Koninklijke Ahold Delhaize N.V.

Q3 2023 Report

Issued on November 8, 2023

Ahold Delhaize raises free cash flow guidance for 2023, preparing the company for the next phase of growth and value creation

* Q3 comparable sales excluding gas increased by 3.1% for the Group, 0.9% in the U.S. and 7.0% in Europe. Increased market share in key markets reflects strong customer loyalty to our locally tailored customer value propositions.
* Q3 Group net sales were €21.9 billion, up 2.9% at constant exchange rates and down 2.1% at actual exchange rates.
* Net consumer online sales increased by 6.4% in Q3 at constant exchange rates. Double-digit growth at Food Lion and Hannaford as well a strong market share gain at bol fueled this performance.
* Q3 underlying operating margin was 3.8%, a decrease of 0.6 percentage points, reflecting a decline in the U.S. margin due to higher operating costs, the cycling of a favorable 0.2 percentage-point insurance reserve release and a 0.1 percentage-point decline in insurance benefits at the Global Support Office.
* Q3 IFRS-reported operating income was €625 million and Q3 IFRS-reported diluted EPS was €0.41. IFRS-reported operating income is lower than underlying operating income, primarily due to an impairment charge of €153 million related to FreshDirect and €61 million in restructuring and related costs due to the transformation in Belgium and other Accelerate initiatives.
* Q3 diluted underlying EPS was €0.58, a decrease of 17.1% compared to the prior year at actual rates.
* For 2023, the Company now expects free cash flow in a range of €2.2 billion to €2.4 billion (previously: a range from €2.0 to €2.2 billion); underlying EPS slightly below 2022 levels (previously: around 2022 levels); and net capital expenditures of approximately €2.4 billion (previously: €2.5 billion). The Company reiterates underlying operating margin of ≥4.0%.
* Ahold Delhaize recently announced the planned addition of local Romanian supermarket chain Profi. The implied fully synergized acquisition multiple is approximately 7x on a June 2023 Last Twelve Months (LTM) EBITDA basis (post IFRS 16). With sales of €2.5 billion, the acquisition underscores our commitment to high-growth markets and assets with strong accretion potential (see *Note 14: Subsequent events*).
* Ahold Delhaize announces it has entered into an agreement to sell FreshDirect to Getir (see *Note 14: Subsequent events*).
* Ahold Delhaize announces a €1 billion share buyback program to start at the beginning of 2024.
* Ahold Delhaize announces Strategy Day to be held in the Netherlands in May 2024.

Zaandam, the Netherlands, November 8, 2023 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports third quarter results today.

Summary of key financial data

	Ahold Delhaize Group			The United States		Europe	
	Q3 2023	% change	% change constant rates	Q3 2023	% change constant rates	Q3 2023	% change constant rates
€ million, except per share data	13 weeks 2023 vs. 13 weeks 2022						
Net sales	21,934	(2.1) %	2.9 %	13,625	0.5 %	8,310	7.1 %
Comparable sales growth excluding gasoline	3.1 %			0.9 %		7.0 %	
Online sales	2,134	2.3 %	6.4 %	1,034	4.4 %	1,099	8.4 %
Net consumer online sales	2,790	3.2 %	6.4 %	1,034	4.4 %	1,756	7.6 %
Operating income	625	(29.5) %	(25.8) %	400	(23.2) %	240	(24.9) %
Operating margin	2.9 %	(1.1)pp	(1.1)pp	2.9 %	(0.9)pp	2.9 %	(1.2)pp
Underlying operating income	839	(15.5) %	(10.4) %	567	(15.5) %	287	8.5 %
Underlying operating margin	3.8 %	(0.6)pp	(0.6)pp	4.2 %	(0.8)pp	3.5 %	— pp
Diluted EPS	0.41	(30.7) %	(27.0) %				
Diluted underlying EPS	0.58	(17.1) %	(12.0) %				
Free cash flow	512	285.3 %	295.8 %				

€ million, except per share data	Ahold Delhaize Group			The United States		Europe	
	Q3 YTD 2023	% change	% change constant rates	Q3 YTD 2023	% change constant rates	Q3 YTD 2023	% change constant rates
	39 weeks 2023 vs. 39 weeks 2022						
Net sales	65,626	3.1 %	4.5 %	40,721	2.9 %	24,905	7.1 %
Comparable sales growth excluding gasoline	4.6 %			3.5 %		6.5 %	
Online sales	6,540	6.0 %	7.0 %	3,193	7.7 %	3,348	6.4 %
Net consumer online sales	8,603	6.4 %	7.2 %	3,193	7.7 %	5,410	6.9 %
Operating income	2,171	(16.5) %	(15.5) %	1,607	(6.3) %	576	(32.2) %
Operating margin	3.3 %	(0.8)pp	(0.8)pp	3.9 %	(0.4)pp	2.3 %	(1.3)pp
Underlying operating income	2,608	(3.5) %	(1.9) %	1,837	(1.1) %	783	(1.3) %
Underlying operating margin	4.0 %	(0.3)pp	(0.3)pp	4.5 %	(0.2)pp	3.1 %	(0.3)pp
Diluted EPS	1.47	(15.3) %	(14.3) %				
Diluted underlying EPS	1.81	(1.7) %	— %				
Free cash flow	1,397	97.5 %	98.6 %				

Comments from Frans Muller, President and CEO of Ahold Delhaize

“During these times of heightened human suffering around the world, I am proud of our associates for their hard work and unwavering commitment to supporting their local communities. Inflation, increasing interest rates and changes in U.S. government support remain tangible headwinds and are creating anxiety for many customers. Our great local brands have been agile in expanding their assortments with high-quality own-brand products at great prices and swift to pass on price reductions where possible. They continue to invest in and leverage the power of our digital capabilities to provide customers with meaningful, highly personalized discounts tailored to their needs and wallets.

"As a result, customers continue to place their trust in our brands, which is clearly reflected in positive market share growth. With our strong portfolio of international brands, we grew comparable store sales by 3.1% in the third quarter. At a Group level, we delivered an underlying operating margin of 3.8% and diluted underlying EPS of €0.58. While both these metrics are lower year-over-year, around two thirds of the EPS decline is linked to insurance-related adjustments and an unfavorable foreign exchange rate.

“In the U.S., excluding the impact of weather and calendar shifts, comparable sales grew by 1.0%. The reduction in emergency federal Supplemental Nutrition Assistance Program (SNAP) benefits, higher interest rates and the resumption of student loan repayments in October continue to weigh on customer sentiment. On its own, the reduction in SNAP benefits resulted in approximately a four percentage-point headwind to sales growth in the third quarter. While we were able to offset a large portion of this headwind through our strong value propositions and ongoing momentum in online sales, the dilutive impact of a changing sales mix and increasing shrink contributed to slightly lower-than-expected U.S. margins. With the help of measures we are putting in place through our Accelerate initiatives, in-store actions to reduce shrink and further volume support incentives from vendors, we expect this modest margin pressure to be transitory and pass in a couple of quarters.

“When looking at Europe, which has endured more pressure in the last two years than the U.S., I am confident we are on the path to recovery. While inflation is also moderating in Europe, our major efforts to elevate and harmonize our customer value proposition accelerated comparable sales growth to 7% in the quarter. Delhaize Belgium announced that 51 stores have now signed agreements with independent buyers and started transitioning the first stores to the new operators in October. Excluding the effects of this transformation, comparable sales in Europe were up 7.2% and underlying operating margin exceeded prior year levels. In the Netherlands, Albert Heijn and bol had outstanding market share gains. And we are delighted to have completed the conversion of the first 15 Jan Linders stores to Albert Heijn in Q3.

"At the start of 2023, we set a clear agenda for our company: ensuring the right balance between navigating the complexities of the immediate environment, while, at the same time, positioning the company for long-term success. Regarding the latter, we have made three important moves that highlight our strong, disciplined focus on value creation. The first is the announcement of the planned addition of local Romanian supermarket chain Profi to our family. This will strengthen our existing footprint in this market and underscores our confidence in the central Southern European region. And, importantly, it will be accretive to our business in the first year post closing. The implied fully synergized acquisition multiple is approximately 7x on a June 2023 LTM EBITDA basis (post IFRS 16). Second, in light of the current challenges customers face, a deeper collaboration across the value chain and with peers is imperative.

To that end, and in addition to our existing AMS and Coopernic buying alliances, Ahold Delhaize has recently joined the European retail alliance joint venture EURELEC, to help address persistent price differences between European markets. And third, we carried out an extensive review of our U.S. online operations as part of our Accelerate initiative. Our biggest strength as a grocery retailer is the true omnichannel – combination of online and in-store – experience. With this in mind, and the economics to deliver a sustainable long-term return on investment, we have decided to divest FreshDirect to Getir.

"Health and Sustainability remains a top priority for all of our brands. In both the U.S. and Europe, we saw a strong performance on further reducing food waste, mainly driven by increased food bank donations and a continuation of local initiatives. Albert Heijn and bol were recently featured in a mini-documentary powered by Kickstart AI, in which the Albert Heijn team explained how they are using artificial intelligence to reduce food waste through demand forecasting. This is a great proof point for how they use innovation and technology to combine reducing food waste with providing customers access to affordable and healthy products while, at the same time, reducing costs. Bol demonstrated how automatic packaging machines controlled by smart algorithms help them use less cardboard and create smaller parcels. The bol team also uses AI to determine if additional packaging is actually needed. Less packaging results in reduced transport movement and the ability to use smaller, more sustainable vehicles, such as Cycloon's bike couriers. Ahold Delhaize has an industry leading science-based net-zero climate plan for our own operations and our supply chain, in line with a 1.5 degree scenario. We will share some updates on this plan later this year.

“A lot has changed since we embarked on our Leading Together journey. I am proud of how we have adapted to the evolving market conditions and taken well-thought-through strategic decisions to steer our company towards its long-term potential. We have done all of this while, at the same time, delivering superior free cash flow, as can be seen in our increased guidance for 2023. With new players on our leadership team, we have the energy and determination to keep this trajectory going. Taking stock of what we have learned so far, we are currently refreshing our priorities to calibrate to the macro and competitive environment. This will require some shifts in focus. Therefore, I am pleased to announce that we will hold a Strategy Day in May 2024, at which time we will present some of the exciting things we have in store to build the next phase of growth and value creation for our company."

Q3 Financial highlights

Group highlights

Group net sales were €21.9 billion, an increase of 2.9% at constant exchange rates, and down 2.1% at actual exchange rates. Group net sales were driven by comparable sales growth excluding gasoline of 3.1%, partially offset by lower gasoline sales. The impact of the transformation in Belgium had a negative net impact on Q3 Group comparable sales of approximately 0.2 percentage points.

In Q3, Group net consumer online sales increased by 6.4% at constant exchange rates, mainly due to growth at bol (formerly referred to as bol.com). Group online sales in grocery increased 5.3% at constant exchange rates.

Group underlying operating margin was 3.8%, a decrease of 0.6 percentage points at constant exchange rates, mainly reflecting a decline in the U.S. margin due to higher operating costs and the cycling of a 0.2 percentage-point favorable insurance reserve release as well as a 0.1 percentage-point decline in favorable results from insurance.

In Q3, Group IFRS-reported operating income was €625 million, representing an IFRS-reported operating margin of 2.9%, mainly impacted by a €153 million impairment charge for FreshDirect and €61 million in restructuring and related costs pertaining to Belgium and other Accelerate initiatives.

Underlying income from continuing operations was €557 million, a decrease of 19.9% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €394 million. Diluted EPS was €0.41 and diluted underlying EPS was €0.58, down 17.1% at actual currency rates compared to last year's results.

In the quarter, Ahold Delhaize purchased 7.1 million own shares for €213 million, bringing the total amount to €774 million in the first three quarters of the year.

U.S. highlights

U.S. net sales were €13.6 billion, an increase of 0.5% at constant exchange rates and down 7.1% at actual exchange rates. U.S. net sales were driven by comparable sales growth excluding gasoline of 0.9%, with strong growth in pharmacy, partially offset by lower gasoline sales. Excluding the impact of weather and calendar shifts, U.S. comparable sales growth was 1.0%, partially offset by the end of emergency SNAP benefits and the moderation of inflation rates. Hannaford and Food Lion continue to lead the U.S. brands' performance. Food Lion has now delivered consecutive positive sales growth for eleven years.

In Q3, online sales in the segment were up 4.4% in constant currency, driven primarily by double-digit growth at Food Lion and Hannaford as the brands continue to invest in their omnichannel proposition.

Underlying operating margin in the U.S. was 4.2%, down 0.8 percentage points at constant exchange rates from the prior year period due to the cycling of an insurance reserve release in 2022 that was favorable by 0.3 percentage points, higher operating costs, higher shrink and the unfavorable effect of a change in sales mix. In Q3, U.S. IFRS-reported operating margin was 2.9%, mainly impacted by an impairment charge in the amount of €153 million for FreshDirect.

Europe highlights

European net sales were €8.3 billion, an increase of 7.1% at constant exchange rates and 7.3% at actual exchange rates. Europe's comparable sales increased by 7.0%.

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. During Q3 2023, Delhaize Belgium announced that a buyer was found and asset purchase agreements signed for 32 stores, and on October 2, 2023, announced the same for 19 additional stores. It is Delhaize's intention to transform these 51 stores during the coming months. Excluding the impact of the transformation in Belgium, Europe's comparable sales increased by 7.2%.

In Q3, net consumer online sales increased by 7.6%. Online sales in grocery increased by 7.4%. At bol, Gross Merchandise Value (GMV) was €1.3 billion, an increase of 6.5% compared to the prior year. Bol's GMV sales from third-party sellers increased by 6.2% in Q3, and represented 62% of sales.

Underlying operating margin in Europe was 3.5%, consistent with the prior year. A decrease in the non-cash service charge for the Netherlands' employee pension plan offset the costs of the transformation in Belgium and higher energy costs. Europe's Q3 IFRS-reported operating margin was 2.9%, mainly impacted by €55 million for restructuring-related costs pertaining to Belgium and other Accelerate initiatives.

Outlook

This has been a year of continuous change as our brands adapt to the evolving market conditions and make strategic decisions to fuel long-term growth. With the changing dynamics, we are updating our guidance for the year as follows. We now expect free cash flow for 2023 in a range from €2.2 billion to €2.4 billion, reflecting the significant improvements made by our brands in working capital management. Net capital expenditures are now expected to be around €2.4 billion. Underlying EPS is now expected to be slightly below 2022 levels, as we see the reduction in federal government support having a slightly greater impact on our brands' operations than originally expected.

In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program, as previously stated. We are on track to increase our full-year dividend within our 40-50% payout range, and we are completing our €1 billion share repurchase program in 2023, as planned. Ahold Delhaize also announces a €1 billion share buyback program to start at the beginning of 2024.[3]

	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]
Updated outlook	**2023**	**≥ 4.0%**	**Slightly below 2022 levels**	**≥ €1 billion**	**~ €2.4 billion**	**~ €2.2 - 2.4 billion**	**40-50% payout; YOY growth in dividend per share**	**€1 billion**
Previous 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 due to increased geopolitical unrest, 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	Q3 2023 (13 weeks)	Q3 2022 (13 weeks)	% change	% change constant rates	Q3 YTD 2023 (39 weeks)	Q3 YTD 2022 (39 weeks)	% change	% change constant rates
Net sales	21,934	22,407	(2.1)%	2.9 %	65,626	63,626	3.1 %	4.5 %
Of which: online sales	2,134	2,086	2.3 %	6.4 %	6,540	6,173	6.0 %	7.0 %
Net consumer online sales[1]	2,790	2,703	3.2 %	6.4 %	8,603	8,086	6.4 %	7.2 %
Operating income	625	887	(29.5)%	(25.8)%	2,171	2,601	(16.5)%	(15.5)%
Income from continuing operations	394	589	(33.0)%	(29.5)%	1,424	1,738	(18.1)%	(17.1)%
Net income	394	589	(33.0)%	(29.5)%	1,423	1,738	(18.1)%	(17.1)%
Basic income per share from continuing operations (EPS)	0.41	0.59	(30.7)%	(27.0)%	1.47	1.74	(15.3)%	(14.3)%
Diluted income per share from continuing operations (diluted EPS)	0.41	0.59	(30.7)%	(27.0)%	1.47	1.73	(15.3)%	(14.3)%
Underlying EBITDA[1]	1,706	1,886	(9.5)%	(4.6)%	5,205	5,250	(0.9)%	0.5 %
Underlying EBITDA margin[1]	7.8 %	8.4 %			7.9 %	8.3 %		
Underlying operating income[1]	839	993	(15.5)%	(10.4)%	2,608	2,702	(3.5)%	(1.9)%
Underlying operating margin[1]	3.8 %	4.4 %			4.0 %	4.2 %		
Underlying income per share from continuing operations – basic (underlying EPS)[1]	0.58	0.70	(17.0)%	(11.9)%	1.81	1.84	(1.7)%	— %
Underlying income per share from continuing operations – diluted (diluted underlying EPS)[1]	0.58	0.70	(17.1)%	(12.0)%	1.81	1.84	(1.7)%	— %
Free cash flow[1]	512	133	285.3 %	295.8 %	1,397	708	97.5 %	98.6 %

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

	Q3 2023 (13 weeks)	Q3 2022 (13 weeks)	% change	% change constant rates	Q3 YTD 2023 (39 weeks)	Q3 YTD 2022 (39 weeks)	% change	% change constant rates
$ million								
Net sales	14,820	14,745	0.5 %		44,109	42,859	2.9 %	
Of which: online sales	1,125	1,077	4.4 %		3,457	3,211	7.7 %	
€ million								
Net sales	13,625	14,659	(7.1)%	0.5 %	40,721	40,435	0.7 %	2.9 %
Of which: online sales	1,034	1,071	(3.4)%	4.4 %	3,193	3,025	5.5 %	7.7 %
Operating income	400	566	(29.3)%	(23.2)%	1,607	1,749	(8.1)%	(6.3)%
Underlying operating income	567	726	(21.9)%	(15.5)%	1,837	1,902	(3.4)%	(1.1)%
Underlying operating margin	4.2 %	5.0 %			4.5 %	4.7 %		
Comparable sales growth	0.6 %	8.6 %			2.9 %	6.7 %		
Comparable sales growth excluding gasoline	0.9 %	8.2 %			3.5 %	6.0 %		

Europe

€ million	Q3 2023 (13 weeks)	Q3 2022 (13 weeks)	% change	% change constant rates	Q3 YTD 2023 (39 weeks)	Q3 YTD 2022 (39 weeks)	% change	% change constant rates
Net sales	8,310	7,747	7.3 %	7.1 %	24,905	23,190	7.4 %	7.1 %
Of which: online sales	1,099	1,015	8.4 %	8.4 %	3,348	3,147	6.4 %	6.4 %
Net consumer online sales	1,756	1,632	7.6 %	7.6 %	5,410	5,061	6.9 %	6.9 %
Operating income	240	319	(24.8)%	(24.9)%	576	847	(32.0)%	(32.2)%
Underlying operating income	287	264	8.7 %	8.5 %	783	791	(1.0)%	(1.3)%
Underlying operating margin	3.5 %	3.4 %			3.1 %	3.4 %		
Comparable sales growth	7.0 %	7.4 %			6.5 %	1.9 %		
Comparable sales growth excluding gasoline	7.0 %	7.4 %			6.5 %	1.9 %		

Global Support Office

€ million	Q3 2023 (13 weeks)	Q3 2022 (13 weeks)	% change	% change constant rates	Q3 YTD 2023 (39 weeks)	Q3 YTD 2022 (39 weeks)	% change	% change constant rates
Underlying operating income (expense)	(14)	3	NM[1]	NM[1]	(13)	9	NM[1]	NM[1]
Underlying operating expense excluding insurance results	(33)	(41)	(21.3)%	(19.1)%	(91)	(111)	(18.2)%	(17.6)%

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

In Q3, underlying Global Support Office operating expense was €14 million, compared to an income of €3 million in the prior year. Positive insurance results decreased by €27 million, driven by a smaller increase in interest rates relative to the prior year. Underlying operating expense excluding insurance results declined by €9 million due to cost savings from Accelerate initiatives and timing of IT costs.

Financial review

Q3 2023 (compared to Q3 2022)

Underlying operating income decreased by €154 million to €839 million, and was adjusted for the following items, which impacted reported IFRS operating income:
- Impairments of €179 million (Q3 2022: €194 million)
- (Gains) and losses on leases and the sale of assets of €(32) million (Q3 2022: €(6) million)
- Restructuring and related charges and other items of €67 million (Q3 2022: €(82) million – income)

Including these items, IFRS operating income decreased by €262 million to €625 million.

Income from continuing operations was €394 million, representing a decrease of €194 million compared to last year. This was driven by a €262 million decrease in operating income, a lower share in income of joint ventures of €4 million and higher net financial expenses of €2 million, partially offset by lower income taxes of €73 million.

Free cash flow was €512 million, which represents an increase of €379 million compared to Q3 2022. This was driven by a positive development in working capital of €596 million, lower net investments of €54 million and lower net interest paid of €10 million, partially offset by a lower operating cash flow of €226 million, higher income taxes paid of €50 million, higher net lease repayments of €5 million and a decrease in dividends received from joint ventures of €1 million.

Net debt increased by €487 million to €15.2 billion compared to Q2 2023. This was mainly due to the dividend payment of €470 million, the share buyback of €213 million, the foreign exchange impact on net debt of €209 million and the increase in lease liabilities of €83 million, partially offset by free cash flow of €512 million.

First three quarters 2023 (compared to first three quarters 2022)

Underlying operating income decreased by €95 million to €2,608 million, and was adjusted for the following items, which impacted reported IFRS operating income:
- Impairments of €353 million (Q3 YTD 2022: €213 million)
- (Gains) and losses on leases and the sale of assets of €(49) million (Q3 YTD 2022: €(21) million)
- Restructuring and related charges and other items of €133 million (Q3 YTD 2022: €(91) million – income)

Including these items, IFRS operating income decreased by €430 million to €2,171 million.

Income from continuing operations was €1,424 million, representing a decrease of €314 million compared to last year. This was driven by a €430 million decrease in operating income and a lower share in income from joint ventures of €19 million, partially offset by lower income taxes of €127 million and lower net financial expenses of €8 million.

Free cash flow was €1,397 million, which represents an increase of €690 million compared to last year. This was driven by a positive development in working capital of €651 million, a favorable difference of €214 million in cash flows related to income taxes, lower net interest paid of €39 million and lower net investments of €18 million, partially offset by a lower operating cash flow of €173 million, higher net lease repayments of €43 million and a decrease in dividends received from joint ventures of €17 million. The favorable difference in cash flows related to income taxes was partly due to the agreement with the Belgian tax authorities and the recovery of the associated outstanding receivable, as disclosed in *Note 7: Income taxes*.

Store portfolio

Store portfolio (including franchise and affiliate stores):

	End of Q3 2022	Opened / acquired	Closed / sold	End of Q3 2023
The United States	2,050	4	(6)	2,048
Europe[1]	5,575	162	(146)	5,591
Total	**7,625**	**166**	**(152)**	**7,639**

1. The number of stores at the end of Q3 2023 includes 1,130 specialty stores (Etos and Gall & Gall); (end of Q3 2022: 1,123).

	End of Q4 2022	Opened / acquired	Closed / sold	End of Q3 2023
The United States	2,051	1	(4)	2,048
Europe[1]	5,608	106	(123)	5,591
Total	**7,659**	**107**	**(127)**	**7,639**

1. The number of stores at the end of Q3 2023 includes 1,130 specialty stores (Etos and Gall & Gall); (end of Q4 2022: 1,125).

Risks and uncertainties

Ahold Delhaize’s enterprise risk management program provides the Company with a periodic and comprehensive 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 risk categories. Our principal risks have not changed significantly compared to those disclosed within the Annual Report 2022. While the Group does not have any operations in Israel or Gaza, we performed an initial assessment of the overall impact of the conflict on our overall risk profile. Currently we don’t see any significant increased risk on the risk profile of the Company as a whole, however, a further escalation of the conflict might impact our risk profile if the situation develops further, including impacts related to downward macro-economic trends. We are closely monitoring and assessing any potential related impacts on our people and on macro-economic, operational and supply chain aspects in our brands' markets. This assessment is ongoing and will be updated as the situation unfolds. The 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.

Consolidated income statement

€ million, except per share data	Note	Q3 2023	Q3 2022	Q3 YTD 2023	Q3 YTD 2022
Net sales	5/6	21,934	22,407	65,626	63,626
Cost of sales		(16,134)	(16,426)	(48,137)	(46,562)
Gross profit		**5,800**	**5,981**	**17,489**	**17,063**
Other income		144	186	479	489
Selling expenses		(4,303)	(4,368)	(12,936)	(12,516)
General and administrative expenses		(1,016)	(912)	(2,861)	(2,434)
Operating income	5	**625**	**887**	**2,171**	**2,601**
Interest income		45	19	119	39
Interest expense		(89)	(61)	(250)	(168)
Net interest expense on defined benefit pension plans		(4)	(4)	(12)	(13)
Interest accretion to lease liability		(97)	(92)	(282)	(264)
Other financial income (expense)		—	(5)	7	(20)
Net financial expenses		(146)	(144)	(418)	(426)
Income before income taxes		**480**	**744**	**1,754**	**2,176**
Income taxes	7	(96)	(169)	(351)	(478)
Share in income of joint ventures		10	14	21	40
Income from continuing operations		**394**	**589**	**1,424**	**1,738**
Income (loss) from discontinued operations		—	—	—	—
Net income		**394**	**589**	**1,423**	**1,738**
Attributable to:					
Common shareholders		394	589	1,423	1,738
Non-controlling interests		—	—	—	—
Net income		**394**	**589**	**1,423**	**1,738**
Net income per share attributable to common shareholders:					
Basic		0.41	0.59	1.47	1.74
Diluted		0.41	0.59	1.47	1.73
Income from continuing operations per share attributable to common shareholders:					
Basic		0.41	0.59	1.47	1.74
Diluted		0.41	0.59	1.47	1.73
Weighted average number of common shares outstanding (in millions):					
Basic		958	992	966	1,000
Diluted		961	995	970	1,003
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.9194	0.9942	0.9233	0.9421

Consolidated statement of comprehensive income

€ million	Note	Q3 2023	Q3 2022	Q3 YTD 2023	Q3 YTD 2022
Net income		**394**	**589**	**1,423**	**1,738**
Remeasurements of pension plans:					
Remeasurements before taxes – income		245	76	147	475
Income taxes		(64)	(20)	(38)	(122)
Other comprehensive income that will not be reclassified to profit or loss		181	56	109	353
Currency translation differences in foreign interests:					
Continuing operations		378	775	156	1,812
Income taxes		1	—	—	—
Cash flow hedges:					
Fair value result for the period		—	—	—	—
Transfers to net income		—	—	1	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 reclassifiable to profit or loss		379	775	157	1,812
Total other comprehensive income		**561**	**831**	**265**	**2,165**
Total comprehensive income		**955**	**1,419**	**1,689**	**3,903**
Attributable to:					
Common shareholders		955	1,420	1,689	3,903
Non-controlling interests		—	—	—	—
Total comprehensive income		**955**	**1,419**	**1,689**	**3,903**
Attributable to:					
Continuing operations		955	1,420	1,689	3,903
Discontinued operations		—	—	—	—
Total comprehensive income		**955**	**1,419**	**1,689**	**3,903**

Consolidated balance sheet

€ million	Note	October 1, 2023	January 1, 2023, restated
Assets			
Property, plant and equipment		12,017	12,482
Right-of-use asset		9,912	9,607
Investment property		618	661
Intangible assets		13,286	13,174
Investments in joint ventures and associates		263	262
Other non-current financial assets		828	1,193
Deferred tax assets		231	242
Other non-current assets		200	116
Total non-current assets		**37,355**	**37,737**
Assets held for sale	8	85	26
Inventories		4,875	4,611
Receivables		2,181	2,340
Other current financial assets		430	424
Income taxes receivable		53	35
Prepaid expenses and other current assets		404	301
Cash and cash equivalents	10	4,766	3,082
Total current assets		**12,795**	**10,818**
Total assets		**50,150**	**48,555**
Equity and liabilities			
Equity attributable to common shareholders	9	**15,322**	**15,405**
Loans		4,203	4,527
Other non-current financial liabilities		11,220	11,055
Pensions and other post-employment benefits		528	696
Deferred tax liabilities		976	1,005
Provisions		740	742
Other non-current liabilities		36	44
Total non-current liabilities		**17,703**	**18,068**
Accounts payable		7,887	8,162
Other current financial liabilities		5,292	2,718
Income taxes payable		171	230
Provisions		447	377
Other current liabilities		3,329	3,595
Total current liabilities		**17,125**	**15,082**
Total equity and liabilities		**50,150**	**48,555**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.9458	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		—	—	—	—	1,738	**1,738**
Other comprehensive income attributable to common shareholders		—	—	1,812	1	353	**2,165**
Total comprehensive income attributable to common shareholders		—	—	1,812	1	2,090	**3,903**
Dividends		—	—	—	—	(979)	**(979)**
Share buyback		—	—	—	—	(711)	**(711)**
Cancellation of treasury shares		—	—	—	—	—	**—**
Share-based payments		—	—	—	—	38	**38**
Balance as of October 2, 2022		**10**	**10,988**	**1,737**	**(1)**	**3,237**	**15,972**
Balance as of January 1, 2023		**10**	**9,603**	**595**	**(1)**	**5,198**	**15,405**
Net income attributable to common shareholders		—	—	—	—	1,423	**1,423**
Other comprehensive income attributable to common shareholders		—	—	156	—	109	**265**
Total comprehensive income attributable to common shareholders		—	—	156	—	1,532	**1,689**
Dividends	9	—	—	—	—	(1,044)	**(1,044)**
Share buyback	9	—	—	—	—	(774)	**(774)**
Cancellation of treasury shares		—	(941)	—	—	942	**—**
Share-based payments		—	—	—	—	46	**46**
Balance as of October 1, 2023		**10**	**8,661**	**751**	**—**	**5,900**	**15,322**

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

Consolidated statement of cash flows

€ million	Note	Q3 2023	Q3 2022 restated	Q3 YTD 2023	Q3 YTD 2022 restated
Income from continuing operations		**394**	**589**	**1,424**	**1,738**
Adjustments for:					
Net financial expenses		146	144	418	426
Income taxes		96	169	351	478
Share in income of joint ventures		(10)	(14)	(21)	(40)
Depreciation, amortization and impairments		1,049	1,086	2,953	2,761
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(32)	(6)	(51)	(25)
Share-based compensation expenses		16	10	42	39
Operating cash flows before changes in operating assets and liabilities		1,659	1,978	5,115	5,376
Changes in working capital:					
Changes in inventories		24	(170)	(224)	(691)
Changes in receivables and other current assets		(38)	(72)	99	(271)
Changes in payables and other current liabilities		49	(319)	(459)	(273)
Changes in other non-current assets, other non-current liabilities and provisions		(87)	(180)	(192)	(281)
Cash generated from operations		1,607	1,236	4,339	3,861
Income taxes paid – net		(164)	(114)	(103)	(317)
Operating cash flows from continuing operations		1,443	1,123	4,236	3,544
Operating cash flows from discontinued operations		—	—	—	—
Net cash from operating activities		**1,443**	**1,123**	**4,236**	**3,544**
Purchase of non-current assets		(548)	(591)	(1,635)	(1,631)
Divestments of assets / disposal groups held for sale		32	20	82	59
Acquisition of businesses, net of cash acquired	4	(2)	(2)	(25)	(18)
Divestment of businesses, net of cash divested		(1)	—	(1)	—
Changes in short-term deposits and similar instruments		—	—	—	—
Dividends received from joint ventures		3	4	21	38
Interest received		41	12	110	28
Lease payments received on lease receivables		29	29	86	86
Other		(4)	3	(1)	2
Investing cash flows from continuing operations		(451)	(525)	(1,363)	(1,436)
Investing cash flows from discontinued operations		—	—	—	—
Net cash from investing activities		**(451)**	**(525)**	**(1,363)**	**(1,436)**
Proceeds from long-term debt		—	—	500	—
Interest paid		(34)	(16)	(142)	(99)
Repayments of loans		(71)	(9)	(286)	(98)
Changes in short-term loans		1,027	828	1,881	1,584
Repayment of lease liabilities		(453)	(449)	(1,360)	(1,317)
Dividends paid on common shares	9	(470)	(457)	(1,044)	(979)
Share buyback	9	(213)	(188)	(774)	(711)
Other cash flows from derivatives		—	—	—	—
Other		(8)	(7)	(11)	(28)
Financing cash flows from continuing operations		(222)	(297)	(1,236)	(1,647)
Financing cash flows from discontinued operations		—	—	—	—
Net cash from financing activities		**(222)**	**(297)**	**(1,236)**	**(1,647)**
Net cash from operating, investing and financing activities		**771**	**301**	**1,637**	**460**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		3,884	3,413	3,054	2,968
Effect of exchange rates on cash and cash equivalents		101	171	64	456
Cash and cash equivalents at the end of the period (excluding restricted cash)	10	**4,755**	**3,884**	**4,755**	**3,884**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.9194	0.9942	0.9233	0.9421

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

While the Group does not have any operations in Israel or Gaza, we performed an initial assessment of the overall impact of the conflict on our overall risk profile. Currently we don't see any significant increased risk on the risk profile of the Company as a whole, however, a further escalation of the conflict might impact our risk profile if the situation develops further, including impacts related to downward macro-economic trends. We are closely monitoring and assessing any potential related impacts on our people and on macro-economic, operational and supply chain aspects in our brands' markets. This assessment is ongoing and will be updated as the situation unfolds.

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 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 Q3 2022 cash flow statement was as follows:

€ million	Q3 2022 as reported	Effect of IFRS 17 adoption	Q3 2022 restated
Operating cash flows before changes in operating assets and liabilities	1,978	—	1,978
Changes in working capital:			
Changes in receivables and other current assets	(39)	(33)	(72)
Changes in payables and other current liabilities	(351)	32	(319)
Changes in other non-current assets, other non-current liabilities and provisions	(181)	1	(180)
Cash generated from operations	**1,236**	**—**	**1,236**

The impact of IFRS 17 on the cash flow statement for the first three quarters of 2022 was as follows:

€ million	Q3 YTD 2022 as reported	Effect of IFRS 17 adoption	Q3 YTD 2022 restated
Operating cash flows before changes in operating assets and liabilities	5,376	—	5,376
Changes in working capital:			
Changes in receivables and other current assets	(169)	(102)	(271)
Changes in payables and other current liabilities	(373)	100	(273)
Changes in other non-current assets, other non-current liabilities and provisions	(282)	2	(281)
Cash generated from operations	**3,861**	**—**	**3,861**

The impact of IFRS 17 on the Q3 2022 free cash flow, as presented in *Note 3: Alternative performance measures*, was as follows:

€ million	Q3 2022 as reported	Effect of IFRS 17 adoption	Q3 2022 restated
Operating cash flows before changes in working capital and income taxes paid	1,797	1	1,798
Changes in working capital	(560)	(1)	(561)
Free cash flow	**133**	**—**	**133**

The impact of IFRS 17 on the free cash flow for the first three quarters of 2022, as presented in Note 3: Alternative performance measures, was as follows:

€ million	Q3 YTD 2022 as reported	Effect of IFRS 17 adoption	Q3 YTD 2022 restated
Operating cash flows before changes in working capital and income taxes paid	5,094	2	5,096
Changes in working capital	(1,233)	(2)	(1,234)
Free cash flow	**708**	**—**	**708**

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	Q3 2023	Q3 2022 restated	Q3 YTD 2023	Q3 YTD 2022 restated
Operating cash flows from continuing operations before changes in working capital and income taxes paid[1]	1,572	1,798	4,923	5,096
Changes in working capital[1]	35	(561)	(584)	(1,234)
Income taxes paid – net	(164)	(114)	(103)	(317)
Purchase of non-current assets	(548)	(591)	(1,635)	(1,631)
Divestments of assets / disposal groups held for sale	32	20	82	59
Dividends received from joint ventures	3	4	21	38
Interest received	41	12	110	28
Interest paid	(34)	(16)	(142)	(99)
Lease payments received on lease receivables	29	29	86	86
Repayment of lease liabilities	(453)	(449)	(1,360)	(1,317)
Free cash flow	**512**	**133**	**1,397**	**708**

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	October 1, 2023	July 2, 2023	January 1, 2023
Loans	4,203	4,967	4,527
Lease liabilities	10,960	10,634	10,637
Non-current portion of long-term debt	15,164	15,601	15,164
Short-term borrowings and current portion of long-term debt	4,927	3,129	2,476
Gross debt	20,091	18,730	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]	4,908	4,034	3,223
Net debt	**15,183**	**14,696**	**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 October 1, 2023, was €16 million (July 2, 2023: €15 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 (July 2, 2023: €125 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 October 1, 2023, was €367 million (July 2, 2023: €379 million and January 1, 2023: €414 million).*
4. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €2,085 million (July 2, 2023: €1,413 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	Q3 2023	Q3 2022	Q3 YTD 2023	Q3 YTD 2022
Underlying operating income	**839**	**993**	**2,608**	**2,702**
Depreciation and amortization	867	892	2,597	2,548
Underlying EBITDA	**1,706**	**1,886**	**5,205**	**5,250**

1. *The difference between the total amount of depreciation and amortization for Q3 2023 of €870 million (Q3 2022: €893 million) and Q3 YTD 2023 of €2,600 million (Q3 YTD 2022: €2,548 million) and the amounts mentioned here relates to items that were excluded from underlying operating income.*

Underlying income from continuing operations

€ million, except per share data	Q3 2023	Q3 2022	Q3 YTD 2023	Q3 YTD 2022
Income from continuing operations	**394**	**589**	**1,424**	**1,738**
Adjustments to operating income	214	106	437	101
Tax effect on adjusted and unusual items	(50)	1	(109)	4
Underlying income from continuing operations	**557**	**696**	**1,751**	**1,843**
Underlying income from continuing operations for the purpose of diluted earnings per share	**557**	**696**	**1,751**	**1,843**
Basic income per share from continuing operations[1]	0.41	0.59	1.47	1.74
Diluted income per share from continuing operations[2]	0.41	0.59	1.47	1.73
Underlying income per share from continuing operations – basic[1]	0.58	0.70	1.81	1.84
Underlying income per share from continuing operations – diluted[2]	0.58	0.70	1.81	1.84

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 Q3 2023 is 958 million (Q3 2022: 992 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 Q3 2023 is 961 million (Q3 2022: 995 million).

4. Business combinations and intangible assets

The provisional allocation of the fair values of the identifiable assets acquired, liabilities assumed and goodwill arising from the acquisitions through Q3 2023 is as follows:

€ million	Total acquisitions
Property, plant and equipment	5
Other intangible assets	3
Assets held for sale	—
Inventories	1
Cash and cash equivalents	—
Net identifiable assets acquired	**9**
Goodwill	16
Total purchase consideration	**25**
Purchase consideration in kind	(1)
Cash acquired (excluding restricted cash)	—
Acquisition of businesses, net of cash acquired	**25**

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	60
Closing carrying amount	**7,997**
As of October 1, 2023	
At cost	8,067
Accumulated impairment losses	(70)
Closing carrying amount	**7,997**

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)

Q3 2023

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	13,625	8,310	—	**21,934**
Of which: online sales	1,034	1,099	—	**2,134**
Operating income (expense)	400	240	(15)	**625**
Impairment losses and reversals – net[2]	167	12	—	**179**
(Gains) losses on leases and the sale of assets – net	(7)	(26)	—	**(32)**
Restructuring and related charges and other items	6	61	—	**67**
Adjustments to operating income[1]	*166*	*47*	—	***214***
Underlying operating income (expense)	567	287	(14)	**839**

1. *Included in General and administrative expenses in the consolidated income statement.*
2. *Impairment losses and reversals - net includes an impairment charge of €153 million for FreshDirect.*

Q3 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	14,659	7,747	—	**22,407**
Of which: online sales	1,071	1,015	—	**2,086**
Operating income (expense)	566	319	2	**887**
Impairment losses and reversals – net	189	5	—	**194**
(Gains) losses on leases and the sale of assets – net	(2)	(4)	—	**(6)**
Restructuring and related charges and other items	(27)	(56)	1	**(82)**
Adjustments to operating income[1]	*160*	*(55)*	*1*	***106***
Underlying operating income (expense)	726	264	3	**993**

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

First three quarters 2023

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	40,721	24,905	—	**65,626**
Of which: online sales	3,193	3,348	—	**6,540**
Operating income	1,607	576	(11)	**2,171**
Impairment losses and reversals – net[2]	215	137	—	**353**
(Gains) losses on leases and the sale of assets – net	(15)	(34)	—	**(49)**
Restructuring and related charges and other items	31	105	(2)	**133**
Adjustments to operating income[1]	*231*	*208*	*(2)*	***437***
Underlying operating income	1,837	783	(13)	**2,608**

1. *Included in General and administrative expenses in the consolidated income statement.*
2. *Impairment losses and reversals - net includes an impairment charge of €153 million for FreshDirect.*

First three quarters 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	40,435	23,190	—	**63,626**
Of which: online sales	3,025	3,147	—	**6,173**
Operating income (expense)	1,749	847	6	**2,601**
Impairment losses and reversals – net	199	14	—	**213**
(Gains) losses on leases and the sale of assets – net	(18)	(3)	—	**(21)**
Restructuring and related charges and other items	(27)	(67)	3	**(91)**
Adjustments to operating income[1]	*154*	*(56)*	*3*	***101***
Underlying operating income (expense)	1,902	791	9	**2,702**

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	Q3 2023	Q3 2022	Q3 YTD 2023	Q3 YTD 2022
Net sales	14,820	14,745	44,109	42,859
Of which: online sales	1,125	1,077	3,457	3,211
Operating income	438	571	1,742	1,859
Underlying operating income	616	729	1,989	2,010

6. Net sales

€ million	Q3 2023			Q3 2022		
	The United States	Europe	Ahold Delhaize Group	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	12,538	5,276	17,814	13,527	4,956	18,483
Sales to and fees from franchisees and affiliates	—	1,909	1,909	—	1,748	1,748
Online sales	1,034	1,099	2,134	1,071	1,015	2,086
Wholesale sales	52	26	78	61	29	90
Net sales	**13,625**	**8,310**	**21,934**	**14,659**	**7,747**	**22,407**

€ million	Q3 YTD 2023 The United States	Q3 YTD 2023 Europe	Q3 YTD 2023 Ahold Delhaize Group	Q3 YTD 2022 The United States	Q3 YTD 2022 Europe	Q3 YTD 2022 Ahold Delhaize Group
Sales from owned stores	37,378	15,817	53,195	37,250	14,835	52,086
Sales to and fees from franchisees and affiliates	—	5,666	5,666	—	5,131	5,131
Online sales	3,193	3,348	6,540	3,025	3,147	6,173
Wholesale sales	151	74	225	160	76	236
Net sales	**40,721**	**24,905**	**65,626**	**40,435**	**23,190**	**63,626**

7. Income taxes

The effective tax rate for Q3 and YTD 2023 compared to Q3 and YTD 2022 is lower due to a geographical mix and one-time events.The income tax expense for Q3 and YTD 2023 is lower mainly due to change in income.

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 October 1, 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.

The assets relating to this transformation, which are held for sale as of Q3 2023, have a carrying value of €41 million.

During Q3 2023, Delhaize Belgium announced that a buyer was found and asset purchase agreements signed for 32 stores, and on October 2, 2023, announced the same for 19 additional stores. It is Delhaize's intention to transform these 51 stores during the coming months.

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.

On August 9, 2023, the Company announced the interim dividend for 2023 of €0.49 per common share, which was paid on August 31, 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 three quarters of the year, 25,965,610 of the Company's own shares were repurchased at an average price of €29.85 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 October 1, 2023, was 954,186,155 (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	October 1, 2023	January 1, 2023
Cash and cash equivalents as presented in the statement of cash flows	4,755	3,054
Restricted cash	12	28
Cash and cash equivalents as presented on the balance sheet	**4,766**	**3,082**

Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €2,085 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	October 1, 2023		January 1, 2023, restated	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	61	55	36	34
Lease receivable	516	489	518	498
Financial assets at fair value through profit or loss				
Reinsurance contract asset[1]	335	335	333	333
Investments in debt instruments	136	136	136	136
Derivative financial instruments				
Derivatives	2	2	2	2
Financial liabilities at amortized cost				
Notes	(4,812)	(4,505)	(4,373)	(4,075)
Financing obligations	(179)	(89)	(194)	(109)
Other long-term financial liabilities	(208)	(194)	(269)	(268)
Financial liabilities at fair value through profit or loss				
Reinsurance contract liability[1]	(293)	(293)	(302)	(302)
Derivative financial instruments				
Derivatives	(31)	(31)	(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 €33 million as of October 1, 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, October 1, 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

On August 31, 2023, the Authority for Consumers and Markets (ACM) gave approval for the cooperation between Jan Linders and Albert Heijn for 44 out of the 63 stores. The cooperation agreement became effective five business days later. The aim is to convert the 44 stores into Albert Heijn franchise supermarkets in 2023. As part of the cooperation, several contributions were agreed upon. As of Q3 2023, 15 stores have been converted, and there are no material outstanding investment commitments related to this transaction; the main part of the contributions is recognized on the balance sheet as part of Other non-current assets and Accounts payable. Also, the agreement for the acquisition of ten existing Albert Heijn stores by Jan Linders became effective on September 1, 2023. The acquisition of the Jan Linders distribution center and Jan Linders' headquarters by Albert Heijn is not yet completed.

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

Announced acquisition of Profi Rom Food SRL, a leading grocery retailer in Romania

On October 30, 2023, Ahold Delhaize announced it has agreed to acquire 100% of Romanian grocery retailer Profi Rom Food SRL (Profi) from MidEuropa. Profi is a leading traditional grocery retailer in Romania, operating 1,654 stores in the country. The acquisition more than doubles the size of Ahold Delhaize's existing Romanian business, which operates under the Mega Image brand and has 969 stores, predominantly in urban areas. The combination will complement and expand Ahold Delhaize's existing Romanian footprint to better serve both urban and rural areas. This acquisition is still subject to approval by relevant regulatory authorities. Ahold Delhaize will pay an Enterprise Value of approximately €1.3 billion, corresponding to lease-adjusted Enterprise Value of €1.8 billion (post IFRS 16). The acquisition consideration will be 100% debt funded, with the transaction expected to close in 2024, following the satisfaction of customary closing conditions, including regulatory clearance. On October 30, 2023, Ahold Delhaize secured a €1.2 billion bridge facility.

Ahold Delhaize to sell FreshDirect to Getir

On October 17, 2023, Ahold Delhaize settled the outstanding liability relating to FreshDirect with Centerbridge and obtained 100% of the shareholding in FreshDirect. On November 8, 2023, Ahold Delhaize announced it has entered into an agreement to sell its FreshDirect business to Getir. The closing of the agreement is expected during Q4 2023. The divestment loss is estimated to be in the range of $275 to $325 million pre-tax. FreshDirect is presented under the reporting segment "United States."

Zaandam, the Netherlands, November 8, 2023

Management Board

Frans Muller (President and Chief Executive Officer)
Jolanda Poots-Bijl (Chief Financial 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 key publication dates for 2024 are as follows:

February 14: Results Q4/FY 2023
February 28: Annual Report 2023
May 8: Results Q1 2024
August 7: Results Q2 2024
November 6: Results Q3 2024

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 growth, propositions, expect(ed)/(s)/(ation), planned, implied, commit(ted)/(ment), where possible, continu(e)/(ed)/(ing), accelerate initiatives, further, confiden(t)/(ce), long-term, focus, will, strengthen, priorit(y)/(ies), further, plan, journey, strateg(ic)/(y), potential, guidance, focus, intention, outlook, on track, risks, uncertaint(y)/(ies), consistent, ambitions, aim, leading, better, estimated 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; 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; 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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