



MESSAGE FROM OUR CEO

Making a difference locally

FRANS MULLER, PRESIDENT AND CEO OF AHOLD DELHAIZE

Frans Muller shares a message about how being a family of great local brands enabled us to continue to meet the needs of customers, communities, associates, partners and shareholders during another challenging year.

Dear readers,

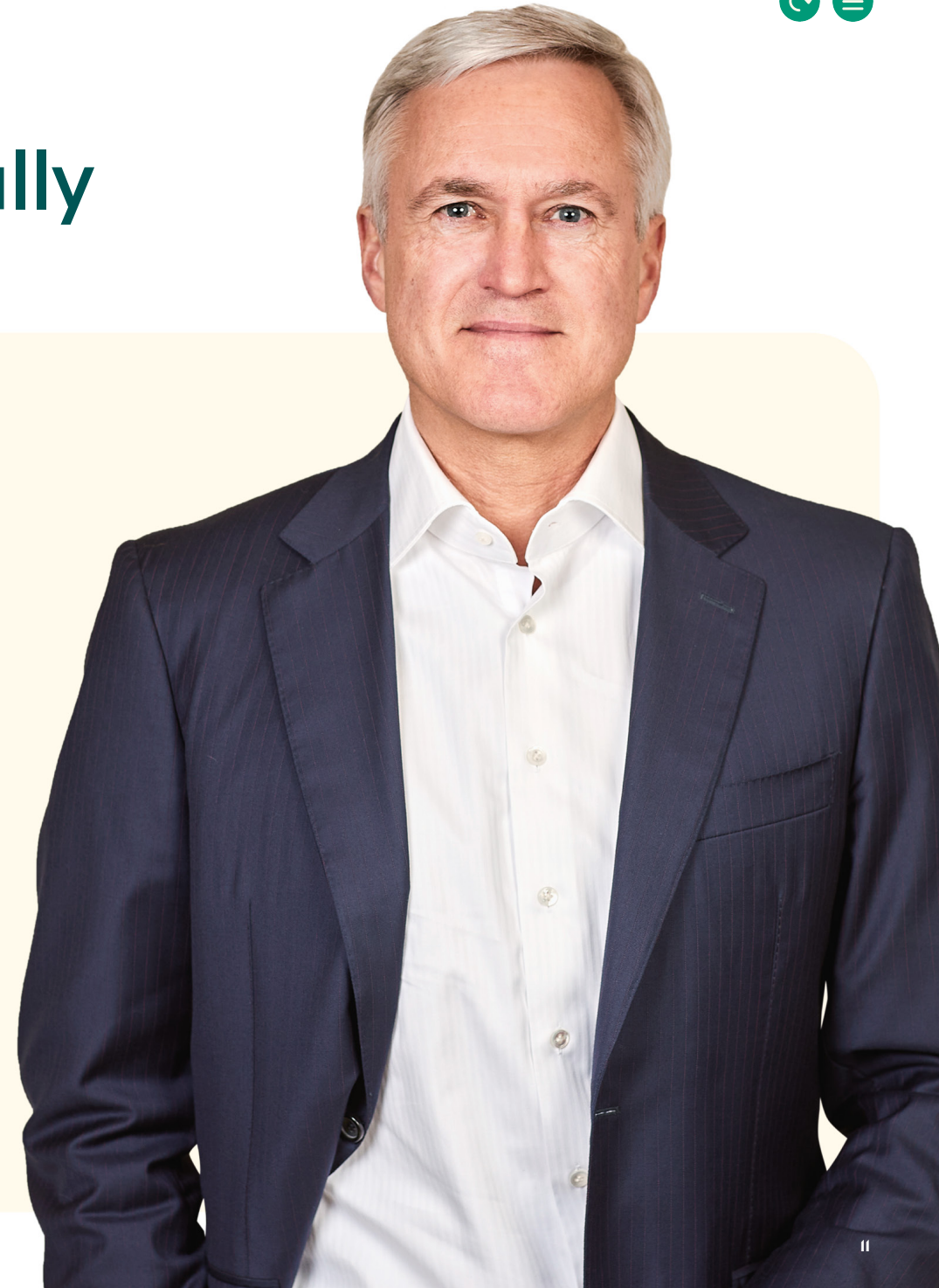
Our stores and associates are at the center of their communities, which means they are also directly impacted by the ups and downs of whatever is happening in society. I was reminded of this last fall, while visiting one of The GIANT Company's stores in Philadelphia, as Store Manager Jessica Fischer shared with me the highlights of her work. These included coaching her team to serve every customer well, offering good value for money and making people feel at home. A center store display with great products from local entrepreneurs certainly helped! She also shared her challenges – in particular, about how running a store in this day and age also means that the team is coping with the need to increasingly support customers and communities during difficult times, and dealing with issues like organized retail theft.

We had to tackle many such challenges during a year characterized by constant change: including war, political and social unrest, inflation, natural disasters and increasing polarization in society. Let me start by saying I'm very proud as I reflect on the remarkable achievements by associates throughout 2023. In the face of adversity, teams across all the brands showed unwavering resilience and agility, adapting to the evolving landscape and consistently going above and beyond to assist customers and communities in navigating these complex times.

Helping customers manage their budgets

Our brands worked hard to provide the relevant, convenient "shop anytime, anywhere" experience we pledge to offer – and customers expect.

One key focus area during this period of high inflation was helping customers manage their household budgets. Our brands did this by keeping prices as low as possible, expanding own-brand assortments of affordable and healthy products and offering more promotions and inspiration to make budget-friendly meals.





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Our local brands also leveraged their digital capabilities to provide customers with highly personalized discounts tailored to their needs. Our sourcing teams in Europe continued to gain efficiencies by sourcing and developing own-brand products together. We left no stone unturned and significantly exceeded our Save for Our Customers goal, generating over €1.25 billion in cost savings, which is over €250 million more than we had originally planned. This enabled the brands to keep prices as low as possible for customers. We also joined retail alliance EURELEC, which negotiates with large international suppliers to help tackle purchase price differences between European markets.

Transforming the company for the future

During these volatile times, Ahold Delhaize and our great local brands not only adapted to change to serve customers today, but took key steps to simplify our business for the future. These included making important – and sometimes difficult – strategic and operational decisions aimed at sustainable, long-term value creation.

For example, we continued to invest in our local brand strategy. This year, we agreed to acquire Romanian supermarket chain Profi Rom Food SRL (Profi), subject to regulatory approval. This will more than double the size of our business in Romania, expanding our existing footprint there to better serve both urban and rural areas and allow Profi and Mega Image to more effectively serve customers and drive sales growth and profitability.

In Belgium, the Delhaize team continued to make strong progress in executing their plan to simplify the organization by bringing all Delhaize stores under one business model, with affiliated stores only. Delhaize is well on its way to completing the transition to independent entrepreneurs. This plan is helping the brand strengthen its position in the competitive Belgian market and build deeper connections to local customers and communities.

Meeting our financial goals

All of this hard work helped our brands maintain customers' trust and loyalty, which was reflected in increasing market shares. Looking to our results, we met all of our key financial goals for the year. For example, our free cash flow was €2.4 billion, finishing at the higher end of our guidance range, reflecting growth in net cash flows from our operating activities.

Our CapEx goal for 2023 was to invest €2.5 billion in areas such as store remodeling, including innovations and improvements to support our ESG agenda. And we continued to modernize our infrastructure. This also has a trickle-down effect in the local economies – for example, when we build a new Home Shop Center (HSC), remodel a store, or develop new features in our apps, it creates work for construction companies, painters, and logistics and IT companies. And as we pursue our ESG strategy, it generates business for companies providing electric transportation, environmentally friendly refrigerants and AI technology, to name a few.

Key developments in our strategy

Our strategy has four pillars that guide our work and determine where we invest. I want to share some highlights from the year that stood out to me, but, of course, this Annual Report will give you all the details.

Driving omnichannel growth

We firmly believe our strength lies in the seamless mix of in-store and online shopping: our omnichannel strategy. In 2023, we continued to drive omnichannel growth and invest in our omnichannel ecosystems, which offer customers the flexibility of shopping whenever and wherever they want. As an example, Food Lion continued to elevate its fleet of stores to our best-in-class omnichannel format. In 2023 alone, the brand remodeled more than 10% of its store fleet. These investments are creating a better shopping experience for customers and more sustainable

operations. In the Netherlands, bol showed a resilient performance. In a tougher online e-commerce market, it continued to gain market share and strongly increased its value-added services, such as advertising and logistics.

As customers' shopping preferences evolve in the U.S., we concluded that we need to orient our online fulfillment capabilities towards more efficient, less asset-intensive same-day delivery models, such as click-and-collect and pick-from-store order fulfillment. To achieve this, we determined it was best to close the U.S. Jersey City, New Jersey, and Hanover, Maryland, fulfillment centers, and made the difficult decision to divest our FreshDirect brand.

Elevating healthy and sustainable

Even in the face of economic pressures and other challenges, we continued to advance our health and sustainability agenda. We achieved a triple A rating from MSCI in August, an important benchmark for investors, indicating Ahold Delhaize is an industry leader in managing the most significant ESG challenges and opportunities. Another significant milestone was bol's B Corp certification. We are proud that an e-commerce platform of its size has been able to achieve this, and excited that Albert Heijn is working toward joining them.

Local teams across our brands focused on reducing energy consumption, refrigerant leakage and transport in their own operations; partnering with suppliers to support and incentivize sustainable change; and investing in sustainable agriculture. We also saw improved performance on our food waste reduction targets.

You can learn more about our performance this year in our *Environmental, social and governance* section, which we've expanded with more details, including a new overview of the UN Sustainable Development Goals and how we're striving to help fulfill them and details about our journey to

comply with the Corporate Sustainability Reporting Directive.

We understand how important it is to work together within the supply chain to tackle the challenges that face people and our planet today. That is why my appointment as Co-Chair of the Consumer Goods Forum (CGF) has been an honor. I'm committed to supporting the collaboration between suppliers and retailers in the forum to accelerate change in a number of areas, including the challenge of net zero. Furthermore, Ahold Delhaize published an updated Climate Plan in 2023. It outlines the actions we are taking and targets we have set to help us decarbonize both our own brands' operations and also our supply chain, in line with the UN's goal to limit global warming to 1.5°C.



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Cultivating best talent

We clearly work in a people business, built on the relationships our colleagues develop with partners across the supply chain, customers that shop online and in the stores, and local communities. This is why it is so important for us to continue to cultivate the best talent in the industry. We recognize the great responsibility we have as an employer with 402 thousand associates around the world – all our brands and businesses strive to create workplaces where associates are engaged and feel that their contributions are valued and they can truly be who they are.

In 2023, we remained focused on associate well-being and supporting mental health in an environment of continuous change and challenges. Our brands have started business resource groups (BRGs) focused on well-being and mental health, and we are training leaders to help create a culture of psychological safety and belonging. We are also investing in development, to offer associates the opportunity to grow in their careers with our brands and businesses.



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Strengthening operational excellence

Our work on operational excellence has positioned us well to support customers and maintain a steady performance even in the midst of challenging economic circumstances. Teams at our brands work tirelessly to improve how they operate stores, distribution centers (DCs) and HSCs.

For example, in 2023, our brands opened new, state-of-the-art DCs to help us provide a seamless omnichannel offering. These included a new, mechanized Albert Heijn HSC and the first HSC for online food distribution in Serbia, both in support of our European model of home delivery, as well as a new facility in Chester, New York, to support pick from store and click and collect at our U.S. businesses.

In the U.S., the completion of the self-distribution network is putting our brands fully in control of their own operations, so they can keep costs down and partner more closely with suppliers to improve product availability and freshness. And we have a similar project in Europe, where our brands are taking learnings from the rollout of our online proposition and HSC in the Netherlands and implementing them in Belgium and Central and Southeastern Europe (CSE).

We continued to invest in PRISM, our own proprietary e-commerce platform, across the U.S. brands. It enables us to fully own the customer digital experience and provides a unique opportunity for our brands to continue to learn about customers and make changes to meet their needs.

Entering a phase of new momentum

As we reflect on the five years since we kicked off our Leading Together strategy, we are taking stock of what we have learned so far and refreshing our priorities to adapt to changes in the macro and competitive environment. This will require some shifts in focus, and we are excited to explain more about our future plans to build the next phase of growth and value creation for our company during our Strategy Day in May.

For 2024, while we expect the economic backdrop to remain challenging, we do see real opportunities for our brands to kick off a phase of new momentum. The investments we have made in group-wide capabilities – in areas like technology, digital and loyalty – will pay off and be further enhanced by the opportunities data and AI offer.

We will elaborate more on this in May, but here are a few things you can already count on: a relentless focus on the customer, further simplification of our organization to sustain growth, and refinements to how we plan to deploy capital to capture our biggest opportunities. With regard to our short-term goals for 2024, we expect a relatively consistent performance year over year.

Our role in society

The theme of this report is “local matters” – and, in 2023, we proved that once again. Our brands remain intensely focused on ensuring customers and communities have access to affordable, sustainable and healthy products. And at the same time, we are wholeheartedly committed to playing our part as an industry leader to ensure we can build a more sustainable supply chain that is healthier for the planet. Please take the time to dive into this Annual Report, as it contains a wealth of examples of our work and how we view our role in society.

On behalf of the Executive Committee, I want to thank colleagues at all our brands, who work hard every day to help people in their communities eat well, save time and live better. We’re grateful to customers for their loyalty, and our partners across the supply chain for helping us achieve our shared goals. And we’d like to thank our shareholders for their continued support.

Frans Muller

President and CEO