Koninklijke Ahold Delhaize N.V.

Q3 2021 Report

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Ahold Delhaize maintains momentum, reporting strong Q3 results and raising guidance on full-year underlying operating margin, earnings and free cash flow

* On a two-year comparable sales growth basis**, comparable sales excluding gas in the U.S. were up 15.3% and in Europe were up 7.3% in Q3 2021, both of which remain elevated relative to historic levels.
* Q3 Group net sales were €18.5 billion, up 4.6% at constant exchange rates.
* In Q3, net consumer online sales grew 29.2% at constant exchange rates, building on top of the significant 62.6% growth in Q3 2020.
* Q3 diluted underlying EPS was €0.53, representing an increase of 8.1% at constant exchange rates versus the prior year. Q3 IFRS-reported operating income was €780 million; Q3 IFRS-reported diluted EPS was €0.51.
* In the U.S., Q3 comparable sales excluding gas grew 2.9%, while, in Europe, Q3 comparable sales were stable (0.2)% versus Q3 2020.
* Q3 underlying operating margin was 4.4%.
* Raising 2021 Group underlying margin, underlying EPS and free cash flow outlook; expect Group underlying operating margin to be approximately 4.4%, underlying EPS to grow in the low- to mid-20s range versus 2019, and free cash flow to be approximately €1.7 billion.

*** Two-year comparable sales growth is a stack of the comparable sales growth excluding gasoline in the current year period added to the comparable sales growth excluding gasoline in the prior year period. This measure may be helpful to improve the understanding of trends in periods that are affected by variations in prior-year growth rates.*

Zaandam, the Netherlands, November 10, 2021 – 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		Ahold Delhaize Group		The United States		Europe	
€ million, except per share data	Q3 2021	% change constant rates	Q3 2021	% change constant rates	Q3 2021	% change constant rates	Q3 YTD 2021	% change constant rates	Q3 YTD 2021	% change constant rates	Q3 YTD 2021	% change constant rates
Net sales	18,545	4.6 %	11,502	6.8 %	7,043	1.1 %	55,454	4.5 %	33,356	4.3 %	22,098	4.7 %
Comparable sales growth excl. gas	1.7 %		2.9 %		(0.2)%		2.0 %		1.0 %		3.4 %	
Online sales	1,735	30.6 %	757	52.9 %	979	17.3 %	5,528	53.5 %	2,365	88.1 %	3,163	35.0 %
Net consumer online sales	2,295	29.2 %	757	52.9 %	1,538	20.1 %	7,420	51.6 %	2,365	88.1 %	5,055	39.0 %
Operating income	780	251.0 %	534	NM[1]	287	3.6 %	2,426	17.0 %	1,569	19.0 %	958	6.3 %
Operating margin	4.2 %	3.0 pts	4.6 %	4.9 pts	4.1 %	0.1 pts	4.4 %	0.5 pts	4.7 %	0.6 pts	4.3 %	0.1 pts
Underlying operating income	812	0.7 %	551	1.9 %	303	0.9 %	2,493	(6.2) %	1,622	(14.2) %	972	7.1 %
Underlying operating margin	4.4 %	(0.2)pts	4.8 %	(0.2)pts	4.3 %	— pts	4.5 %	(0.5)pts	4.9 %	(1.1)pts	4.4 %	0.1 pts
Diluted EPS	0.51	575.4 %					1.56	25.1 %				
Diluted underlying EPS	0.53	8.1 %					1.61	(3.0) %				
Free cash flow	516	210.9 %					1,239	(32.2) %				

1. *Not meaningful, as operating income in the U.S. was a loss in Q3 2020.*

Comments from Frans Muller, President and CEO of Ahold Delhaize

"Our Q3 results once again showed the resilience of our business model, with our brands building further on 2020's COVID-19-related sales gains, as various societies across our markets reopened in the quarter. During these ever-changing times, we remain proud of the significant efforts of associates in all our brands and businesses, who continue to tirelessly serve our communities. In Europe and the United States, our businesses faced additional disruptions in Q3 related to the Belgian floods, tornadoes in the Czech Republic, fires in Greece and Hurricane Ida in the U.S. We would like to send a special thank you to the affected associates for their continued dedication to their communities during these difficult times, and for truly living our core values.

"We continue to focus on making additional investments to meet associate, customer and community needs and remain on track to deliver on our pledge to contribute €20 million in charitable donations, spread evenly between the U.S. and Europe, during 2021. We also continued to support COVID-19-related health and safety measures, which remain a top priority; we invested €66 million in these measures in Q3. The pandemic has shown us the importance of maintaining food and product supplies to local communities – a vital role that we remain focused on fulfilling, together with our brands and suppliers.

"Q3 Group net sales of €18.5 billion remained elevated; this was exemplified by the U.S. segment, where comparable sales excluding gasoline grew 2.9% on top of last year's double-digit growth. Many consumer habits formed during the COVID-19 pandemic favoring food-at-home consumption and a focus on healthier eating are proving resilient, and we continue to make significant investments to address these trends.

"To meet consumer needs in line with this market dynamic and support our leading market share positions, our brands continued to bring new omnichannel solutions to customers. As a result, Q3 net consumer online sales grew 29.2% at constant currency rates, coming on top of the very robust growth profile from Q3 2020. And at bol.com, our online retail platform in the Benelux, net consumer sales grew by 19.2% in the quarter, which comes on top of 45.6% growth in Q3 2020. Bol.com's sales from third-party sellers grew 24.6% in the quarter, with nearly 48,000 merchant partners on the platform.

"We continue to solidify our position as an industry-leading local omnichannel retailer by executing our strategy to improve supply chain, advance omnichannel offerings, and enhance omnichannel productivity. To improve the efficiency of our supply chain, the U.S. business has now achieved self-distribution for 65% of center store volume, and remains on schedule to transition to a fully self-distributed network in 2023.

"To advance omnichannel offerings, Giant Food will soon launch Ship2me, an online marketplace solution, initially offering an additional ~40,000 general merchandise and food items. During the quarter, we also added 102 new click-and-collect locations in the U.S. and our brands in Greece and the Czech Republic expanded their online grocery delivery services.

"Improving omnichannel productivity remains a high priority and we are proud of our new e-commerce fulfillment facility in the Philadelphia market at The GIANT Company, which opened this week. The facility is part of our efforts to drive growth and efficiencies in our online operations. At our Investor Day on November 15, 2021, you will hear more from us regarding these and exciting initiatives being undertaken throughout the business in support of our omnichannel ambitions.

"We also continued along our path as a consolidator of choice within the food retail industry during Q3 by successfully completing the acquisition of 38 stores from DEEN in the Netherlands. We have already remodeled the majority of the acquired stores, and expect to have all of the stores remodeled by mid-November.

"Lastly, we continue to make progress in elevating our Healthy and Sustainable strategy. Our MSCI ESG ranking has been upgraded to an ‘AA’ ranking from our previous ‘A’ ranking, putting Ahold Delhaize in the top 25% of all companies measured. The ranking reflects our efforts to reduce carbon emissions, mitigate risks, and ensure we have great diverse talent. We are proud of this achievement as it reflects our ambition to be an ESG leader, and we will continue to work hard towards this goal. Furthermore, we have joined the Science Based Targets initiative (SBTi) Business Ambition for 1.5°C, a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero. In the Czech Republic, Albert was recognized as the market leader for its wide range of organic products. And Delhaize in Belgium has launched a new subscription service that allows companies to offer their employees a discount on healthy food products. Furthermore, bol.com has begun utilizing a multi-packing machine that saves packaging material, leading to fewer delivery trips and thereby reducing bol.com's overall CO_2 emissions.

"Looking ahead, we are excited to share more on these as well as other important initiatives and updates to our Leading Together strategy at our first virtual Investor Day on November 15, 2021."

Q3 Financial highlights

Group highlights

Group net sales were €18.5 billion, up 4.0% at actual exchange rates, and increased 4.6% at constant exchange rates. Group net sales were driven by positive contributions from comparable sales growth excluding gasoline of 1.7% and acquisitions, which were modestly offset by unfavorable foreign exchange rates.

Q3 comparable sales were negatively impacted by approximately 0.6 percentage points from unfavorable calendar shifts and weather. On a two-year comparable sales stack basis, growth for the Group of 12.2% in Q3 2021 compares to the 14.4% growth posted for the full year 2020.

In Q3, Group net consumer online sales grew 29.2% at constant exchange rates, due to significant growth at bol.com, continued strong performance across the rest of the online business, and the FreshDirect acquisition.

In Q3, Group underlying operating margin was 4.4%, down 0.2 percentage points from the prior year at constant exchange rates, as margins lapped unusually high levels from last year due to COVID-19. Margins in 2020 benefited largely from higher operating leverage due to strong sales trends related to COVID-19. In Q3, Group IFRS-reported operating margin was 4.2%.

Underlying income from continuing operations was €547 million, up 3.2% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €522 million. Diluted EPS was €0.51 and diluted underlying EPS was €0.53, up 7.2% at actual currency rates compared to last year's record Q3 results. Management believes that framing 2021 diluted underlying EPS growth relative to 2019 (prior to COVID-19) provides a helpful context for investors. Therefore, compared to Q3 2019, diluted underlying EPS in the quarter was up by approximately 20%. In the quarter, 7.7 million own shares were purchased for €207 million, bringing the total amount to €695 million through Q3.

U.S. highlights

U.S. net sales increased 6.8% at constant exchange rates and 5.8% at actual exchange rates. U.S. comparable sales excluding gasoline increased 2.9%, growing on top of 12.4% growth from the year ago period, as elevated food-at-home demand remained intact.

Q3 comparable sales were negatively impacted by approximately 0.8 percentage points from an unfavorable calendar shift. On a two-year comparable sales stack basis, growth was 15.3%, similar to the 15.8% growth for the full year 2020. Brand performance continued to be led by Food Lion.

In Q3, online sales in the segment were up 52.9% in constant currency, driven by the continued expansion of click-and-collect facilities and the FreshDirect acquisition. Excluding the FreshDirect acquisition, U.S. online sales grew 26.2% in constant currency, building on top of the significant 114.7% growth in the same quarter last year.

Underlying operating margin in the U.S. was 4.8%, down 0.2 percentage points at constant exchange rates from the prior year period, which had benefited from unusually low shrink levels and favorable sales mix owing to a surge in demand related to COVID-19. In Q3, U.S. IFRS-reported operating margin was 4.6%.

Europe highlights

European net sales grew 1.1% at constant exchange rates and 1.3% at actual exchange rates. Europe's comparable sales excluding gasoline declined by 0.2%. Despite lapping strong comparable sales growth excluding gasoline in the year ago period of 7.5% and contending with the reopening of societies across Europe, comparable sales remained stable on the back of continued market share gains. Albert Heijn was a particular standout in the quarter, with market share results being driven by successful marketing campaigns and sales uplifts provided by the brand's store remodeling activities. The European brands that produced good comparable sales growth excluding gasoline in the quarter were led by bol.com, and included our central and southern European operations.

Q3 comparable sales in Europe were negatively impacted by approximately 0.4 percentage points from flooding in Belgium, which occurred early in the quarter. On a two-year comparable sales stack basis for Q3 2021, growth was 7.3%, a deceleration compared to growth of 12.3% in 2020, although the Q3 2021 two-year comparable stack remains elevated relative to historic levels.

In Q3, net consumer online sales in the segment were up 20.1%, following 48.6% growth in the same period last year.

Underlying operating margin in Europe was 4.3%, flat compared with the prior year at constant exchange rates, as strong savings programs offset inflationary pressures on costs. In Q3, Europe's IFRS-reported operating margin was 4.1%.

Outlook

Our Q3 results provide management with the confidence to raise the 2021 outlook for underlying operating margin, underlying EPS growth and free cash flow.

As previously reported, COVID-19, and to a lesser extent, a 53-week calendar, significantly distorted Ahold Delhaize's 2020 financial results. Lapping these effects is impacting results in 2021, which returned to a 52-week calendar.

In 2021, the Group underlying operating margin outlook has been raised to approximately 4.4%, versus approximately 4.3% previously, reflecting the strong year-to-date margin performance. The outlook continues to reflect the effects of over €750 million in cost savings largely offsetting cost pressures related to COVID-19, and the negative impact from increased online sales penetration.

The underlying EPS guidance has been raised and is now expected to grow in the low- to mid-20s range relative to 2019, versus high-teen growth previously. Management believes that framing 2021 underlying EPS guidance relative to 2019, which was prior to COVID-19 and also on a 52-week calendar, provides a helpful context for investors.

The 2021 free cash flow outlook has also been raised to approximately €1.7 billion, compared to the previous outlook of approximately €1.6 billion. This puts the Company on track to reach €5.7 billion in cumulative free cash flow from 2019-2021 (averaging €1.9 billion annually), which exceeds the Capital Markets Day 2018 target of €5.4 billion (averaging €1.8 billion annually). Capital expenditure is expected to be around €2.2 billion, and reflects the Company's higher investments in digital and omnichannel capabilities and improvements related to recent M&A. In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program in 2021, as previously stated. We expect to grow the full-year 2021 dividend year-over-year.

	Full-year outlook	Underlying operating margin[1]	Underlying EPS	Save for Our Customers	Capital expenditures	Free cash flow[2]	Dividend payout ratio[3, 4]	Share buyback[4]
Updated outlook	**2021**	**~ 4.4%**	**Low- to mid-20s growth vs. 2019**	**> €750 million**	**~ €2.2 billion**	**~ €1.7 billion**	**40-50% payout; YOY growth in dividend per share**	**€1 billion**
Previous outlook	2021	~ 4.3%	High-teen growth vs. 2019	> €750 million	~ €2.2 billion	~ €1.6 billion	40-50% payout; YOY growth in dividend per share	€1 billion

1. *No significant impact to underlying operating margin from returning to a 52-week calendar versus a 53-week calendar in 2020, though the return to a 52-week calendar will negatively impact net sales for the full year by 1.5-2.0%. Comparable sales growth will be presented on a comparable 52-week basis.*
2. *Excludes M&A.*
3. *Calculated as a percentage of underlying income from continuing operations.*
4. *Management remains committed to the share buyback and dividend program, but given the uncertainty caused by COVID-19, will continue to monitor macroeconomic developments. The program is also subject to changes in corporate activities, such as material M&A activity.*

Group performance

€ million, except per share data	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
Net sales	18,545	17,826	4.0 %	4.6 %	55,454	55,136	0.6 %	4.5 %
Of which: online sales	1,735	1,334	30.1 %	30.6 %	5,528	3,679	50.3 %	53.5 %
Net consumer online sales[1]	2,295	1,780	28.9 %	29.2 %	7,420	4,971	49.3 %	51.6 %
Operating income	780	207	276.8 %	251.0 %	2,426	2,174	11.6 %	17.0 %
Income from continuing operations	522	68	664.6 %	550.6 %	1,612	1,406	14.7 %	20.4 %
Net income	522	68	664.2 %	550.4 %	1,612	1,406	14.6 %	20.3 %
Basic income per share from continuing operations (EPS)	0.51	0.06	692.9 %	574.7 %	1.56	1.31	19.1 %	25.0 %
Diluted income per share from continuing operations (diluted EPS)	0.51	0.06	693.7 %	575.4 %	1.56	1.31	19.1 %	25.1 %
Underlying EBITDA[1]	1,568	1,514	3.6 %	4.2 %	4,700	4,906	(4.2)%	(0.1)%
Underlying EBITDA margin[1]	8.5 %	8.5 %			8.5 %	8.9 %		
Underlying operating income[1]	812	813	(0.1)%	0.7 %	2,493	2,783	(10.4)%	(6.2)%
Underlying operating margin[1]	4.4 %	4.6 %			4.5 %	5.0 %		
Underlying income per share from continuing operations – basic (underlying EPS)[1]	0.53	0.50	7.1 %	8.0 %	1.61	1.74	(7.4)%	(3.0)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS)[1]	0.53	0.50	7.2 %	8.1 %	1.61	1.73	(7.4)%	(3.0)%
Free cash flow[1]	516	176	193.8 %	210.9 %	1,239	1,937	(36.0)%	(32.2)%

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 the 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 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
$ million								
Net sales	13,550	12,688	6.8 %		39,874	38,215	4.3 %	
Of which: online sales	892	583	52.9 %		2,829	1,504	88.1 %	
€ million								
Net sales	11,502	10,875	5.8 %	6.8 %	33,356	34,045	(2.0)%	4.3 %
Of which: online sales	757	499	51.5 %	52.9 %	2,365	1,336	77.1 %	88.1 %
Operating income (loss)	534	(36)	NM[1]	NM[1]	1,569	1,422	10.3 %	19.0 %
Underlying operating income	551	547	0.6 %	1.9 %	1,622	2,024	(19.9)%	(14.2)%
Underlying operating margin	4.8 %	5.0 %			4.9 %	5.9 %		
Comparable sales growth	3.6 %	11.4 %			1.5 %	14.5 %		
Comparable sales growth excluding gasoline	2.9 %	12.4 %			1.0 %	15.5 %		

1. *Not meaningful, as operating income in the U.S. was a loss in Q3 2020.*

Europe

€ million	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
Net sales	7,043	6,951	1.3 %	1.1 %	22,098	21,091	4.8 %	4.7 %
Of which: online sales	979	834	17.3 %	17.3 %	3,163	2,343	35.0 %	35.0 %
Net consumer online sales	1,538	1,281	20.1 %	20.1 %	5,055	3,636	39.0 %	39.0 %
Operating income	287	277	3.8 %	3.6 %	958	900	6.5 %	6.3 %
Underlying operating income	303	300	1.1 %	0.9 %	972	907	7.2 %	7.1 %
Underlying operating margin	4.3 %	4.3 %			4.4 %	4.3 %		
Comparable sales growth	(0.2)%	7.5 %			3.4 %	9.1 %		
Comparable sales growth excluding gasoline	(0.2)%	7.5 %			3.4 %	9.2 %		

Global Support Office

€ million	Q3 2021	Q3 2020	% change	% change constant rates	Q3 YTD 2021	Q3 YTD 2020	% change	% change constant rates
Underlying operating loss	(41)	(34)	22.2 %	22.5 %	(101)	(148)	(31.4)%	(28.8)%
Underlying operating loss excluding insurance results	(40)	(34)	17.1 %	17.4 %	(117)	(105)	12.1 %	14.2 %

In Q3, underlying Global Support Office costs were €41 million, which was €7 million higher than the prior year. Excluding insurance results, underlying Global Support Office costs increased versus the prior year due to accelerated IT, Digital and HR initiatives.

Financial review

Q3 2021 (compared to Q3 2020)

Underlying operating income decreased by €1 million to €812 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €12 million (Q3 2020: €13 million); (gains) and losses on leases and the sale of assets of €(19) million (Q3 2020: €(6) million); and restructuring and related charges and other items of €40 million (Q3 2020: €599 million). The Q3 2020 restructuring and related charges and other items included a €577 million provision related to the tentative withdrawal agreement reached between Stop & Shop and local unions on the United Food & Commercial Workers International Union (UFCW) – Industry Pension Fund. Including these items, IFRS operating income increased by €573 million to €780 million.

Income from continuing operations was €522 million, representing an increase of €454 million compared to last year. This follows mainly from the €573 million increase in operating income, partially offset by the resulting higher income taxes of €117 million.

Free cash flow was €516 million, which represents an increase of €340 million compared to Q3 2020, mainly driven by the improvement in working capital of €168 million, higher operating cash flow of €63 million and the lower income taxes paid of €91 million, a decrease mainly driven by the timing of payments.

Net debt increased in Q3 2021 by €946 million to €13,867 million, compared to Q2 2021. This was attributable to the interim dividend payment of €442 million, the share buyback of €207 million, the acquisition of businesses, net of cash acquired, of €129 million and the net increase in lease liabilities of €665 million in part as a result of the acquistion of DEEN. These impacts were partially offset by the free cash flow of €516 million.

First three quarters 2021 (compared to first three quarters 2020)

Underlying operating income of €2,493 million (Q3 YTD 2020: €2,783 million) was adjusted for the items below, in the amount of €67 million (Q3 YTD 2020: €609 million), which impacted reported IFRS operating income:

- Impairments of €33 million (Q3 YTD 2020: €33 million)
- (Gains) and losses on leases and the sale of assets of €(39) million (Q3 YTD 2020: €(46) million)
- Restructuring and related charges and other items of €73 million (Q3 YTD 2020: €622 million).

Including these items, IFRS operating income increased by €251 million to €2,426 million.

Income from continuing operations was €1,612 million, which was €206 million higher than last year. This mainly reflects the increase in operating income of €251 million, which was partially offset by higher income taxes of €37 million.

Free cash flow was €1,239 million, or €698 million lower than last year. This decrease was expected and is mainly the result of lower operating cash flow of €199 million and the unfavorable development in working capital of €820 million. The latter was mainly due to the reversal of last year's favorable payables and inventories positions resulting from the strong sales increase related to COVID-19. These developments were partly offset by the lower net investments of €221 million and lower income taxes paid of €92 million.

Impact of COVID-19

COVID-19 continued to affect the Company's results in the third quarter of 2021. Comparable sales continue to be impacted by changes in consumer demand as a result of COVID-19. The continued operating leverage due to elevated sales was, in part, offset by higher costs related to COVID-19 in Q3 2021 of approximately €66 million. The definitions of the Company's alternative performance measures have not been adjusted to reflect the COVID-19 impact.

Ahold Delhaize has not applied for government assistance or received any rent concessions; however it has provided some rent concessions. As a result of the COVID-19 outbreak, which led to a rise in online sales demand, the Company's investments in digital and omnichannel capabilities increased. It also incurred additional costs related to several safety measures implemented throughout its brands' operations to protect associates and customers as well as charitable donations to support local communities.

It is very challenging to determine the future impact of COVID-19 on the business. The pandemic has created an uncertain environment in which comparable sales growth is decelerating versus 2020 performance. We are seeing continued changes in customer behavior and government restrictions, expanded safety requirements and continued uncertainty about COVID-19-related health, safety and labor expenses. The expectations for the impact on 2021 results have been included in the *Outlook* section of this interim report.

Consolidated income statement

€ million, except per share data	Note	Q3 2021	Q3 2020[1]	Q3 YTD 2021	Q3 YTD 2020[1]
Net sales	5/6	18,545	17,826	55,454	55,136
Cost of sales	7	(13,472)	(12,936)	(40,225)	(39,893)
Gross profit		**5,073**	**4,890**	**15,229**	**15,243**
Other income		115	99	371	334
Selling expenses	7	(3,673)	(3,526)	(10,949)	(10,745)
General and administrative expenses	7	(735)	(1,257)	(2,225)	(2,658)
Operating income	5	**780**	**207**	**2,426**	**2,174**
Interest income		6	8	21	29
Interest expense		(44)	(33)	(134)	(101)
Net interest expense on defined benefit pension plans		(4)	(4)	(13)	(12)
Interest accretion to lease liability		(84)	(89)	(252)	(270)
Other financial expenses		(1)	(6)	(12)	(19)
Net financial expenses		(127)	(124)	(389)	(374)
Income before income taxes		**653**	**83**	**2,037**	**1,800**
Income taxes	8	(144)	(27)	(448)	(411)
Share in income of joint ventures		13	12	24	17
Income from continuing operations		**522**	**68**	**1,612**	**1,406**
Income from discontinued operations		—	—	—	—
Net income		**522**	**68**	**1,612**	**1,406**
Net income per share attributable to common shareholders					
Basic		0.51	0.06	1.56	1.31
Diluted		0.51	0.06	1.56	1.31
Income from continuing operations per share attributable to common shareholders					
Basic		0.51	0.06	1.56	1.31
Diluted		0.51	0.06	1.56	1.31
Weighted average number of common shares outstanding (in millions)					
Basic		1,026	1,064	1,032	1,072
Diluted		1,028	1,068	1,036	1,076
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8489	0.8568	0.8364	0.8907

1. *Comparative balances have been restated to conform to the current year's presentation (see Note 2).*

Consolidated statement of comprehensive income

€ million	Note	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Net income		**522**	**68**	**1,612**	**1,406**
Remeasurements of defined benefit pension plans:					
Remeasurements before taxes – income (loss)		14	31	25	(33)
Income taxes		(4)	(8)	(7)	8
Other comprehensive income (loss) that will not be reclassified to profit or loss		10	23	18	(25)
Currency translation differences in foreign interests:					
Continuing operations		246	(407)	540	(497)
Income taxes		—	1	(1)	3
Cash flow hedges:					
Transfers to net income		—	1	1	1
Non-realized gains (losses) on debt and equity instruments:					
Fair value result for the period		—	(1)	—	(1)
Other comprehensive income (loss) reclassifiable to profit or loss		246	(406)	539	(495)
Total other comprehensive income (loss)		**256**	**(383)**	**557**	**(520)**
Total comprehensive income (loss) attributable to common shareholders		**778**	**(315)**	**2,169**	**886**
Attributable to:					
Continuing operations		778	(315)	2,169	886
Discontinued operations		—	—	—	—
Total comprehensive income (loss) attributable to common shareholders		**778**	**(315)**	**2,169**	**886**

Consolidated balance sheet

€ million	Note	October 3, 2021	January 3, 2021
Assets			
Property, plant and equipment		11,409	10,696
Right-of-use asset		8,826	7,455
Investment property		716	739
Intangible assets		12,589	11,565
Investments in joint ventures and associates		237	227
Other non-current financial assets		811	705
Deferred tax assets		305	323
Other non-current assets		65	53
Total non-current assets		**34,958**	**31,764**
Assets held for sale		80	19
Inventories		3,669	3,245
Receivables		1,878	1,975
Other current financial assets		331	360
Income taxes receivable		59	58
Prepaid expenses and other current assets		303	337
Cash and cash equivalents	11	5,151	2,933
Total current assets		**11,470**	**8,928**
Total assets		**46,428**	**40,692**
Equity and liabilities			
Equity attributable to common shareholders	9	**13,082**	**12,432**
Loans		4,557	3,863
Other non-current financial liabilities		10,287	8,905
Pensions and other post-employment benefits	10	1,376	1,235
Deferred tax liabilities		763	664
Provisions		789	718
Other non-current liabilities		61	63
Total non-current liabilities		**17,834**	**15,448**
Liabilities related to assets held for sale		12	—
Accounts payable		6,832	6,795
Other current financial liabilities		5,054	2,386
Income taxes payable		197	128
Provisions		443	378
Other current liabilities		2,976	3,125
Total current liabilities		**15,513**	**12,812**
Total equity and liabilities		**46,428**	**40,692**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.8624	0.8187

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	Equity attributable to common shareholders
Balance as of December 29, 2019		**11**	**12,246**	**159**	**(3)**	**1,670**	**14,083**
Net income attributable to common shareholders		—	—	—	—	1,406	**1,406**
Other comprehensive income (loss)		—	—	(494)	1	(26)	**(520)**
Total comprehensive income (loss) attributable to common shareholders		—	—	(494)	1	1,380	**886**
Dividends		—	—	—	—	(1,026)	**(1,026)**
Share buyback		—	—	—	—	(704)	**(704)**
Share-based payments		—	—	—	—	45	**45**
Other items		—	—	—	—	(1)	**(1)**
Balance as of September 27, 2020		**11**	**12,246**	**(336)**	**(3)**	**1,363**	**13,282**
Balance as of January 3, 2021		**11**	**12,246**	**(839)**	**(3)**	**1,016**	**12,432**
Net income attributable to common shareholders		—	—	—	—	1,612	**1,612**
Other comprehensive income (loss)		—	—	538	1	18	**557**
Total comprehensive income (loss) attributable to common shareholders		—	—	538	1	1,630	**2,169**
Dividends	9	—	—	—	—	(856)	**(856)**
Share buyback	9	—	—	—	—	(696)	**(696)**
Cancellation of treasury shares		(1)	(1,258)	—	—	1,259	**—**
Share-based payments		—	—	—	—	32	**32**
Balance as of October 3, 2021		**10**	**10,988**	**(300)**	**(2)**	**2,385**	**13,082**

Consolidated statement of cash flows

€ million	Note	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Income from continuing operations		**522**	**68**	**1,612**	**1,406**
Adjustments for:					
Net financial expenses		127	124	389	374
Income taxes		144	27	448	411
Share in income of joint ventures		(13)	(12)	(24)	(17)
Depreciation, amortization and impairments	7	771	714	2,244	2,159
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(21)	(8)	(38)	(54)
Share-based compensation expenses		8	14	31	42
Operating cash flows before changes in operating assets and liabilities		1,538	927	4,662	4,322
Changes in working capital:					
Changes in inventories		(104)	(109)	(269)	(138)
Changes in receivables and other current assets		26	14	216	(37)
Changes in payables and other current liabilities		14	(137)	(538)	404
Changes in other non-current assets, other non-current liabilities and provisions		55	603	121	660
Cash generated from operations		1,528	1,297	4,192	5,211
Income taxes paid – net		(70)	(161)	(301)	(393)
Operating cash flows from continuing operations		1,458	1,136	3,891	4,818
Net cash from operating activities		**1,458**	**1,136**	**3,891**	**4,818**
Purchase of non-current assets		(586)	(611)	(1,529)	(1,825)
Divestments of assets / disposal groups held for sale		11	10	18	92
Acquisition of businesses, net of cash acquired	4	(129)	—	(527)	(4)
Divestment of businesses, net of cash divested		—	(1)	1	(2)
Changes in short-term deposits and similar instruments		105	(120)	44	(257)
Dividends received from joint ventures		1	—	19	16
Interest received		4	4	12	20
Lease payments received on lease receivables		21	25	77	75
Other		4	(9)	18	(3)
Investing cash flows from continuing operations		(571)	(701)	(1,868)	(1,889)
Net cash from investing activities		**(571)**	**(701)**	**(1,868)**	**(1,889)**
Proceeds from long-term debt		—	—	598	497
Interest paid		(27)	(17)	(103)	(99)
Repayments of loans		(6)	(6)	(417)	(433)
Changes in short-term loans		1,693	1,916	2,700	2,794
Repayment of lease liabilities		(367)	(373)	(1,145)	(1,160)
Dividends paid on common shares	9	(442)	(533)	(856)	(1,026)
Share buyback	9	(207)	(186)	(695)	(705)
Other cash flows from derivatives		—	—	—	2
Other		(2)	(2)	(4)	(7)
Financing cash flows from continuing operations		643	800	77	(136)
Net cash from financing activities		**643**	**800**	**77**	**(136)**
Net cash from operating, investing and financing activities		**1,531**	**1,235**	**2,100**	**2,793**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		3,565	5,204	2,910	3,701
Effect of exchange rates on cash and cash equivalents		89	(150)	175	(206)
Cash and cash equivalents at the end of the period (excluding restricted cash)	11	**5,185**	**6,289**	**5,185**	**6,289**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8489	0.8568	0.8364	0.8907

Notes to the consolidated interim financial statements

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

These financial statements have 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 2020 Financial Statements, except as otherwise indicated below under "New and revised IFRSs effective in 2021."

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 2021, compared with 53 weeks in 2020, and is based on a 4/4/5-week calendar, with four equal quarters of 13 weeks.

Segmentation

Ahold Delhaize’s operating segments are its retail operating companies that engage in business activities from which they earn revenues and incur expenses, and whose operating results are regularly reviewed by the Executive Committee to make decisions about resources to be allocated to the segments and to assess their performance. In establishing the reportable segments, certain operating segments with similar economic characteristics have been aggregated. As Ahold Delhaize’s operating segments offer similar products using complementary business models, and there is no discernible difference in customer bases, Ahold Delhaize’s policy on aggregating its operating segments into reportable segments is based on geography, macro-economic environment and management oversight.

The segments’ performance is evaluated against several measures, of which underlying operating income is the most important. Intersegment sales are executed under normal commercial terms and conditions that would also be available to unrelated third parties.

Changes in presentation

As of the first quarter of 2021, other income is presented as a separate line in the income statement, as a result of the increase in amounts reported. Other income includes rent income, advertising income, as well as other revenue derived from operational activities and revenue from contracts that do not qualify as net sales. These amounts were previously included in expenses, as an offset to cost of sales, selling expenses, and general and administrative expenses.

This change results in reclassifications within the 2020 income statement and expenses by nature. The adjustments to Ahold Delhaize's 2020 comparative amounts for the changes in presentation are as follows:

€ million	Q3 2020 as reported	Changes in presentation	Q3 2020 restated	Q3 YTD 2020 as reported	Changes in presentation	Q3 YTD 2020 restated
Consolidated income statement						
Net sales	17,826	—	17,826	55,136	—	55,136
Cost of sales	(12,909)	(27)	(12,936)	(39,815)	(78)	(39,893)
Gross profit	**4,917**	**(27)**	**4,890**	**15,321**	**(78)**	**15,243**
Other income	—	99	99	—	334	334
Selling expenses	(3,462)	(64)	(3,526)	(10,569)	(175)	(10,745)
General and administrative expenses	(1,248)	(9)	(1,257)	(2,577)	(80)	(2,658)
Operating income	**207**	**—**	**207**	**2,174**	**—**	**2,174**

€ million	Q3 2020 as reported	Changes in presentation	Q3 2020 restated	Q3 YTD 2020 as reported	Changes in presentation	Q3 YTD 2020 restated
Note 7. Expenses by nature						
Other operational expenses	1,455	64	1,519	4,344	210	4,554
Rent income	(35)	35	—	(124)	124	—
Total expenses by nature	**17,619**	**99**	**17,719**	**52,962**	**334**	**53,296**

COVID-19

The COVID-19 pandemic affected the Company’s results, balance sheet and cash flows presented in these interim financial statements. The impact of the pandemic on significant accounting policies is disclosed in *Note 2* of Ahold Delhaize’s 2020 Financial Statements, as included in the Annual Report 2020, published on March 3, 2021.

New and revised IFRSs effective in 2021

On March 31, 2021, the International Accounting Standards Board extended by one year the application period of the practical expedient in IFRS 16, “*Leases,*” to help lessees account for COVID-19-related rent concessions. The original amendment was issued in May 2020. Ahold Delhaize did not apply the optional exemption and accounted for rent concessions in accordance with IFRS 16. The amendment is effective for annual reporting periods beginning on or after April 1, 2021.

In addition, the following amendments and revisions to existing standards became effective for Ahold Delhaize’s consolidated financial statements as of January 4, 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, “*Interest Rate Benchmark Reform – Phase 2*”

These amendments have no impact on the Company’s consolidated financial statements.

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 in *Definitions: Performance measures* in Ahold Delhaize's Annual Report 2020.

Free cash flow

€ million	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,593	1,530	4,783	4,982
Changes in working capital	(65)	(233)	(591)	229
Income taxes paid – net	(70)	(161)	(301)	(393)
Purchase of non-current assets	(586)	(611)	(1,529)	(1,825)
Divestments of assets / disposal groups held for sale	11	10	18	92
Dividends received from joint ventures	1	—	19	16
Interest received	4	4	12	20
Interest paid	(27)	(17)	(103)	(99)
Lease payments received on lease receivables	21	25	77	75
Repayment of lease liabilities	(367)	(373)	(1,145)	(1,160)
Free cash flow	**516**	**176**	**1,239**	**1,937**

Net debt

€ million	October 3, 2021	July 4, 2021	January 3, 2021
Loans	4,557	4,534	3,863
Lease liabilities	9,777	9,183	8,442
Non-current portion of long-term debt	14,334	13,717	12,305
Short-term borrowings and current portion of long-term debt	4,832	3,030	2,249
Gross debt	19,166	16,747	14,554
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[1, 2, 3, 4]	5,299	3,826	3,119
Net debt	**13,867**	**12,921**	**11,434**

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 3, 2021, was €15 million (July 4, 2021: €119 million, January 3, 2021: €58 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 €133 million (July 4, 2021: €129 million, January 3, 2021: €129 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 3, 2021, was €324 million (July 4, 2021: €306 million, January 3, 2021: €441 million).*
4. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €2,742 million (July 4, 2021: €1,303 million, January 3, 2021: €681 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 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Underlying operating income	**812**	**813**	**2,493**	**2,783**
Depreciation and amortization[1]	756	701	2,207	2,122
Underlying EBITDA	**1,568**	**1,514**	**4,700**	**4,906**

1. *The difference between the total amount of depreciation and amortization for Q3 2021 of €760 million (Q3 2020: €701 million) and Q3 YTD 2021 of €2,211 million (Q3 YTD 2020: €2,126 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 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Income from continuing operations	**522**	**68**	**1,612**	**1,406**
Adjustments to operating income	32	606	67	609
Tax effect on adjusted and unusual items	(8)	(145)	(16)	(149)
Underlying income from continuing operations	**547**	**530**	**1,664**	**1,866**
Underlying income from continuing operations for the purpose of diluted earnings per share	**547**	**530**	**1,664**	**1,866**
Basic income per share from continuing operations[1]	0.51	0.06	1.56	1.31
Diluted income per share from continuing operations[2]	0.51	0.06	1.56	1.31
Underlying income per share from continuing operations – basic[1]	0.53	0.50	1.61	1.74
Underlying income per share from continuing operations – diluted[2]	0.53	0.50	1.61	1.73

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 2021 is 1,026 million (Q3 2020: 1,064 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 2021 is 1,028 million (Q3 2020: 1,068 million).*

4. Business combinations and goodwill

During 2021, Ahold Delhaize has completed the acquisition of FreshDirect and various store acquisitions (including 71 BI-LO and Harveys Supermarket stores, net 38 DEEN stores and various others) for a total purchase consideration of €879 million. The provisional allocation of the fair values of the identifiable assets acquired, liabilities assumed and goodwill arising from the acquisitions through Q3 2021 is as follows:

€ million	FreshDirect	Other acquisitions	Total acquisitions
Property, plant and equipment	317	47	364
Right-of-use asset	206	438	644
Other intangible assets	103	3	106
Other non-current financial assets	34	5	38
Deferred tax assets	—	2	2
Other non-current assets	1	—	1
Assets held for sale	—	172	172
Inventories	14	26	39
Receivables	9	3	11
Other current financial assets	1	—	1
Prepaid expenses and other current assets	4	1	4
Cash and cash equivalents	23	5	28
Loans	(67)	—	(67)
Lease liabilities	(199)	(361)	(560)
Other non-current financial liabilities (due to non-controlling interest)	(68)	—	(68)
Deferred tax liability	(43)	—	(43)
Provisions	(8)	(1)	(9)
Other non-current liabilities	(4)	—	(4)
Accounts payable	(36)	(55)	(91)
Other current financial liabilities	(78)	(25)	(104)
Provisions	(3)	—	(3)
Other current liabilities	(40)	(16)	(56)
Net identifiable assets acquired	**164**	**242**	**406**
Goodwill	107	367	473
Total purchase consideration	**270**	**609**	**879**
Purchase consideration in kind	—	(173)	(173)
Purchase consideration paid by other parties[1]	—	(166)	(166)
Deferred consideration payable	—	(2)	(2)
Cash acquired (excluding restricted cash)	(5)	(5)	(10)
Acquisition of businesses, net of cash	**265**	**262**	**527**

1. *Relates to the purchase price directly paid to the seller by the two other parties in the acquisition of DEEN.*

A reconciliation of Ahold Delhaize's goodwill balance, which is presented within intangible assets, is as follows:

€ million	Goodwill
As of January 3, 2021	
At cost	6,839
Accumulated impairment losses	(8)
Opening carrying amount	**6,831**
Acquisitions through business combinations	473
Impairment losses	(1)
Transfers to / from assets held for sale	(3)
Exchange rate differences	241
Closing carrying amount	**7,542**
As of October 3, 2021	
At cost	7,550
Accumulated impairment losses	(8)
Closing carrying amount	**7,542**

Acquisition of FreshDirect

On November 18, 2020, Ahold Delhaize and Centerbridge Partners announced they entered into a definitive agreement to acquire FreshDirect, an online grocer based in New York City. On January 5, 2021, the transaction closed and Ahold Delhaize acquired the majority share, funded by cash on hand. Centerbridge Partners became a minority equity investor with a 20% stake. Ahold Delhaize's share of the purchase consideration is €270 million ($329 million).

The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the acquisition of FreshDirect on a provisional basis is presented in the table above. The call and put options embedded in the non-controlling interest are classified as "Other long-term financial liability" and are subsequently measured at amortized cost pursuant to IFRS 9.

The goodwill recognized is attributable to the synergies expected from the combination of the operations and the ability to strengthen our geographical presence. The goodwill from the acquisition of FreshDirect is not deductible for tax purposes.

Since the acquisition, FreshDirect contributed €133 million ($157 million) to Q3 2021 net sales (YTD 2021: €441 million ($528 million)) and had a modest-to-limited negative impact on Q3 2021 and YTD 2021 net income.

Other acquisitions

Other acquisitions include the acquisition by Food Lion of 71 BI-LO and Harveys Supermarket stores from Southeastern Grocers, the acquisition by Albert Heijn of net 38 DEEN supermarkets, and other store acquisitions. The total purchase consideration is €609 million.

On June 3, 2020, Ahold Delhaize announced that Food Lion had agreed to purchase 62 BI-LO and Harveys Supermarket stores from Southeastern Grocers. The stores are located in North Carolina, South Carolina and Georgia. The closing of the acquisition of stores took place over a staggered period from January to April 2, 2021. As of April 14, 2021, all 62 stores were converted and opened under the Food Lion brand. This transaction with Southeastern Grocers also includes the acquisition of a distribution center in Mauldin, South Carolina. The closing took place on May 3, 2021. On March 3, 2021, Food Lion entered into an agreement to acquire nine additional supermarkets from Southeastern Grocers. This transaction was completed in April 2021. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the acquisitions on a provisional basis is presented in the table above in "Other acquisitions."

On February 16, 2021, Ahold Delhaize announced that Albert Heijn had agreed to acquire a number of DEEN supermarkets. The agreement included the intended sale of 80 DEEN supermarkets to three parties, Albert Heijn, Vomar Voordeelmarkt and Dekamarkt. On September 12, 2021, the transaction closed and Albert Heijn acquired 100% of the shares in DEEN Supermarkten B.V. and immediately disposed and transferred the assets of 23 stores to Vomar Voordeelmarkt and the assets of 19 stores as well as the operation of the distribution center in Beverwijk to Dekamarkt. These 42 stores are included in “Assets held for sale” in the table above for an amount of €166 million. On a net basis, Albert Heijn acquired 38 DEEN stores, a flower company, a distribution center and a head office in Hoorn. The transaction was paid partly in cash and partly with real estate. The purchase price consideration for the 42 stores disposed and transferred was directly paid by Vomar Voordeelmarkt and Dekamarkt to DEEN. The allocation of the fair values of the identifiable assets acquired, the liabilities assumed, and the goodwill arising from the acquisition of DEEN on a provisional basis is presented in the table above in “Other acquisitions.” The goodwill recognized is attributable to the retail operating rights acquired and the synergies expected from the ability to strengthen our geographical presence in North Holland. The goodwill from the acquisition of DEEN is not deductible for tax purposes. As of October 3, 2021, eight stores were converted and opened under the Albert Heijn brand. The remaining 30 stores are expected to be converted by the end of 2021.

Other acquisitions contributed approximately €232 million to Q3 2021 net sales (YTD 2021: €472 million) and had a marginal-to-modest negative impact on Q3 2021 and YTD 2021 net income.

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 as described in *Note 2*.

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, FreshDirect and Peapod[1]
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)

1. *On February 18, 2020, Ahold Delhaize USA closed the Midwest division of its Peapod online grocery sales business.*

Q3 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,502	7,043	—	**18,545**
Of which: online sales	757	979	—	**1,735**
Operating income (loss)	534	287	(41)	**780**
Impairment losses and reversals – net	7	5	—	**12**
(Gains) losses on leases and the sale of assets – net	(4)	(15)	—	**(19)**
Restructuring and related charges and other items	13	26	—	**40**
Adjustments to operating income	*17*	*16*	—	***32***
Underlying operating income (loss)	551	303	(41)	**812**

Q3 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	10,875	6,951	—	**17,826**
Of which: online sales	499	834	—	**1,334**
Operating income (loss)	(36)	277	(34)	**207**
Impairment losses and reversals – net	9	4	—	**13**
(Gains) losses on leases and the sale of assets – net	(3)	(3)	—	**(6)**
Restructuring and related charges and other items	577	22	—	**599**
Adjustments to operating income	*583*	*23*	—	***606***
Underlying operating income (loss)	547	300	(34)	**813**

First three quarters 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	33,356	22,098	—	**55,454**
Of which: online sales	2,365	3,163	—	**5,528**
Operating income (loss)	1,569	958	(101)	**2,426**
Impairment losses and reversals – net	25	8	—	**33**
(Gains) losses on leases and the sale of assets – net	(13)	(26)	—	**(39)**
Restructuring and related charges and other items	41	32	—	**73**
Adjustments to operating income	*53*	*14*	—	***67***
Underlying operating income (loss)	1,622	972	(101)	**2,493**

First three quarters 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	34,045	21,091	—	**55,136**
Of which: online sales	1,336	2,343	—	**3,679**
Operating income (loss)	1,422	900	(148)	**2,174**
Impairment losses and reversals – net	19	14	—	**33**
(Gains) losses on leases and the sale of assets – net	(9)	(37)	—	**(46)**
Restructuring and related charges and other items	592	30	—	**622**
Adjustments to operating income	*602*	*7*	—	***609***
Underlying operating income (loss)	2,024	907	(148)	**2,783**

Additional information

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

$ million	Q3 2021	Q3 2020	Q3 YTD 2021	Q3 YTD 2020
Net sales	13,550	12,688	39,874	38,215
Of which: online sales	892	583	2,829	1,504
Operating income (loss)	629	(27)	1,877	1,578
Underlying operating income	649	636	1,940	2,262

6. Net sales

Q3 2021

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	10,699	4,481	15,180
Sales to and fees from franchisees and affiliates	—	1,551	1,551
Online sales	757	979	1,735
Wholesale sales	46	32	79
Net sales	**11,502**	**7,043**	**18,545**

Q3 2020

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores[1]	10,329	4,498	14,827
Sales to and fees from franchisees and affiliates	—	1,604	1,604
Online sales	499	834	1,334
Wholesale sales	46	15	61
Net sales	**10,875**	**6,951**	**17,826**

1. *Miscellaneous store income was reported separately in previous years as Other sales, but is now presented under Sales from owned stores. Miscellaneous store income represents less than 0.5% of total net sales and is similar in nature to Sales from owned stores.*

First three quarters 2021

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	30,861	13,976	44,837
Sales to and fees from franchisees and affiliates	—	4,888	4,888
Online sales	2,365	3,163	5,528
Wholesale sales	129	71	200
Net sales	**33,356**	**22,098**	**55,454**

First three quarters 2020

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores[1]	32,577	13,899	46,475
Sales to and fees from franchisees and affiliates	—	4,810	4,810
Online sales	1,336	2,343	3,679
Wholesale sales	133	39	172
Net sales	**34,045**	**21,091**	**55,136**

1. *Miscellaneous store income was reported separately in previous years as Other sales, but is now presented under Sales from owned stores. Miscellaneous store income represents less than 0.5% of total net sales and is similar in nature to Sales from owned stores.*

7. Expenses by nature

The aggregate of cost of sales, selling expenses and general and administrative expenses is specified by nature as follows:

€ million	Q3 2021	Q3 2020[1]	Q3 YTD 2021	Q3 YTD 2020[1]
Cost of product	12,729	12,273	38,108	37,919
Labor costs	2,781	3,204	8,257	8,664
Other operational expenses	1,604	1,519	4,786	4,554
Depreciation and amortization	760	701	2,211	2,126
Rent expenses	15	13	43	46
Impairment losses and reversals – net	12	13	33	33
(Gains) losses on leases and the sale of assets – net	(19)	(6)	(39)	(46)
Total expenses by nature	**17,881**	**17,719**	**53,399**	**53,296**

1. *Comparative balances have been restated to conform to the current year's presentation (see Note 2).*

8. Income taxes

The increase in income tax expense for Q3 2021 and Q3 YTD 2021 compared to Q3 2020 and Q3 YTD 2020 is mainly caused by higher income in Q3 2021 and Q3 YTD 2021. The change in the effective tax rate for Q3 2021 compared to Q3 2020 is mainly caused by one-time events in Q3 2020.

9. Equity attributable to common shareholders

Dividend on common shares

On April 14, 2021, the General Meeting of Shareholders approved the dividend over 2020 of €0.90 per common share. The interim dividend for 2020 of €0.50 per common share was paid on August 27, 2020. The final dividend of €0.40 per common share was paid on April 29, 2021.

On August 11, 2021, the Company announced the interim dividend for 2021 of €0.43 per common share, which was paid on September 2, 2021.

Share buyback

On January 4, 2021, the Company commenced the €1 billion share buyback program that was announced on November 4, 2020. In the first three quarters of the year, 28,731,622 of the Company's own shares were repurchased at an average price of €24.39 per share. The share buyback program resulted in an income of €6 million through Q3. The program is expected to be completed before the end of 2021.

The number of outstanding common shares as of October 3, 2021, was 1,021,248,881 (January 3, 2021: 1,047,035,604).

10. Pensions and other post-employment benefits

€ million	October 3, 2021	January 3, 2021
Defined benefit liabilities	889	763
Other long-term pension plan obligations	487	472
Total pension and other post-employment benefits	**1,376**	**1,235**

Post-employment benefits are provided through a number of funded and unfunded defined benefit plans and defined contribution plans, the most significant of which are in the United States and the Netherlands.

American Rescue Plan Act of 2021 (ARPA)

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. ARPA establishes a special financial assistance program to be administered by the Pension Benefit Guaranty Corporation (“PBGC”) and funded by transfers from the Treasury through September 30, 2030. Under this program, eligible multi-employer pension plans may apply to receive a one-time cash payment in the amount required for the plan to pay all benefits through the last day of the plan year ending in 2051. The payment received under this special financial assistance program would not be considered a loan and would not need to be paid back.

In our financial year 2020, Giant Food, UFCW Locals 27 and 400 (collectively the “Union Locals”), the PBGC, the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund (“FELRA”) and the Mid-Atlantic UFCW and Participating Employers Pension Fund (“MAP”) finalized a settlement agreement on Giant Food’s funding obligations with respect to FELRA and MAP. As a result of this agreement, the PBGC approved the combining of MAP into FELRA (the “Combined Plan”) and agreed to provide financial assistance to the Combined Plan following its insolvency, which is currently projected to occur in 2022. As part of this agreement, Giant Food agreed to cover benefits accrued under the Combined Plan by Giant Food associates and certain other participants that exceed the PBGC’s guarantee level following the Combined Plan’s insolvency (“excess benefits”). The majority of these excess benefits would be provided through a new single-employer plan established by Giant Food and the Union Locals.

The anticipated special financial assistance to the Combined Plan is expected to delay the insolvency of the Combined Plan to 2051 and consequently significantly reduce the liability of the single-employer plan for excess benefits for which Ahold Delhaize recorded a defined benefit liability in the amount of $211 million in our financial year 2020. ARPA has no impact on the FELRA and MAP withdrawal liability presented in the table above as “Other long-term pension plan obligations.” It also has no impact on the 2020 withdrawals from the United Food & Commercial Workers International Union - Industry Pension Fund (the “National Plan”) and the United Food & Commercial Workers (UFCW) - Local 1500 Pension Fund (the “1500 Plan”).

Eligible plans include, among others, plans that are in “critical and declining” status in any plan year beginning in 2020, 2021, or 2022. Applications for financial assistance must be submitted no later than December 31, 2025. Each of the following plans to which various subsidiaries of Ahold Delhaize contribute are expected to be eligible, and to apply, for the special financial assistance:

- Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund (the Combined Plan referenced above)
- New England Teamsters & Trucking Industry Pension Plan
- Warehouse Employees’ Union Local 730 Pension Trust Fund
- Bakery and Confectionary Union and Industry Pension Fund

The PBGC issued an interim final rule regarding the special assistance program on July 9, 2021. The PBGC included a 30-day public comment period from the date of publication. The guidance provides additional clarity regarding the application process, plans eligible for priority consideration, the method for determining the specific amount of the special financial assistance available to an eligible plan, conditions on plans that receive the assistance (including with respect to withdrawal liability), investment considerations, and the timing of payments. Ahold Delhaize will continue to monitor and assess the implications of the relief for all of these plans.

The interim final rule provides that the date on which the PBGC will begin to accept an application from a plan will depend on the “priority” category applicable to the plan (if any). The Combined Plan is expected to be in priority category two, and the PBGC has stated that it will begin to accept applications from plans in priority category two no later than January 1, 2022. The implications of the special financial assistance for the Combined Plan on the amount of the liability for the excess benefits payable under Giant Food’s single-employer plan will be assessed as part of the application process.

While ARPA is expected to provide financial assistance to the New England Teamsters & Trucking Industry Pension Plan, the Warehouse Employees’ Union Local 730 Pension Trust Fund and the Bakery and Confectionary Union and Industry Pension Fund, the expected future contributions will not be impacted in the short term. The ongoing contribution requirements will continue to be based on the collective bargaining agreements in place. Accordingly, the special financial assistance for these three plans should not have any impact on Ahold Delhaize’s ongoing contribution obligation.

11. 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 3, 2021	January 3, 2021
Cash and cash equivalents as presented in the statement of cash flows	5,185	2,910
Restricted cash	22	23
Cash and cash equivalents held for sale	(55)	—
Cash and cash equivalents as presented on the balance sheet	**5,151**	**2,933**

Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €2,742 million (January 3, 2021: €681 million), which is fully offset by an identical amount included under "Other current financial liabilities."

12. Financial instruments

Fair values of financial instruments

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:

	October 3, 2021		January 3, 2021	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	43	46	47	52
Trade and other (non-)current receivables	1,883	1,883	1,982	1,982
Lease receivable	483	502	442	468
Cash and cash equivalents	5,151	5,151	2,933	2,933
Short-term deposits and similar instruments	15	15	58	58
	7,576	7,597	5,461	5,493
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	279	279	254	254
Investments in debt instruments	143	143	138	138
	422	422	391	391
Derivative financial instruments				
Derivatives	1	1	—	—
Total financial assets	**7,999**	**8,020**	**5,853**	**5,884**
Financial liabilities at amortized cost				
Notes	(4,330)	(4,736)	(3,920)	(4,422)
Other loans	(24)	(22)	(2)	(2)
Financing obligations	(205)	(157)	(214)	(176)
Mortgages payable	(45)	(42)	(74)	(80)
Accounts payable	(6,832)	(6,832)	(6,795)	(6,795)
Short-term borrowings	(3,515)	(3,515)	(757)	(757)
Interest payable	(36)	(36)	(33)	(33)
Other long-term financial liabilities[1]	(394)	(409)	(291)	(309)
Other	(26)	(26)	(28)	(28)
	(15,408)	(15,776)	(12,115)	(12,603)
Financial liabilities at fair value through profit or loss				
Reinsurance liabilities	(274)	(274)	(248)	(248)
Derivative financial instruments				
Derivatives	(1)	(1)	—	—
Total financial liabilities excluding lease liabilities	**(15,683)**	**(16,051)**	**(12,363)**	**(12,851)**
Lease liabilities	(11,046)	N/A	(9,586)	N/A
Total financial liabilities	**(26,729)**	**N/A**	**(21,949)**	**N/A**

1. *Other long-term financial liabilities include a long-term financial liability for the non-controlling interest in FreshDirect in the amount of $98 million (€85 million) (see Note 4).*

Issuance of a Sustainability-Linked Bond

On March 11, 2021, Ahold Delhaize announced it successfully priced its inaugural Sustainability-Linked Bond, amounting to €600 million with a term of nine years, maturing on March 18, 2030.

The bond pays an annual coupon of 0.375% and was issued at a price of 99.63% of the nominal value. The bond settled on March 18, 2021, and is listed on Euronext Amsterdam. The proceeds are used for the refinancing of debt maturities and general corporate purposes.

The bond is linked to Ahold Delhaize achieving two Sustainability Performance Targets (SPTs) by 2025:

- SPT 1: Reduction of Scope 1 and 2 CO_2e emissions by 29% from a 2018 baseline
- SPT 2: Reduction of food waste by 32% from a 2016 baseline

The sustainability-linked feature will result in a coupon adjustment if Ahold Delhaize's performance does not achieve one or both of the stated SPTs.

Financial assets and liabilities measured at fair value on the balance sheet

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. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

To the extent that no cash collateral is contractually required, the valuation of Ahold Delhaize's derivative instruments is adjusted for the credit risk of the counterparty, called Credit Valuation Adjustment (CVA), and adjusted for Ahold Delhaize's own credit risk, called Debit Valuation Adjustment (DVA). The valuation technique for the CVA/DVA calculation is based on relevant observable market inputs.

No CVA/DVA adjustments are made to the valuation of certain derivative instruments, for which both Ahold Delhaize and its counterparties are required to post or redeem cash collaterals if the value of a derivative exceeds a threshold defined in the contractual provisions. Such cash collaterals materially reduce the impact of both the counterparty and Ahold Delhaize's own non-performance risk on the value of the instrument. Ahold Delhaize holds a deposit as collateral in the amount of €1 million as of October 3, 2021 (January 3, 2021: nil). Ahold Delhaize has an obligation to repay the deposit to the counterparties upon settlement of the contracts.

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. The fair values of quoted borrowings for which an active market exists are based on quoted prices at the end of the reporting period. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market is estimated using discounted cash flow analyses based on prevailing market rates.

13. Commitments and contingencies

A comprehensive overview of commitments and contingencies as of January 3, 2021, is included in *Note 34* of Ahold Delhaize's 2020 Financial Statements, as included in the Annual Report 2020, published on March 3, 2021.

14. Store portfolio

Store portfolio (including franchise and affiliate stores)

	End of Q3 2020	Opened / acquired	Closed / sold	End of Q3 2021
The United States	1,970	77	(3)	2,044
Europe[1]	5,098	243	(42)	5,299
Total	**7,068**	**320**	**(45)**	**7,343**

1. *The number of stores at the end of Q3 2021 includes 1,119 specialty stores (Etos and Gall & Gall); (end of Q3 2020: 1,117).*

	End of Q4 2020	Opened / acquired	Closed / sold	End of Q3 2021
The United States	1,970	75	(1)	2,044
Europe[1]	5,167	161	(29)	5,299
Total	**7,137**	**236**	**(30)**	**7,343**

1. *The number of stores at the end of Q3 2021 includes 1,119 specialty stores (Etos and Gall & Gall); (end of Q4 2020: 1,118).*

15. Subsequent events

There have been no significant subsequent events.

Zaandam, the Netherlands, November 9, 2021

Management Board

Frans Muller (President and Chief Executive Officer)
Natalie Knight (Chief Financial Officer)
Kevin Holt (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 2021 financial year consisted of 52 weeks and ends on January 2, 2022.
The key publication dates for 2022 are as follows:

February 16	Results Q4/FY 2021
March 2	Annual Report 2021
May 11	Results Q1 2022
August 10	Results Q2 2022
November 9	Results Q3 2022

Cautionary notice

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as maintain, guidance, full-year, constant, may, further, ever-changing, remain(s), continue(d)/(s)/(ing), focus(ed), strategy, on track, on schedule, expect(s)/(ed), will, by, to reduce, mitigate, ambition, begun, looking ahead, 2021, provide, reach, year-over-year, determine, future, impact, end of, before, projected, anticipated, must, ongoing 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 on consumer spending; turbulence in the global capital markets; political developments, natural disasters and pandemics; climate change; 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 corporate responsibility 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; 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; 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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LinkedIn: @Ahold-Delhaize

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 54 million customers each week, both in stores and online, in the United States, Europe and Indonesia. Together, these brands employ more than 410,000 associates in 7,137 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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