	(17.9) %	574	(8.4) %	134	(51.1) %
Operating margin	3.3 %	(0.9)pp	(0.9)pp	4.2 %	(0.5)pp	1.6 %	(1.9)pp
Underlying operating income	904	2.8 %	4.4 %	623	0.5 %	267	0.7 %
Underlying operating margin	4.1 %	— pp	— pp	4.6 %	(0.1)pp	3.2 %	(0.2)pp
Diluted EPS	0.48	(19.9) %	(18.6) %				
Diluted underlying EPS	0.62	4.7 %	6.3 %				
Free cash flow	864	45.1 %	49.3 %				

€ million, except per share data	Ahold Delhaize Group HY 2023	% change	% change constant rates	The United States HY 2023	% change constant rates	Europe HY 2023	% change constant rates
	26 weeks 2023 vs. 26 weeks 2022						
Net sales	43,692	6.0 %	5.3 %	27,097	4.2 %	16,595	7.1 %
Comparable sales growth excluding gasoline	5.4 %			4.9 %		6.2 %	
Online sales	4,406	7.8 %	7.3 %	2,158	9.3 %	2,248	5.4 %
Net consumer online sales	5,813	8.0 %	7.6 %	2,158	9.3 %	3,654	6.6 %
Operating income	1,546	(9.8) %	(10.5) %	1,206	1.2 %	336	(36.6) %
Operating margin	3.5 %	(0.6)pp	(0.6)pp	4.5 %	(0.1)pp	2.0 %	(1.4)pp
Underlying operating income	1,769	3.5 %	2.7 %	1,271	7.1 %	497	(6.2) %
Underlying operating margin	4.0 %	(0.1)pp	(0.1)pp	4.7 %	0.1 pp	3.0 %	(0.4)pp
Diluted EPS	1.06	(7.4) %	(8.1) %				
Diluted underlying EPS	1.23	7.5 %	6.7 %				
Free cash flow	886	54.1 %	54.2 %				

Comments from Frans Muller, President and CEO of Ahold Delhaize

"The agility and flexibility that our brands and associates are showing, adjusting quickly to meet customers' needs while, at the same time, diligently staying the course on our various transformation projects, underpinned the company's strong performance this past quarter. All these efforts remain particularly important as the external environment continues to be dynamic. I am proud of the resilience our brands' associates continue to demonstrate in the face of climate impacts, such as the fires in Greece, and the widespread rise in social tensions, which are, unfortunately, leading to more incidents in stores.

"On a positive note, we see more evidence that inflation has passed its peak. For customers, our great local brands have swiftly reflected price decreases, where possible. For our brands' operations, inflation remains at more elevated levels, due to higher energy, commodity, transport and labor costs, all of which are having a particularly notable impact on our European margins. Nevertheless, at a Group level we were able to deliver a consistent performance from the top to the bottom line, with comparable store sales excluding gas up 4.6% and diluted underlying EPS increasing by 4.7% in Q2.

"In the U.S., Q2 comparable sales grew by 4.0%, excluding the impact of weather and calendar shifts. Powered by growth in loyalty sales and increasing online penetration, we were able to more than compensate for the negative headwinds related to a reduction in the SNAP federal assistance program and moderating inflation rates. Food Lion and Hannaford, in particular, continue to see strong market share gains as both brands further elevate their omnichannel capabilities. In aggregate, e-commerce penetration in the U.S. reached 8.1% for the first half of the year. We also continue to take concrete actions to orient our online fulfillment capabilities toward same-day delivery models. In line with this, we will close a facility in Jersey City, New Jersey, effective March 2024, utilizing our existing Stop & Shop store network and partners to service customers in this catchment area going forward.

“In Europe, excluding the impact of strikes in Belgium, comparable sales were up 7.6%. A key highlight of the quarter was a very strong performance in online retail. At bol.com, Gross Merchandise Value (GMV) grew by 10.5% to €1.4 billion. At Albert Heijn, we crossed the 800,000 mark for premium subscribers and continue to see improvements in e-commerce profitability. While underlying operating margin was down 0.2 percentage points at 3.2% in the quarter, excluding the impact of inflated energy costs and the effects on Delhaize Belgium from our operating model transformation, underlying operating margin exceeded prior year levels. When it comes to the initiative at Delhaize, I am confident the management team is on the right track and we expect the first fifteen stores will begin converting in October and November.

"We remain dedicated to making progress on our sustainability ambitions and are proud to share that we have achieved an AAA rating from MSCI. Being categorized into the highest-scoring range indicates that Ahold Delhaize is a leader in the industry in managing its most significant sustainability challenges and opportunities. Another major achievement was bol.com's attainment of B Corp Certification. With 13 million customers and 52,000 local sales partners, we are proud that an e-commerce platform of bol.com's size has achieved this recognition. The brand’s commitment to taking customers and sales partners along on its journey aligns perfectly with Ahold Delhaize’s goal to make healthy and sustainable choices easy for everyone.

"Our focus on striking the right balance between investing in growth and creating opportunities to drive operational excellence continues to fuel the positive outlook for our company. I am, therefore, pleased that we are in a position to increase our free cash flow guidance for 2023 to a range between €2.0 billion and €2.2 billion and reaffirm the rest of our guidance for the year. With our strong culture, known for its agility, ability to drive transformative change and commitment to sustainability, I am confident we are well prepared to navigate the complexities of the current business environment and position the company to drive brand strength and market share growth in the coming periods."

Q2 Financial highlights

Group highlights

Group net sales were €22.1 billion, an increase of 4.3% at constant exchange rates, and up 2.9% at actual exchange rates. Group net sales were driven by comparable sales growth excluding gasoline of 4.6%, partially offset by lower gasoline sales. Strikes at Delhaize Belgium, and, to a lesser extent, weather and calendar shifts, had a negative net impact on Q2 Group comparable sales of approximately 0.7 percentage points.

In Q2, Group net consumer online sales increased by 9.3% at constant exchange rates, due to robust growth at bol.com, which has now fully lapped COVID-19-related comparisons. Group online sales in grocery increased 6.2% at constant exchange rates.

In Q2, Group underlying operating margin was 4.1%, consistent with Q2 2022 at constant exchange rates. Favorable insurance results offset margin declines in the U.S. and Europe. Excluding the impacts of inflated energy costs and strikes at Delhaize Belgium, underlying operating margin exceeded the prior year's results.

In Q2, Group IFRS-reported operating income was €724 million, representing an IFRS-reported operating margin of 3.3%, mainly impacted by charges related to the transformation in Belgium and other Accelerate initiatives, including impairment charges for store assets in Belgium (€108 million) and for the Jersey City fulfillment center (€40 million). Additionally, there were €40 million in restructuring and related costs pertaining to these initiatives.

Underlying income from continuing operations was €601 million, an increase of 1.3% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €468 million. Diluted EPS was €0.48 and diluted underlying EPS was €0.62, up 4.7% at actual currency rates compared to last year's results.

In the quarter, Ahold Delhaize purchased 11.7 million own shares for €355 million, bringing the total amount to €561 million in the first half of the year. The 2023 interim dividend is €0.49, up 7% versus the prior year, and in line with the Group's interim dividend policy.

U.S. highlights

U.S. net sales were €13.6 billion, an increase of 2.7% at constant exchange rates and up 0.3% at actual exchange rates. U.S. net sales were driven by comparable sales growth excluding gasoline of 3.6%, partially offset by lower gasoline sales. Excluding the impact of weather and calendar shifts, U.S. comparable sales growth was 4.0%, partially offset by the end of emergency SNAP governmental benefits and the moderation of inflation rates. Food Lion and Hannaford continue to lead brand performance. Food Lion delivered its 43rd consecutive quarter of positive sales growth.

In Q2, online sales in the segment were up 6.6% in constant currency, driven primarily by double-digit growth at Food Lion, which opened over 100 additional click-and-collect locations compared to the prior year.

Underlying operating margin in the U.S. was 4.6%, down 0.1 percentage points at constant exchange rates from the prior year period. In Q2, U.S. IFRS-reported operating margin was 4.2%, mainly impacted by an impairment charge in the amount of €40 million for the Jersey City fulfillment center related to the Accelerate initiative.

Europe highlights

European net sales were €8.4 billion, an increase of 7.0% at constant exchange rates and 7.4% at actual exchange rates. Europe's comparable sales increased by 6.3%.

On March 7, Ahold Delhaize's Belgian brand, Delhaize, announced its intention to transform all of its integrated supermarkets in Belgium into independently operated Delhaize stores to strengthen its position in the country's competitive retail market. Ahold Delhaize supports the intention to transform to one aligned operating model, which will allow the brand to better serve customers in the long term. By having all stores operated by local entrepreneurs in the future, Delhaize will have a better opportunity to respond to local conditions. Following the announcement, Delhaize Belgium has been impacted by strikes. Excluding the impact of strikes in Belgium, Europe's comparable sales increased by 7.6%.

In Q2, net consumer online sales increased by 10.8%. Online sales in grocery increased by 5.3%. At bol.com, gross merchandise value ("GMV") was €1.4 billion, an increase of 10.5% compared to the prior year. Bol.com's GMV sales from its nearly 52,000 third-party sellers increased by 13.3% in Q2, and represented 66% of sales.

Underlying operating margin in Europe was 3.2% in Q2, down 0.2 percentage points from the prior year mainly due to the impact of escalating energy costs and strikes at Delhaize Belgium. Excluding these impacts, underlying operating margin in Europe exceeded the prior year. Additionally, the non-cash service charge for the Netherlands employee pension plan decreased €15 million as a result of higher discount rates in the Netherlands. Europe's Q2 IFRS-reported operating margin was 1.6%, mainly impacted by costs incurred in Belgium related to the affiliation of stores, including an impairment charge in the amount of €108 million for store assets and €26 million for restructuring related costs.

Outlook

Despite a dynamic external environment, Ahold Delhaize is increasing its free cash flow guidance for 2023. We now expect free cash flow in a range from €2.0 billion to €2.2 billion. This change reflects our ongoing solid and consistent operating cash flows, inflows related to the collection of a tax receivable in Belgium and outflows related to the delivery of various projects identified as part of our Accelerate operational efficiency initiative. This initiative was launched in Q4 2022 to evaluate additional savings and efficiency levers to streamline organizational structures and processes, optimize go-to-market propositions, increase joint sourcing and consolidate IT – with a clear priority to unlock resources to accelerate our Save for Our Customers program, support our ambitions to achieve e-commerce profitability, and focus investments on high-return projects.

Ahold Delhaize reiterates the rest of the Group's 2023 outlook, which we announced when we published our Q4 2022 results. Underlying operating margin is expected to be ≥4.0%, in line with the Company's historical profile. Underlying EPS is expected to remain at around 2022 levels at current exchange rates. Net capital expenditures are expected to total around €2.5 billion, with increased investments in digital and online capabilities as well as healthy and sustainable initiatives focused on reducing our climate impact. In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program in 2023, as previously stated.

	Full-year outlook	Underlying operating margin	Underlying EPS	Save for Our Customers	Net capital expenditures	Free cash flow[1]	Dividend payout ratio[2,3]	Share buyback[3]
Outlook	**2023**	**≥ 4.0%**	**Around 2022 levels**	**≥ €1 billion**	**~ €2.5 billion**	**~ €2.0 - 2.2 billion**	**40-50% payout; YOY growth in dividend per share**	**€1 billion**

1. *Excludes M&A.*
2. *Calculated as a percentage of underlying income from continuing operations.*
3. *Management remains committed to our share buyback and dividend programs, but, given the uncertainty caused by the wider macro-economic consequences of the war in Ukraine, will continue to monitor macro-economic developments. The program is also subject to changes resulting from corporate activities, such as material M&A activity.*

Group performance

€ million, except per share data	Q2 2023 (13 weeks)	Q2 2022 (13 weeks)	% change	% change constant rates	HY 2023 (26 weeks)	HY 2022 (26 weeks)	% change	% change constant rates
Net sales	22,068	21,445	2.9 %	4.3 %	43,692	41,219	6.0 %	5.3 %
Of which: online sales	2,158	2,028	6.4 %	7.6 %	4,406	4,087	7.8 %	7.3 %
Net consumer online sales[1]	2,891	2,669	8.3 %	9.3 %	5,813	5,384	8.0 %	7.6 %
Operating income	724	895	(19.1)%	(17.9)%	1,546	1,714	(9.8)%	(10.5)%
Income from continuing operations	468	603	(22.5)%	(21.2)%	1,029	1,149	(10.4)%	(11.1)%
Net income	468	603	(22.5)%	(21.2)%	1,029	1,149	(10.4)%	(11.1)%
Basic income per share from continuing operations (EPS)	0.48	0.60	(19.8)%	(18.6)%	1.06	1.15	(7.4)%	(8.1)%
Diluted income per share from continuing operations (diluted EPS)	0.48	0.60	(19.9)%	(18.6)%	1.06	1.14	(7.4)%	(8.1)%
Underlying EBITDA[1]	1,764	1,728	2.0 %	3.5 %	3,499	3,364	4.0 %	3.2 %
Underlying EBITDA margin[1]	8.0 %	8.1 %			8.0 %	8.2 %		
Underlying operating income[1]	904	880	2.8 %	4.4 %	1,769	1,709	3.5 %	2.7 %
Underlying operating margin[1]	4.1 %	4.1 %			4.0 %	4.1 %		
Underlying income per share from continuing operations – basic (underlying EPS)[1]	0.62	0.59	4.7 %	6.3 %	1.23	1.14	7.6 %	6.7 %
Underlying income per share from continuing operations – diluted (diluted underlying EPS)[1]	0.62	0.59	4.7 %	6.3 %	1.23	1.14	7.5 %	6.7 %
Free cash flow[1]	864	596	45.1 %	49.3 %	886	575	54.1 %	54.2 %

1. *Net consumer online sales, underlying EBITDA, underlying operating income, basic and diluted underlying income per share from continuing operations and free cash flow are alternative performance measures that are used throughout this report. For a description of alternative performance measures, see Note 3: Alternative performance measures to the interim financial statements.*

Performance by segment

The United States

	Q2 2023 (13 weeks)	Q2 2022 (13 weeks)	% change	% change constant rates	HY 2023 (26 weeks)	HY 2022 (26 weeks)	% change	% change constant rates
$ million								
Net sales	14,825	14,434	2.7 %		29,289	28,114	4.2 %	
Of which: online sales	1,127	1,057	6.6 %		2,333	2,134	9.3 %	
€ million								
Net sales	13,618	13,577	0.3 %	2.7 %	27,097	25,776	5.1 %	4.2 %
Of which: online sales	1,034	994	4.1 %	6.6 %	2,158	1,954	10.4 %	9.3 %
Operating income	574	642	(10.6)%	(8.4)%	1,206	1,182	2.0 %	1.2 %
Underlying operating income	623	635	(1.8)%	0.5 %	1,271	1,176	8.0 %	7.1 %
Underlying operating margin	4.6 %	4.7 %			4.7 %	4.6 %		
Comparable sales growth	2.7 %	7.4 %			4.1 %	5.8 %		
Comparable sales growth excluding gasoline	3.6 %	6.4 %			4.9 %	4.9 %		

Europe

€ million	Q2 2023 (13 weeks)	Q2 2022 (13 weeks)	% change	% change constant rates	HY 2023 (26 weeks)	HY 2022 (26 weeks)	% change	% change constant rates
Net sales	8,450	7,868	7.4 %	7.0 %	16,595	15,443	7.5 %	7.1 %
Of which: online sales	1,124	1,034	8.6 %	8.6 %	2,248	2,133	5.4 %	5.4 %
Net consumer online sales	1,856	1,675	10.8 %	10.8 %	3,654	3,429	6.6 %	6.6 %
Operating income	134	273	(50.9)%	(51.1)%	336	528	(36.4)%	(36.6)%
Underlying operating income	267	264	1.2 %	0.7 %	497	527	(5.8)%	(6.2)%
Underlying operating margin	3.2 %	3.4 %			3.0 %	3.4 %		
Comparable sales growth	6.3 %	1.8 %			6.2 %	(0.7)%		
Comparable sales growth excluding gasoline	6.3 %	1.8 %			6.2 %	(0.7)%		

Global Support Office

€ million	Q2 2023 (13 weeks)	Q2 2022 (13 weeks)	% change	% change constant rates	HY 2023 (26 weeks)	HY 2022 (26 weeks)	% change	% change constant rates
Underlying operating income (expense)	14	(19)	NM[1]	NM[1]	1	6	(78.2)%	(83.8)%
Underlying operating expense excluding insurance results	(28)	(34)	(18.4)%	(17.7)%	(58)	(70)	(16.4)%	(16.7)%

1. Not meaningful, as the result is an income in Q2 2023, compared to an expense in Q2 2022.

In Q2, underlying Global Support Office operating income was €14 million, compared to an expense of €19 million in the prior year, mainly due to an increase of €27 million in positive insurance results, driven by the increase in interest rates.

Financial review

Q2 2023 (compared to Q2 2022)

Underlying operating income increased by €24 million to €904 million, and was adjusted for the following items, which impacted reported IFRS operating income:

- Impairments of €161 million (Q2 2022: €14 million)
- (Gains) and losses on leases and the sale of assets of €(19) million (Q2 2022: €(9) million)
- Restructuring and related charges and other items of €38 million (Q2 2022: €(21) million – income)

Including these items, IFRS operating income decreased by €171 million to €724 million.

Income from continuing operations was €468 million, representing a decrease of €135 million compared to last year. This was driven by a €171 million decrease in operating income, a lower share in income of joint ventures of €12 million impacted by the sale of property at one of the real estate joint ventures in Q2 2022, and higher net financial expenses of €7 million, partially offset by lower income taxes of €55 million.

Free cash flow was €864 million, which represents an increase of €269 million compared to Q2 2022. This was driven by a favorable difference of €341 million in cash flows related to income taxes and a positive development in working capital of €42 million, partially offset by increased net investments of €46 million, a lower operating cash flow of €42 million, a decrease in dividends received from joint ventures of €15 million, and higher net lease repayments of €11 million. The favorable difference in cash flows related to income taxes pertains to the agreement with the Belgian tax authorities and the recovery of the associated outstanding receivable, as disclosed in *Note 7: Income taxes*.

Net debt remained flat at €14.7 billion compared to Q1 2023. The share buyback of €355 million and the dividend payment of €574 million were offset by the free cash flow of €864 million, the foreign exchange impact on net debt of €49 million and the decrease in lease liabilities of €24 million.

Half year 2023 (compared to half year 2022)

Underlying operating income increased by €59 million to €1,769 million, and was adjusted for the following items, which impacted reported IFRS operating income:

- Impairments of €174 million (HY 2022: €20 million)
- (Gains) and losses on leases and the sale of assets of €(17) million (HY 2022: €(15) million)
- Restructuring and related charges and other items of €67 million (HY 2022: €(9) million – income)

Including these items, IFRS operating income decreased by €168 million to €1,546 million.

Income from continuing operations was €1,029 million, representing a decrease of €120 million compared to last year. This was driven by a €168 million decrease in operating income and a lower share in income from joint ventures of €15 million, partially offset by lower income taxes of €53 million and lower net financial expenses of €10 million.

Free cash flow was €886 million, which represents an increase of €311 million compared to half year 2022. This was driven by a favorable difference of €265 million in cash flows related to income taxes, a positive development in working capital of €54 million, a higher operating cash flow of €53 million, and lower net interest paid of €28 million, partially offset by higher net lease repayments of €38 million, increased net investments of €36 million, and a decrease in dividends received from joint ventures of €15 million.

For 2023, the interim dividend is €0.49 per common share, compared to the 2022 interim dividend of €0.46 per common share. The 2023 interim dividend will be paid on August 31, 2023. The interim dividend is equal to 40% of the year-to-date underlying income per share from continuing operations (see *Note 3: Alternative performance measures* for a reconciliation of income from continuing operations to underlying income from continuing operations).

Store portfolio

Store portfolio (including franchise and affiliate stores):

	End of Q2 2022	Opened / acquired	Closed / sold	End of Q2 2023
The United States	2,048	6	(6)	2,048
Europe[1]	5,543	146	(141)	5,548
Total	**7,591**	**152**	**(147)**	**7,596**

1. The number of stores at the end of Q2 2023 includes 1,123 specialty stores (Etos and Gall & Gall); (end of Q2 2022: 1,127).

	End of Q4 2022	Opened / acquired	Closed / sold	End of Q2 2023
The United States	2,051	1	(4)	2,048
Europe[1]	5,608	49	(109)	5,548
Total	**7,659**	**50**	**(113)**	**7,596**

1. The number of stores at the end of Q2 2023 includes 1,123 specialty stores (Etos and Gall & Gall); (end of Q4 2022: 1,125).

Risks and uncertainties

Ahold Delhaize’s enterprise risk management program provides executive management with a periodic and holistic understanding of Ahold Delhaize’s key business risks and the management practices, policies and procedures in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial, compliance/regulatory and ESG/sustainability risk categories. Overall, our principal risks have not changed significantly compared to those disclosed within the Annual Report 2022. The risk exposure relating to our competitive environment and macroeconomic developments increased. Inflation, energy costs and rising interest rates are approaching or have passed their peak. However, the likelihood of a recessionary macroeconomic environment is increasing and could impact the purchasing power of our customers. These factors are still posing considerable challenges to consumer confidence and there is a strong likelihood of negative impacts on key economies in our geographical footprint in 2023. Societal unrest and the polarization of society on social topics, among other things, are increasing the risk of disruption to our brands' operations, associates and customers. There is a noted increase in violent incidents and unruly behavior in stores, and risks related to associate well-being, psychological health and safety are increasing. An integrated comprehensive analysis of the principal risks faced by Ahold Delhaize is included in the Risks and opportunities section of Ahold Delhaize's Annual Report 2022, which was published on March 1, 2023.

Independent auditor's involvement

The contents of this interim report have not been audited or reviewed by an independent external auditor.

Declarations

The members of Ahold Delhaize's Management Board hereby declare that, to the best of their knowledge, the half-year financial statements included in this interim report, which have been prepared in accordance with IAS 34 "Interim Financial Reporting," give a true and fair view of Ahold Delhaize’s assets, liabilities, financial position and profit or loss and the undertakings included in the consolidation taken as a whole, and the half-year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9, of the FMSA.

Consolidated income statement

€ million, except per share data	Note	Q2 2023	Q2 2022	HY 2023	HY 2022
Net sales	5/6	22,068	21,445	43,692	41,219
Cost of sales		(16,209)	(15,723)	(32,003)	(30,137)
Gross profit		**5,859**	**5,722**	**11,689**	**11,082**
Other income		166	159	335	303
Selling expenses		(4,329)	(4,191)	(8,633)	(8,148)
General and administrative expenses		(972)	(795)	(1,846)	(1,523)
Operating income	5	**724**	**895**	**1,546**	**1,714**
Interest income		42	12	74	21
Interest expense		(90)	(55)	(160)	(107)
Net interest expense on defined benefit pension plans		(4)	(4)	(8)	(8)
Interest accretion to lease liability		(94)	(87)	(185)	(173)
Other financial income (expense)		(5)	(10)	8	(15)
Net financial expenses		(152)	(145)	(272)	(282)
Income before income taxes		**572**	**750**	**1,274**	**1,432**
Income taxes	7	(113)	(168)	(255)	(309)
Share in income of joint ventures		9	21	11	26
Income from continuing operations		**468**	**603**	**1,029**	**1,149**
Income (loss) from discontinued operations		—	—	—	—
Net income		**468**	**603**	**1,029**	**1,149**
Attributable to:					
Common shareholders		468	603	1,029	1,149
Non-controlling interests		—	—	—	—
Net income		**468**	**603**	**1,029**	**1,149**
Net income per share attributable to common shareholders:					
Basic		0.48	0.60	1.06	1.15
Diluted		0.48	0.60	1.06	1.14
Income from continuing operations per share attributable to common shareholders:					
Basic		0.48	0.60	1.06	1.15
Diluted		0.48	0.60	1.06	1.14
Weighted average number of common shares outstanding (in millions):					
Basic		967	1,000	970	1,003
Diluted		970	1,002	974	1,007
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.9185	0.9403	0.9252	0.9161

Consolidated statement of comprehensive income

€ million	Note	Q2 2023	Q2 2022	HY 2023	HY 2022
Net income		**468**	**603**	**1,029**	**1,149**
Remeasurements of pension plans:					
Remeasurements before taxes – income (loss)		(72)	351	(98)	399
Income taxes		19	(91)	26	(102)
Other comprehensive income (loss) that will not be reclassified to profit or loss		(53)	260	(73)	297
Currency translation differences in foreign interests:					
Continuing operations		(89)	696	(222)	1,037
Income taxes		1	1	(1)	—
Cash flow hedges:					
Fair value result for the period		—	—	—	—
Transfers to net income		—	—	—	1
Income taxes		—	—	—	—
Non-realized gains (losses) on debt and equity instruments:					
Fair value result for the period		—	—	—	—
Income taxes		—	—	—	—
Other comprehensive income of joint ventures – net of income taxes:					
Share of other comprehensive income from continuing operations		—	—	—	—
Other comprehensive income (loss) reclassifiable to profit or loss		(88)	697	(222)	1,037
Total other comprehensive income (loss)		**(141)**	**957**	**(295)**	**1,334**
Total comprehensive income		**327**	**1,560**	**734**	**2,483**
Attributable to:					
Common shareholders		327	1,560	734	2,483
Non-controlling interests		—	—	—	—
Total comprehensive income		**327**	**1,560**	**734**	**2,483**
Attributable to:					
Continuing operations		327	1,560	734	2,483
Discontinued operations		—	—	—	—
Total comprehensive income		**327**	**1,560**	**734**	**2,483**

Consolidated balance sheet

€ million	Note	July 2, 2023	January 1, 2023, restated
Assets			
Property, plant and equipment		11,993	12,482
Right-of-use asset		9,666	9,607
Investment property		610	661
Intangible assets		13,057	13,174
Investments in joint ventures and associates		255	262
Other non-current financial assets		785	1,193
Deferred tax assets		225	242
Other non-current assets		118	116
Total non-current assets		**36,709**	**37,737**
Assets held for sale	8	71	26
Inventories		4,802	4,611
Receivables		2,151	2,340
Other current financial assets		416	424
Income taxes receivable		51	35
Prepaid expenses and other current assets		351	301
Cash and cash equivalents	10	3,893	3,082
Total current assets		**11,736**	**10,818**
Total assets		**48,445**	**48,555**
Equity and liabilities			
Equity attributable to common shareholders	9	**15,035**	**15,405**
Loans		4,967	4,527
Other non-current financial liabilities		11,046	11,055
Pensions and other post-employment benefits		779	696
Deferred tax liabilities		931	1,005
Provisions		719	742
Other non-current liabilities		34	44
Total non-current liabilities		**18,477**	**18,068**
Accounts payable		7,877	8,162
Other current financial liabilities		3,316	2,718
Income taxes payable		199	230
Provisions		408	377
Other current liabilities		3,132	3,595
Total current liabilities		**14,933**	**15,082**
Total equity and liabilities		**48,445**	**48,555**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.9167	0.9341

See *Note 2: Accounting policies* for details about the restatement of the 2022 figures due to the implementation of IFRS 17.

Consolidated statement of changes in equity

€ million	Note	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 2, 2022		**10**	**10,988**	**(75)**	**(2)**	**2,799**	**13,721**
Net income attributable to common shareholders		—	—	—	—	1,149	**1,149**
Other comprehensive income attributable to common shareholders		—	—	1,037	—	297	**1,334**
Total comprehensive income attributable to common shareholders		—	—	1,037	—	1,446	**2,483**
Dividends		—	—	—	—	(522)	**(522)**
Share buyback		—	—	—	—	(522)	**(522)**
Cancellation of treasury shares		—	—	—	—	—	**—**
Share-based payments		—	—	—	—	27	**27**
Balance as of July 3, 2022		**10**	**10,988**	**962**	**(1)**	**3,228**	**15,188**
Balance as of January 1, 2023		**10**	**9,603**	**595**	**(1)**	**5,198**	**15,405**
Net income attributable to common shareholders		—	—	—	—	1,029	**1,029**
Other comprehensive income attributable to common shareholders		—	—	(223)	—	(73)	**(295)**
Total comprehensive income attributable to common shareholders		—	—	(223)	—	956	**734**
Dividends	9	—	—	—	—	(574)	**(574)**
Share buyback	9	—	—	—	—	(561)	**(561)**
Cancellation of treasury shares		—	(622)	—	—	623	**—**
Share-based payments		—	—	—	—	31	**31**
Balance as of July 2, 2023		**10**	**8,980**	**373**	**(1)**	**5,673**	**15,035**

1. *Other reserves include, among others, the remeasurements of defined benefit plans.*

Consolidated statement of cash flows

€ million	Note	Q2 2023	Q2 2022 restated	HY 2023	HY 2022 restated
Income from continuing operations		**468**	**603**	**1,029**	**1,149**
Adjustments for:					
Net financial expenses		152	145	272	282
Income taxes		113	168	255	309
Share in income of joint ventures		(9)	(21)	(11)	(26)
Depreciation, amortization and impairments		1,020	863	1,904	1,675
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(19)	(13)	(19)	(19)
Share-based compensation expenses		14	18	26	29
Operating cash flows before changes in operating assets and liabilities		1,739	1,764	3,456	3,399
Changes in working capital:					
Changes in inventories		(20)	(218)	(248)	(521)
Changes in receivables and other current assets		(104)	(223)	137	(198)
Changes in payables and other current liabilities		161	437	(508)	46
Changes in other non-current assets, other non-current liabilities and provisions		(80)	(63)	(105)	(101)
Cash generated from operations		1,696	1,696	2,732	2,625
Income taxes paid – net		157	(184)	61	(204)
Operating cash flows from continuing operations		1,853	1,512	2,793	2,421
Operating cash flows from discontinued operations		—	—	—	—
Net cash from operating activities		**1,853**	**1,512**	**2,793**	**2,421**
Purchase of non-current assets		(559)	(530)	(1,087)	(1,040)
Divestments of assets / disposal groups held for sale		16	33	50	39
Acquisition of businesses, net of cash acquired	4	(20)	(15)	(22)	(15)
Divestment of businesses, net of cash divested		—	—	—	—
Changes in short-term deposits and similar instruments		—	—	—	—
Dividends received from joint ventures		17	33	18	33
Interest received		40	9	69	15
Lease payments received on lease receivables		29	27	57	57
Other		—	(1)	3	(1)
Investing cash flows from continuing operations		(477)	(443)	(912)	(911)
Investing cash flows from discontinued operations		—	—	—	—
Net cash from investing activities		**(477)**	**(443)**	**(912)**	**(911)**
Proceeds from long-term debt		499	—	499	—
Interest paid		(81)	(51)	(108)	(83)
Repayments of loans		(196)	(67)	(215)	(90)
Changes in short-term loans		24	(205)	854	757
Repayment of lease liabilities		(452)	(439)	(907)	(868)
Dividends paid on common shares	9	(574)	(522)	(574)	(522)
Share buyback	9	(355)	(255)	(561)	(523)
Other cash flows from derivatives		—	—	—	—
Other		(5)	(9)	(3)	(21)
Financing cash flows from continuing operations		(1,140)	(1,547)	(1,014)	(1,350)
Financing cash flows from discontinued operations		—	—	—	—
Net cash from financing activities		**(1,140)**	**(1,547)**	**(1,014)**	**(1,350)**
Net cash from operating, investing and financing activities		**237**	**(478)**	**866**	**159**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		3,656	3,718	3,054	2,968
Effect of exchange rates on cash and cash equivalents		(9)	173	(36)	286
Cash and cash equivalents at the end of the period (excluding restricted cash)	10	**3,884**	**3,413**	**3,884**	**3,413**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.9185	0.9403	0.9252	0.9161

See *Note 2: Accounting policies* for details about the restatement of the 2022 figures due to the implementation of IFRS 17.

Notes to the summarized financial information

1. The Company and its operations

The principal activity of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores and e-commerce primarily in the United States and Europe.

The information in these condensed consolidated interim financial statements ("financial statements") is unaudited.

2. Accounting policies

Basis of preparation

This summarized financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting." The accounting policies applied in these financial statements are consistent with those applied in Ahold Delhaize's 2022 financial statements, except as otherwise indicated below under "New and revised IFRSs effective in 2023."

All amounts disclosed are in millions of euros (€), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided.

Ahold Delhaize's financial year consists of 52 weeks in 2023 and 2022 and is based on a 4/4/5-week calendar, with four equal quarters of 13 weeks.

Risks and uncertainties

The risk exposure relating to our competitive environment and macroeconomic developments increased. Inflation, energy costs and rising interest rates are approaching or have passed their peak. However, the likelihood of a recessionary macroeconomic environment is increasing and could impact the purchasing power of our customers. These factors are still posing considerable challenges to consumer confidence and there is a strong likelihood of negative impacts on key economies in our geographical footprint in 2023. Societal unrest and the polarization of society on social topics, among other things, are increasing the risk of disruption to our brands' operations, associates and customers. There is a noted increase in violent incidents and unruly behavior in stores, and risks related to associate well-being, psychological health and safety are increasing.

Ahold Delhaize's enterprise risk management program provides executive management with a periodic and holistic understanding of Ahold Delhaize's key business risks and the management practices, policies and procedures in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial, compliance/regulatory and ESG/sustainability risk categories. Overall, our principal risks have not changed significantly compared to those disclosed within the Annual Report 2022. An integrated comprehensive analysis of the principal risks faced by Ahold Delhaize is included in the Risks and opportunities section of Ahold Delhaize's Annual Report 2022, which was published on March 1, 2023.

New and revised IFRSs effective in 2023

On May 23, 2023, the International Accounting Standards Board (the IASB or Board) issued *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12* (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining annual disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, and will be reported in the annual report for the year 2023.

In addition, the following amendments and revisions to existing standards became effective for Ahold Delhaize's consolidated financial statements as of January 2, 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2, *"Disclosure of Accounting policies"*
- Amendments to IAS 8, *"Definition of Accounting Estimates"*
- Amendments to IAS 12, *"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*

These amendments do not have a significant impact on the Company's consolidated financial statements.

Furthermore, the following standard became effective for Ahold Delhaize's consolidated financial statements as of January 2, 2023:

- IFRS 17, *"Insurance Contracts"*

IFRS 17 replaces IFRS 4, "Insurance Contracts." The Company adopted IFRS 17 on January 2, 2023, and applied the full retrospective transition approach. Therefore, the comparative figures for the 2022 financial year have been restated, as presented below.

The impact of IFRS 17 on the 2022 balance sheet was as follows:

€ million	January 1, 2023, as reported	Effect of IFRS 17 adoption	January 1, 2023, restated
Assets			
Receivables	2,391	(51)	2,340
Other current financial assets	373	51	424
Total current assets	**10,818**	—	**10,818**
Total assets	**48,555**	—	**48,555**
Equity and liabilities			
Equity attributable to common shareholders	**15,405**	—	**15,405**
Accounts payable	8,191	(29)	8,162
Other current financial liabilities	2,689	29	2,718
Total current liabilities	**15,082**	—	**15,082**
Total liabilities and shareholders' equity	**48,555**	—	**48,555**

The impact of IFRS 17 on the Reinsurance contract asset and the Reinsurance contract liability as of January 1, 2023, as presented in Note 11: Financial instruments, was as follows:

€ million	January 1, 2023, as reported	Effect of IFRS 17 adoption	January 1, 2023, restated
Reinsurance contract asset	283	51	333
Reinsurance contract liability	(273)	(29)	(302)

The impact of IFRS 17 on the opening balance sheet at transition date was as follows:

€ million	January 3, 2022, as reported	Effect of IFRS 17 adoption	January 3, 2022, restated
Assets			
Receivables	2,058	(52)	2,005
Other current financial assets	356	52	408
Prepaid expenses and other current assets	387	(119)	268
Total current assets	**9,584**	**(119)**	**9,465**
Total assets	**45,712**	**(119)**	**45,593**
Equity and liabilities			
Equity attributable to common shareholders	**13,721**	**—**	**13,721**
Accounts payable	7,563	(32)	7,531
Other current financial liabilities	2,552	32	2,584
Other current liabilities	3,483	(119)	3,364
Total current liabilities	**14,179**	**(119)**	**14,060**
Total liabilities and shareholders' equity	**45,712**	**(119)**	**45,593**

The impact of IFRS 17 on the Q2 2022 cash flow statement was as follows:

€ million	Q2 2022 as reported	Effect of IFRS 17 adoption	Q2 2022 restated
Operating cash flows before changes in operating assets and liabilities	1,764	—	1,764
Changes in working capital:			
Changes in receivables and other current assets	(195)	(28)	(223)
Changes in payables and other current liabilities	408	28	437
Changes in other non-current assets, other non-current liabilities and provisions	(63)	—	(63)
Cash generated from operations	**1,696**	**—**	**1,696**

The impact of IFRS 17 on the half year 2022 cash flow statement was as follows:

€ million	HY 2022 as reported	Effect of IFRS 17 adoption	HY 2022 restated
Operating cash flows before changes in operating assets and liabilities	3,399	—	3,399
Changes in working capital:			
Changes in receivables and other current assets	(130)	(69)	(198)
Changes in payables and other current liabilities	(21)	68	46
Changes in other non-current assets, other non-current liabilities and provisions	(102)	1	(101)
Cash generated from operations	**2,625**	**—**	**2,625**

The impact of IFRS 17 on the Q2 2022 free cash flow, as presented in *Note 3: Alternative performance measures*, was as follows:

€ million	Q2 2022 as reported	Effect of IFRS 17 adoption	Q2 2022 restated
Operating cash flows before changes in working capital and income taxes paid	1,701	—	1,701
Changes in working capital	(5)	—	(5)
Free cash flow	**596**	**—**	**596**

The impact of IFRS 17 on the half year 2022 free cash flow, as presented in *Note 3: Alternative performance measures*, was as follows:

€ million	HY 2022 as reported	Effect of IFRS 17 adoption	HY 2022 restated
Operating cash flows before changes in working capital and income taxes paid	3,297	1	3,298
Changes in working capital	(672)	(1)	(673)
Free cash flow	**575**	**—**	**575**

3. Alternative performance measures

These interim financial statements include alternative performance measures (also known as non-GAAP measures). The descriptions of these alternative performance measures are included under *Definitions and abbreviations* in Ahold Delhaize's Annual Report 2022.

Free cash flow

€ million	Q2 2023	Q2 2022 restated	HY 2023	HY 2022 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid[1]	1,659	1,701	3,351	3,298
Changes in working capital[1]	37	(5)	(619)	(673)
Income taxes paid – net	157	(184)	61	(204)
Purchase of non-current assets	(559)	(530)	(1,087)	(1,040)
Divestments of assets / disposal groups held for sale	16	33	50	39
Dividends received from joint ventures	17	33	18	33
Interest received	40	9	69	15
Interest paid	(81)	(51)	(108)	(83)
Lease payments received on lease receivables	29	27	57	57
Repayment of lease liabilities	(452)	(439)	(907)	(868)
Free cash flow	**864**	**596**	**886**	**575**

1. *Operating cash flows from continuing operations before changes in working capital and income taxes paid and Changes in working capital have been restated due to the implementation of IFRS 17 (see Note 2: Accounting policies).*

Net debt

€ million	July 2, 2023	April 2, 2023	January 1, 2023
Loans	4,967	4,491	4,527
Lease liabilities	10,634	10,709	10,637
Non-current portion of long-term debt	15,601	15,200	15,164
Short-term borrowings and current portion of long-term debt	3,129	3,301	2,476
Gross debt	18,730	18,500	17,640
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[1, 2, 3, 4]	4,034	3,810	3,223
Net debt	**14,696**	**14,690**	**14,416**

1. *Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at July 2, 2023, was €15 million (April 2, 2023: €16 million and January 1, 2023: €16 million) and is presented within Other current financial assets in the consolidated balance sheet.*
2. *Included in the short-term portion of investments in debt instruments is a U.S. Treasury investment fund in the amount of €125 million (April 2, 2023: €128 million and January 1, 2023: €125 million).*
3. *Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at July 2, 2023, was €379 million (April 2, 2023: €323 million and January 1, 2023: €414 million).*
4. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,413 million (April 2, 2023: €1,299 million and January 1, 2023: €712 million). This cash amount is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt.*

Underlying EBITDA

€ million	Q2 2023	Q2 2022	HY 2023	HY 2022
Underlying operating income	**904**	**880**	**1,769**	**1,709**
Depreciation and amortization	859	848	1,730	1,655
Underlying EBITDA	**1,764**	**1,728**	**3,499**	**3,364**

Underlying income from continuing operations

€ million, except per share data	Q2 2023	Q2 2022	HY 2023	HY 2022
Income from continuing operations	**468**	**603**	**1,029**	**1,149**
Adjustments to operating income	180	(16)	223	(5)
Tax effect on adjusted and unusual items	(47)	5	(58)	3
Underlying income from continuing operations	**601**	**593**	**1,194**	**1,148**
Underlying income from continuing operations for the purpose of diluted earnings per share	**601**	**593**	**1,194**	**1,148**
Basic income per share from continuing operations[1]	0.48	0.60	1.06	1.15
Diluted income per share from continuing operations[2]	0.48	0.60	1.06	1.14
Underlying income per share from continuing operations – basic[1]	0.62	0.59	1.23	1.14
Underlying income per share from continuing operations – diluted[2]	0.62	0.59	1.23	1.14

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for Q2 2023 is 967 million (Q2 2022: 1,000 million).*
2. *The diluted earnings per share from continuing operations and diluted underlying EPS are calculated by dividing the diluted (underlying) income from continuing operations by the diluted weighted average number of shares outstanding. The diluted weighted average number of shares used for calculating the diluted underlying EPS for Q2 2023 is 970 million (Q2 2022: 1,002 million).*

4. Business combinations and intangible assets

Ahold Delhaize completed various store acquisitions for a total purchase consideration of €23 million. The provisional allocation of the fair values of the identifiable assets acquired, liabilities assumed and goodwill arising from acquisitions through Q2 2023 is as follows:

€ million	Store acquisitions
Property, plant and equipment	4
Other intangible assets	1
Assets held for sale	—
Inventories	1
Net identifiable assets acquired	**7**
Goodwill	16
Total purchase consideration	**23**
Purchase consideration in kind	(1)
Cash acquired (excluding restricted cash)	—
Acquisition of businesses, net of cash acquired	**22**

A reconciliation of Ahold Delhaize's Goodwill balance is as follows:

€ million	Goodwill
As of January 1, 2023	
At cost	7,990
Accumulated impairment losses	(69)
Opening carrying amount	**7,920**
Acquisitions through business combinations	16
Exchange rate differences	(91)
Closing carrying amount	**7,845**
As of July 2, 2023	
At cost	7,913
Accumulated impairment losses	(68)
Closing carrying amount	**7,845**

5. Segment reporting

Ahold Delhaize's retail operations are presented in two reportable segments. In addition, "Other retail," consisting of Ahold Delhaize's unconsolidated joint ventures JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR") and P.T. Lion Super Indo ("Super Indo"), as well as Ahold Delhaize's Global Support Office, is presented separately. The accounting policies used for the segments are the same as the accounting policies used for these interim financial statements.

All reportable segments sell a wide range of perishable and non-perishable food and non-food consumer products.

Reportable segment	Operating segments included in the reportable segment
The United States	Stop & Shop, Food Lion, The GIANT Company, Hannaford, Giant Food and FreshDirect
Europe	Albert Heijn (including the Netherlands and Belgium) Delhaize ("Delhaize Le Lion" including Belgium and Luxembourg) bol.com (including the Netherlands and Belgium) Albert (Czech Republic) Alfa Beta (Greece) Mega Image (Romania) Delhaize Serbia (Republic of Serbia) Etos (the Netherlands) Gall & Gall (the Netherlands)

Other	Included in Other
Other retail	Unconsolidated joint ventures JMR (49%) and Super Indo (51%)
Global Support Office	Global Support Office staff (the Netherlands, Belgium, Switzerland and the United States)

Q2 2023

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	13,618	8,450	—	**22,068**
Of which: online sales	1,034	1,124	—	**2,158**
Operating income (expense)	574	134	16	**724**
Impairment losses and reversals – net	47	114	—	**161**
(Gains) losses on leases and the sale of assets – net	(9)	(9)	—	**(19)**
Restructuring and related charges and other items	11	29	(2)	**38**
Adjustments to operating income[1]	*49*	*133*	*(2)*	***180***
Underlying operating income (expense)	623	267	14	**904**

1. *Included in General and administrative expenses in the consolidated income statement.*

Q2 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	13,577	7,868	—	**21,445**
Of which: online sales	994	1,034	—	**2,028**
Operating income (expense)	642	273	(20)	**895**
Impairment losses and reversals – net	6	8	—	**14**
(Gains) losses on leases and the sale of assets – net	(14)	5	—	**(9)**
Restructuring and related charges and other items	—	(22)	1	**(21)**
Adjustments to operating income[1]	*(7)*	*(9)*	*1*	***(16)***
Underlying operating income (expense)	635	264	(19)	**880**

1. *Included in General and administrative expenses in the consolidated income statement.*

Half year 2023

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	27,097	16,595	—	**43,692**
Of which: online sales	2,158	2,248	—	**4,406**
Operating income	1,206	336	3	**1,546**
Impairment losses and reversals – net	49	125	—	**174**
(Gains) losses on leases and the sale of assets – net	(9)	(8)	—	**(17)**
Restructuring and related charges and other items	25	44	(2)	**67**
Adjustments to operating income[1]	*64*	*161*	*(2)*	***223***
Underlying operating income	1,271	497	1	**1,769**

1. *Included in General and administrative expenses in the consolidated income statement.*

Half year 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	25,776	15,443	—	**41,219**
Of which: online sales	1,954	2,133	—	**4,087**
Operating income (expense)	1,182	528	3	**1,714**
Impairment losses and reversals – net	10	9	—	**20**
(Gains) losses on leases and the sale of assets – net	(16)	1	—	**(15)**
Restructuring and related charges and other items	—	(11)	2	**(9)**
Adjustments to operating income[1]	*(6)*	*(1)*	*2*	***(5)***
Underlying operating income (expense)	1,176	527	6	**1,709**

1. *Included in General and administrative expenses in the consolidated income statement.*

Additional information

Results in local currency for the United States are as follows:

$ million	Q2 2023	Q2 2022	HY 2023	HY 2022
Net sales	14,825	14,434	29,289	28,114
Of which: online sales	1,127	1,057	2,333	2,134
Operating income	625	682	1,304	1,288
Underlying operating income	678	674	1,373	1,281

6. Net sales

	Q2 2023			Q2 2022		
€ million	The United States	Europe	Ahold Delhaize Group	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	12,535	5,360	17,895	12,530	5,045	17,575
Sales to and fees from franchisees and affiliates	—	1,939	1,939	—	1,764	1,764
Online sales	1,034	1,124	2,158	994	1,034	2,028
Wholesale sales	49	26	76	53	25	78
Net sales	**13,618**	**8,450**	**22,068**	**13,577**	**7,868**	**21,445**

€ million	HY 2023			HY 2022		
	The United States	Europe	Ahold Delhaize Group	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	24,839	10,541	35,380	23,724	9,879	33,603
Sales to and fees from franchisees and affiliates	—	3,758	3,758	—	3,383	3,383
Online sales	2,158	2,248	4,406	1,954	2,133	4,087
Wholesale sales	99	48	147	98	48	146
Net sales	**27,097**	**16,595**	**43,692**	**25,776**	**15,443**	**41,219**

7. Income taxes

The decrease in income tax expense and effective tax rate for Q2 and HY 2023 is mainly caused by a change in the geographical mix of earnings.

In March 2023, Ahold Delhaize signed an agreement with the Belgian tax authorities relating to its tax return over 2018. Based on this agreement, Ahold Delhaize fully recovered its associated outstanding receivable. The payment was received in May 2023.

8. Assets and liabilities held for sale

Assets held for sale and related liabilities at July 2, 2023, consist primarily of non-current assets and associated liabilities of retail locations.

On March 7 2023, Ahold Delhaize's Belgian brand, Delhaize, announced its intention to transform all of its integrated supermarkets in Belgium into independently operated Delhaize stores to strengthen its position in the country's competitive retail market. In Q2 2023, the store assets qualified as assets held for sale. These assets will be sold to the local entrepreneurs, who will become independent operators under the affiliate business model. Before they were classified as assets held for sale, Delhaize Belgium recognized a €108 million impairment for the assets based on fair value less costs to sell, resulting in a remaining carrying value of €31 million.

9. Equity attributable to common shareholders

Dividend on common shares

On April 12, 2023, the General Meeting of Shareholders approved the dividend over 2022 of €1.05 per common share. The interim dividend for 2022 of €0.46 per common share was paid on September 1, 2022. The final dividend of €0.59 per common share was paid on April 27, 2023.

Share buyback

On January 2, 2023, the Company commenced the €1 billion share buyback program that was announced on November 9, 2022. The program is expected to be completed before the end of 2023.

In the first half of the year, 18,898,237 of the Company's own shares were repurchased at an average price of €29.74 per share, and the share buyback program resulted in a net transactional discount from the dealers of €1 million.

The number of outstanding common shares as of July 2, 2023, was 961,252,798 (January 1, 2023: 977,352,954).

10. Cash

The following table presents the reconciliation between the cash and cash equivalents as presented in the statement of cash flows and on the balance sheet:

€ million	July 2, 2023	January 1, 2023
Cash and cash equivalents as presented in the statement of cash flows	3,884	3,054
Restricted cash	10	28
Cash and cash equivalents as presented on the balance sheet	**3,893**	**3,082**

Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,413 million (January 1, 2023: €712 million), which is fully offset by an identical amount included under Other current financial liabilities.

11. Financial instruments

On March 28, 2023, Ahold Delhaize announced that it successfully launched and priced a €500 million Green Bond, with a term of five years, maturing on April 4, 2028. The issuance was priced at 99.851% and carries an annual coupon of 3.5%. The settlement of the bond issue took place on April 4, 2023. The bond proceeds will be used to finance and re-finance Ahold Delhaize's new or existing assets with a positive measurable environmental impact in the following categories:

- Green buildings
- Renewable energy
- Energy efficiency
- Clean transportation
- Pollution prevention and control

This inaugural Green Bond reinforces the continued alignment of the Company's funding strategy to its sustainability strategy and overall ESG ambitions.

The following table presents the fair value of financial instruments, based on Ahold Delhaize’s categories of financial instruments, including current portions, compared to the carrying amount at which these instruments are included on the balance sheet. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The carrying amount of trade and other (non-)current receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because any expected recoverability loss is reflected in an impairment loss.

€ million	July 2, 2023		January 1, 2023, restated	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	32	28	36	34
Lease receivable	512	477	518	498
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance contract asset[1]	322	322	333	333
Investments in debt instruments	136	136	136	136
Derivative financial instruments				
Derivatives	1	1	2	2
Financial liabilities at amortized cost				
Notes	(4,826)	(4,556)	(4,373)	(4,075)
Financing obligations	(179)	(91)	(194)	(109)
Other long-term financial liabilities	(224)	(206)	(269)	(268)
Financial liabilities at fair value through profit or loss (FVPL)				
Reinsurance contract liability[1]	(283)	(283)	(302)	(302)
Derivative financial instruments				
Derivatives	(29)	(29)	(26)	(26)

1. *Reinsurance contract asset and Reinsurance contract liability have been restated due to the implementation of IFRS 17 (see Note 2: Accounting policies).*

Of Ahold Delhaize's categories of financial instruments, only derivatives, investments in debt instruments and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. A description of the valuation techniques and inputs used to develop the measurements is included in *Note 30* of Ahold Delhaize's 2022 financial statements, as included in the Annual Report 2022, published on March 1, 2023.

Ahold Delhaize posted deposits as collateral in the net amount of €26 million as of July 2, 2023 (January 1, 2023: €26 million). The counterparties have an obligation to repay the deposits to Ahold Delhaize upon settlement of the contracts.

12. Related party transactions

Ahold Delhaize has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. Furthermore, Ahold Delhaize considers transactions with key management personnel to be related party transactions. As of the balance sheet date, July 2, 2023, there have been no significant changes in the related party transactions from those described in Ahold Delhaize's Annual Report 2022.

13. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of January 1, 2023, is included in *Note 34* of Ahold Delhaize's 2022 financial statements, as included in the Annual Report 2022, published on March 1, 2023. For an update on commitments and contingencies relating to taxes, see Note 7: Income taxes.

14. Subsequent events

On July 5, 2023, Ahold Delhaize announced that shareholders approved the appointment of Jolanda Poots-Bijl as member of the Management Board during the Extraordinary General Meeting of Shareholders in Zaandam. Jolanda will join Ahold Delhaize in mid-August as Executive Vice President Finance and member of the Executive Committee. As per October 1, 2023, she will join the Management Board and assume the role of Chief Financial Officer.

On July 11, 2023, Ahold Delhaize announced that bol.com and Cycloon are strengthening their strategic partnership, with bol.com acquiring all shares in Cycloon. The parties jointly aim to accelerate Cycloon's growth and share the ambition to make delivery greener and more social. Currently, bol.com already holds a majority of shares in Cycloon. The transaction to acquire the remaining shares was completed on July 26, 2023.

Zaandam, the Netherlands, August 8, 2023

Management Board

Frans Muller (President and Chief Executive Officer)
JJ Fleeman (Chief Executive Officer Ahold Delhaize USA)
Wouter Kolk (Chief Executive Officer Ahold Delhaize Europe and Indonesia)

Financial calendar

Ahold Delhaize's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31. Ahold Delhaize's 2023 financial year consists of 52 weeks and ends on December 31, 2023.

The remaining key publication date for 2023 is:
November 8 – Results Q3 2023

Cautionary notice

This communication contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation. This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as guidance, remain, propositions, continue(s)/(d), confident, will, on the right track, commitment, focus, outlook, risks, uncertainties, likelihood, strategy, already, consistent or other similar words or expressions are typically used to identify forward-looking statements.

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. Such factors 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; 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; 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; 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.

For more information:

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About Ahold Delhaize

Ahold Delhaize is one of the world's largest food retail groups and a leader in both supermarkets and e-commerce. Its family of great local brands serves 60 million customers each week, both in stores and online, in the United States, Europe and Indonesia. Together, these brands employ more than 414,000 associates in 7,659 grocery and specialty stores and include the top online retailer in the Benelux and the leading online grocers in the Benelux and the United States. Ahold Delhaize brands are at the forefront of sustainable retailing, sourcing responsibly, supporting local communities and helping customers make healthier choices. The company's focus on four growth drivers – drive omnichannel growth, elevate healthy and sustainable, cultivate best talent and strengthen operational excellence – is helping to fulfil its purpose, achieve its vision and prepare its brands and businesses for tomorrow. Headquartered in Zaandam, the Netherlands, Ahold Delhaize is listed on the Euronext Amsterdam and Brussels stock exchanges (ticker: AD) and its American Depositary Receipts are traded on the over-the-counter market in the U.S. and quoted on the OTCQX International marketplace (ticker: ADRNY). For more information, please visit: www.aholddelhaize.com.

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