Koninklijke Ahold Delhaize N.V.

Q1 2021 Report

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Ahold Delhaize reports solid Q1 results with an accelerated two-year comparable sales growth rate[1]; raises full-year earnings guidance

* In Q1, the COVID-19 pandemic continued to impact the local communities and brands of Ahold Delhaize, resulting in approximately €150 million spent to support customers, associates and communities with COVID-19 relief care.
* On a two-year comparable sales growth basis[1], comparable sales excluding gas in the U.S. increased 15.5% and in Europe were up 18.1% in Q1 2021, a sequential acceleration versus growth in Q4 2020 of 13.5% and 13.9%, respectively.
* Net sales were €18.3 billion, up 5.8% in Q1 at constant exchange rates.
* In the U.S. and Europe, comparable sales excluding gas grew 1.7% and 8.3% in Q1, respectively.
* Net consumer online sales sequentially accelerated to 103.3% in Q1 at constant exchange rates, including U.S. growth of 188.3% and 78.6% growth in Europe.
* Underlying operating margin was 4.6%; diluted underlying EPS was €0.54.
* IFRS-reported operating income was €828 million in Q1; IFRS-reported diluted EPS was €0.53.
* Raising 2021 underlying EPS and Group net consumer online sales outlook; expect underlying EPS to grow in the low- to mid-teen range versus 2019 and Group net consumer online sales to grow over 40% versus the prior year.

1. *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, May 12, 2021 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports first quarter results today.

Summary of key financial data

	Ahold Delhaize Group		The United States		Europe	
€ million, except per share data	Q1 2021	% change constant rates	Q1 2021	% change constant rates	Q1 2021	% change constant rates
Net sales	18,264	5.8 %	10,738	3.6 %	7,526	9.4 %
Comparable sales growth excl. gas	4.2 %		1.7 %		8.3 %	
Online sales	1,981	103.9 %	855	188.3 %	1,126	66.9 %
Net consumer online sales	2,679	103.3 %	855	188.3 %	1,824	78.6 %
Operating income	828	(8.8) %	489	(28.0) %	363	22.3 %
Operating margin	4.5 %	(0.8)pts	4.6 %	(2.0)pts	4.8 %	0.5 pts
Underlying operating income	849	(6.1) %	517	(25.0) %	355	25.4 %
Underlying operating margin	4.6 %	(0.6)pts	4.8 %	(1.8)pts	4.7 %	0.6 pts
Diluted EPS	0.53	(5.9) %				
Diluted underlying EPS	0.54	(2.6) %				
Free cash flow	295	(74.5) %				

Comments from Frans Muller, President and CEO of Ahold Delhaize

"As we pass the one-year mark of the COVID-19 pandemic, its effects continue to have an impact across our geographies. In Q1, our brands, together with our suppliers, remained focused on fulfilling their vital role in society by maintaining food and product supplies to local communities. In addition, our U.S. brands have supported vaccination efforts. I remain thankful for the efforts of associates across all our stores, distribution centers and support offices during these challenging times. Our consistent focus on safety, while at the same time providing great customer service and community support, have helped drive a strong quarter relative to our expectations. Although COVID-19 continues to impact our results, we have now entered a period where our year-over-year growth rates are affected by the lapping of difficult prior year comparisons.

"That said, we begin 2021 in a strategically stronger position than before the COVID-19 pandemic began. We remain focused on making additional investments to meet associate, customer and community needs – including approximately €20 million pledged evenly between the U.S. and Europe for charitable donations this year, as well as continued support of health and safety measures, which remains a top priority to enable us to further strengthen our brands' positions as leading local omnichannel retailers. These investments in COVID-19-related care total approximately €150 million, more than double the €70 million incurred in the same quarter last year.

"We are pleased with the underlying Q1 performance in both the U.S. and Europe. The two-year comparable sales stack sequentially accelerated in Q1 2021 versus Q4 2020 in both the U.S. and Europe, as we've been able to retain a strong level of underlying consumer demand by continuing to adapt to the enduring consumer behavior changes, including increased working from home, preference for healthy and fresh products, and higher online demand. Our brands were well positioned to satisfy the changing needs and preferences of their customers, many of which were trends already developing prior to COVID-19. As these trends accelerated during COVID-19, our brands have evolved more quickly to adapt. Growth in our leading local omnichannel platform also sequentially accelerated, with nearly 190% net consumer online sales growth in the U.S. and nearly 80% growth in Europe in the quarter, at constant exchange rates. Underlying operating margins were strong in the context of historical levels prior to COVID-19. While COVID-19 continues to create significant uncertainty in 2021, the outstanding Q1 results provide us with the confidence to raise our underlying EPS and Group net consumer online sales growth outlook for the year.

"Investing in our business in order to solidify our position as an industry-leading local omnichannel retailer in 2021 and beyond remains a key priority. We continued to build upon several important initiatives to increase our share of the consumer wallet and improve online capabilities, including increasing our online capacity, driven in part by our recently opened U.S. click-and-collect locations; moving forward with the launch of Ship2Me in the U.S., an “endless aisle” offering of over 100,000 general merchandise and food items, in the second half of the year; and rolling out the no-fee home delivery service AH Compact to additional markets in the Netherlands. With increased capacity and strong momentum, we now expect Group net consumer online sales to grow by over 40% in 2021 versus 30% previously. This includes the raised expectations for over 70% growth in U.S. online sales, versus over 60% growth previously, and at least €5.5 billion in net consumer online sales at bol.com, versus at least €5 billion previously.

"We also continue to make progress in elevating our Health and Sustainability strategy, and recently announced a new goal for all of our brands to achieve net-zero carbon emissions by 2050. In March, Albert Heijn was voted by consumers as the Netherlands' most sustainable supermarket chain in the Sustainable Brand Index 2021 ranking for the fifth consecutive year. The GIANT Company in the U.S. announced a new partnership with the Rodale Institute in February to develop solutions for the regenerative organic agriculture movement. We also successfully priced our inaugural sustainability-linked bond in March, amounting to €600 million with a term of nine years, linked to achieving targets in reducing food waste and scope 1 and 2 carbon emissions by 2025."

Q1 Financial highlights

Group highlights

Group net sales were €18.3 billion, up 0.3% at actual exchange rates and up 5.8% at constant exchange rates, driven largely by 4.2% comparable sales growth excluding gasoline. Group comparable sales were positively impacted in part by demand related to COVID-19, particularly within Europe. To a lesser extent, comparable sales benefited by approximately 1.3 percentage points from favorable calendar shifts and a weather impact in 2021. On a two-year comparable sales stack basis, growth for the group sequentially accelerated to 16.4% in Q1 2021 versus 13.7% in Q4 2020. Group net consumer online sales grew 103.3% in Q1 at constant exchange rates, aided by the FreshDirect acquisition, which closed on January 5.

Group underlying operating margin in Q1 was 4.6%, down 0.6 percentage points from the prior year at constant exchange rates, as margins lapped unusually high levels in the prior year due to COVID-19. Margins in 2020 benefited largely from the timing of unexpectedly higher sales that preceded the timing of significant costs related to COVID-19 in the U.S., an effect which did not recur this year. The group underlying operating margin in Q1 was therefore negatively impacted by COVID-19-related costs of approximately €150 million. Group IFRS-reported operating margin was 4.5% in Q1.

Underlying income from continuing operations was €566 million, down 11.9% in the quarter. Ahold Delhaize's IFRS-reported net income in the quarter was €550 million. Diluted EPS was €0.53 and diluted underlying EPS was €0.54, down (8.4)% compared to last year's record Q1 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 Q1 2019, diluted underlying EPS in the quarter was up approximately 38%. In the quarter, 13.6 million own shares were purchased for €312 million.

U.S. highlights

U.S. comparable sales excluding gasoline grew 1.7%, positively impacted by demand related to COVID-19, particularly in January and February. To a lesser extent, comparable sales were also favorably impacted by approximately 1.7 percentage points from calendar shifts and a weather impact. This was offset, in part, by a decline in March's comparable sales, which were unfavorably impacted by the lapping of significant consumer stock-up activity related to COVID-19 in 2020, when comparable sales excluding gasoline grew 33.8%. On a two-year comparable sales stack basis for Q1 2021, growth was 15.5%, a sequential acceleration versus the 13.5% growth in Q4 2020. Brand performance was led by Food Lion.

Online sales in the segment were up 188.3% in constant currency, driven in part by the aforementioned FreshDirect acquisition. Excluding the FreshDirect acquisition, the U.S. online sales growth rate in Q1 2021 sequentially accelerated to 135.2% growth versus the 128.5% growth Q4 2020.

Underlying operating margin in the U.S. was 4.8%, down 1.8 percentage points from the prior year at constant exchange rates, as margins lapped unusually high levels in the prior year due to COVID-19. Margins in 2020 benefited largely from the timing of unexpectedly higher sales that preceded the timing of significant costs related to COVID-19, an effect which did not recur in Q1 2021.

Europe highlights

Europe's comparable sales excluding gasoline grew 8.3%, positively impacted by demand related to COVID-19, particularly in January and February. To a lesser extent, Q1 comparable sales were favorably impacted by approximately 0.5 percentage points from calendar shifts in 2021. Comparable sales remained positive in March despite the lapping of significant consumer stock-up activity related to COVID-19 in 2020, when comparable sales excluding gasoline grew 15.9%. On a two-year comparable sales stack basis for Q1 2021, growth was 18.1%, a sequential acceleration versus the 13.9% growth in Q4 2020. The strong growth was led by the brands in the Benelux and Czech Republic.

Net consumer online sales in the segment were up 78.6% in Q1 2021, a sequential acceleration versus the 73.4% growth in Q4 2020. At bol.com, the online retail platform in the Benelux included within the Europe segment's results, net consumer sales grew by 76.6%, a sequential acceleration versus the 69.6% growth in Q4 2020. Bol.com's sales from third-party sellers grew 101% in the quarter, with nearly 45,000 merchant partners on the platform.

Underlying operating margin in Europe was 4.7%, up 0.6 percentage points from the prior year at constant exchange rates. Margin expansion was driven by operating leverage from strong sales growth as a result of COVID-19.

Outlook

While COVID-19 continues to create significant uncertainty for the remainder of 2021, the strong Q1 results provide management the confidence to raise the underlying EPS growth outlook for the year.

As a reminder, COVID-19, and to a lesser extent, a 53-week calendar, significantly distorted Ahold Delhaize's 2020 financial results. Lapping these effects will impact results in 2021, which returns to a 52-week calendar.

In 2021, the underlying operating margin outlook of at least 4% is unchanged. This outlook reflects a balanced approach, with cost savings of over €750 million largely offsetting cost pressures related to COVID-19, that are expected to continue (albeit at a lower level than 2020), and the impact from increased online sales penetration.

The underlying EPS guidance was raised and now expected to grow in the low- to mid-teen range relative to 2019 versus mid- to high-single-digit 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 free cash flow outlook is unchanged at approximately €1.6 billion. This puts the Company on track to reach €5.6 billion in cumulative free cash flow from 2019-2021 (averaging nearly €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 for 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.

	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**	**At least 4%**	**Low- to mid-teen growth vs. 2019**	**> €750 million**	**~ €2.2 billion**	**~ €1.6 billion**	**40-50% year-over-year increase in dividend per share**	**€1 billion**
Previous outlook	2021	At least 4%	Mid- to high-single-digit growth vs. 2019	> €750 million	~ €2.2 billion	~ €1.6 billion	40-50% year-over-year increase 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, they 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	Q1 2021	Q1 2020	% change	% change constant rates
Net sales	18,264	18,208	0.3 %	5.8 %
Of which: online sales	1,981	998	98.5 %	103.9 %
Net consumer online sales[1]	2,679	1,345	99.2 %	103.3 %
Operating income	828	964	(14.1)%	(8.8)%
Income from continuing operations	550	644	(14.7)%	(9.4)%
Net income	550	645	(14.7)%	(9.5)%
Basic income per share from continuing operations (EPS)	0.53	0.60	(11.2)%	(5.8)%
Diluted income per share from continuing operations (diluted EPS)	0.53	0.59	(11.3)%	(5.9)%
Underlying EBITDA[1]	1,569	1,666	(5.8)%	(0.2)%
Underlying EBITDA margin[1]	8.6 %	9.2 %		
Underlying operating income[1]	849	961	(11.7)%	(6.1)%
Underlying operating margin[1]	4.6 %	5.3 %		
Underlying income per share from continuing operations – basic (underlying EPS)[1]	0.54	0.59	(8.3)%	(2.5)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS)[1]	0.54	0.59	(8.4)%	(2.6)%
Free cash flow[1]	295	1,228	(75.9)%	(74.5)%

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

	Q1 2021	Q1 2020	% change	% change constant rates
$ million				
Net sales	12,926	12,482	3.6 %	
Of which: online sales	1,030	357	188.3 %	
€ million				
Net sales	10,738	11,315	(5.1)%	3.6 %
Of which: online sales	855	324	164.2 %	188.3 %
Operating income	489	743	(34.2)%	(28.0)%
Underlying operating income	517	753	(31.4)%	(25.0)%
Underlying operating margin	4.8 %	6.7 %		
Comparable sales growth	1.5 %	13.4 %		
Comparable sales growth excluding gasoline	1.7 %	13.8 %		

Europe

€ million	Q1 2021	Q1 2020	% change	% change constant rates
Net sales	7,526	6,893	9.2 %	9.4 %
Of which: online sales	1,126	674	66.9 %	66.9 %
Net consumer online sales	1,824	1,021	78.6 %	78.6 %
Operating income	363	297	21.9 %	22.3 %
Underlying operating income	355	284	25.1 %	25.4 %
Underlying operating margin	4.7 %	4.1 %		
Comparable sales growth	8.2 %	9.7 %		
Comparable sales growth excluding gasoline	8.3 %	9.8 %		

Global Support Office

€ million	Q1 2021	Q1 2020	% change	% change constant rates
Underlying operating loss	(23)	(77)	(69.3)%	(67.6)%
Underlying operating loss excluding insurance results	(37)	(36)	2.6 %	5.4 %

In the quarter, underlying Global Support Office costs were €23 million, which was €53 million lower than the prior year, mainly as a result of the positive impact of €54 million from insurance on a year-over-year basis. The insurance results mainly reflect the favorable discounting effect on the Company's insurance provision.

Financial review

Q1 2021 (compared to Q1 2020)

Underlying operating income decreased by €112 million to €849 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €7 million (Q1 2020: €8 million); (gains) and losses on leases and the sale of assets of €(7) million (Q1 2020: €(25) million); and restructuring and related charges and other items of €21 million (Q1 2020: €14 million). Including these items, IFRS operating income decreased by €135 million to €828 million.

Income from continuing operations was €550 million, representing a decline of €95 million compared to last year. This follows mainly from the €135 million decrease in operating income, which was partly offset by lower income taxes of €39 million.

Free cash flow was €295 million, which represents a decrease of €933 million compared to Q1 2020, mainly driven by the unfavorable development in working capital of €1,029 million as a result of last year's strong sales increase at the end of the quarter due to the COVID-19 outbreak, which resulted in low inventories and higher accounts payable balances at the end of Q1 2020.

Net debt increased in Q1 2021 by €1,378 million to €12,812 million. This was attributable to the acquisition of businesses, net of cash acquired, of €382 million, the net increase in lease liabilities of €589 million, the share buyback of €312 million and the foreign exchange impact on net debt of €245 million. These impacts were partially offset by the free cash flow of €295 million.

Impact of COVID-19

COVID-19 continued to affect the Company's results in the first quarter of 2021. Comparable sales growth in the first two periods of the quarter was positively impacted by changes in consumer demand as a result of COVID-19. The higher operating leverage due to the increased sales was, in part, offset by the significantly higher costs related to COVID-19 in Q1 of approximately €150 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 resulted in an increase 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 operations to protect associates and customers and increased 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 that is decelerating in comparable sales growth versus 2020 performance, continued demand for online offerings, increased safety requirements and government restrictions, an increased level of promotions in the Company's markets, and uncertainty about COVID-19 health, safety and labor expenses. The expectations for the outlook on 2021 results have been included in the Outlook section in this interim report.

Consolidated income statement

€ million, except per share data	Note	Q1 2021	Q1 2020[1]
Net sales	5/6	18,264	18,208
Cost of sales	7	(13,202)	(13,159)
Gross profit		**5,062**	**5,049**
Other income		128	115
Selling expenses	7	(3,609)	(3,494)
General and administrative expenses	7	(753)	(707)
Operating income	5	**828**	**964**
Interest income		6	12
Interest expense		(45)	(35)
Net interest expense on defined benefit pension plans		(4)	(4)
Interest accretion to lease liability		(84)	(92)
Other financial expenses		(11)	(23)
Net financial expenses		(139)	(142)
Income before income taxes		**690**	**822**
Income taxes	8	(143)	(182)
Share in income of joint ventures		3	5
Income from continuing operations		**550**	**644**
Income from discontinued operations		—	—
Net income		**550**	**645**
Net income per share attributable to common shareholders			
Basic		0.53	0.60
Diluted		0.53	0.59
Income from continuing operations per share attributable to common shareholders			
Basic		0.53	0.60
Diluted		0.53	0.59
Weighted average number of common shares outstanding (in millions)			
Basic		1,040	1,082
Diluted		1,045	1,087
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8307	0.9065

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

Consolidated statement of comprehensive income

€ million	Note	Q1 2021	Q1 2020
Net income		**550**	**645**
Remeasurements of defined benefit pension plans:			
Remeasurements before taxes – income (loss)		74	(152)
Income taxes		(19)	37
Other comprehensive income (loss) that will not be reclassified to profit or loss		56	(115)
Currency translation differences in foreign interests:			
Continuing operations		368	(24)
Income taxes		—	3
Cash flow hedges:			
Transfers to net income		—	1
Non-realized gains (losses) on debt and equity instruments:			
Fair value result for the period		—	(1)
Other comprehensive income (loss) reclassifiable to profit or loss		369	(20)
Total other comprehensive income (loss)		**424**	**(135)**
Total comprehensive income attributable to common shareholders		**974**	**510**
Attributable to:			
Continuing operations		974	510
Discontinued operations		—	—
Total comprehensive income attributable to common shareholders		**974**	**510**

Consolidated balance sheet

€ million	Note	April 4, 2021	January 3, 2021
Assets			
Property, plant and equipment		11,143	10,696
Right-of-use asset		8,275	7,455
Investment property		722	739
Intangible assets		12,053	11,565
Investments in joint ventures and associates		213	227
Other non-current financial assets		795	705
Deferred tax assets		321	323
Other non-current assets		64	53
Total non-current assets		**33,586**	**31,764**
Assets held for sale		118	19
Inventories		3,461	3,245
Receivables		1,930	1,975
Other current financial assets		458	360
Income taxes receivable		85	58
Prepaid expenses and other current assets		345	337
Cash and cash equivalents	11	4,061	2,933
Total current assets		**10,457**	**8,928**
Total assets		**44,043**	**40,692**
Equity and liabilities			
Equity attributable to common shareholders	9	**13,107**	**12,432**
Loans		4,561	3,863
Other non-current financial liabilities		9,766	8,905
Pensions and other post-employment benefits	10	1,260	1,235
Deferred tax liabilities		772	664
Provisions		756	718
Other non-current liabilities		67	63
Total non-current liabilities		**17,181**	**15,448**
Accounts payable		6,782	6,795
Other current financial liabilities		3,527	2,386
Income taxes payable		154	128
Provisions		395	378
Other current liabilities		2,896	3,125
Total current liabilities		**13,754**	**12,812**
Total equity and liabilities		**44,043**	**40,692**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.8504	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		—	—	—	—	645	**645**
Other comprehensive income (loss)		—	—	(20)	1	(115)	**(135)**
Total comprehensive income (loss) attributable to common shareholders		—	—	(20)	1	530	**510**
Share buyback		—	—	—	—	(334)	**(334)**
Share-based payments		—	—	—	—	10	**10**
Other items		—	—	—	—	(1)	**(1)**
Balance as of March 29, 2020		**11**	**12,246**	**138**	**(3)**	**1,875**	**14,268**
Balance as of January 3, 2021		**11**	**12,246**	**(839)**	**(3)**	**1,016**	**12,432**
Net income attributable to common shareholders		—	—	—	—	550	**550**
Other comprehensive income (loss)		—	—	368	—	56	**424**
Total comprehensive income (loss) attributable to common shareholders		—	—	368	—	605	**974**
Share buyback	9	—	—	—	—	(311)	**(311)**
Share-based payments		—	—	—	—	12	**12**
Balance as of April 4, 2021		**11**	**12,246**	**(470)**	**(2)**	**1,322**	**13,107**

Consolidated statement of cash flow

€ million	Note	Q1 2021	Q1 2020
Income from continuing operations		**550**	**644**
Adjustments for:			
Net financial expenses		139	142
Income taxes		143	182
Share in income of joint ventures		(3)	(5)
Depreciation, amortization and impairments	7	727	714
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(6)	(26)
Share-based compensation expenses		12	11
Operating cash flows before changes in operating assets and liabilities		1,562	1,662
Changes in working capital:			
Changes in inventories		(125)	371
Changes in receivables and other current assets		114	(140)
Changes in payables and other current liabilities		(382)	405
Changes in other non-current assets, other non-current liabilities and provisions		35	37
Cash generated from operations		1,205	2,336
Income taxes paid – net		(101)	(32)
Operating cash flows from continuing operations		1,104	2,304
Net cash from operating activities		**1,104**	**2,304**
Purchase of non-current assets		(454)	(708)
Divestments of assets / disposal groups held for sale		5	42
Acquisition of businesses, net of cash acquired	4	(382)	(4)
Divestment of businesses, net of cash divested		—	(1)
Changes in short-term deposits and similar instruments		(94)	(45)
Interest received		2	8
Lease payments received on lease receivables		31	24
Other		(3)	7
Investing cash flows from continuing operations		(895)	(676)
Net cash from investing activities		**(895)**	**(676)**
Proceeds from long-term debt		598	—
Interest paid		(38)	(31)
Repayments of loans		(397)	(414)
Changes in short-term loans		1,323	1,098
Repayment of lease liabilities		(356)	(412)
Share buyback	9	(312)	(336)
Other		(3)	(1)
Financing cash flows from continuing operations		816	(96)
Net cash from financing activities		**816**	**(96)**
Net cash from operating, investing and financing activities		**1,024**	**1,532**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		2,910	3,701
Effect of exchange rates on cash and cash equivalents		104	(16)
Cash and cash equivalents at the end of the period (excluding restricted cash)	11	**4,038**	**5,217**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8307	0.9065

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.

The 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	Q1 2020 as reported	Changes in presentation	Q1 2020 restated
Consolidated income statement			
Net sales	18,208	—	18,208
Cost of sales	(13,135)	(23)	(13,159)
Gross profit	**5,073**	**(23)**	**5,049**
Other income	—	115	115
Selling expenses	(3,437)	(57)	(3,494)
General and administrative expenses	(672)	(35)	(707)
Operating income	**964**	**—**	**964**

€ million	Q1 2020 as reported	Changes in presentation	Q1 2020 restated
Note 7. Expenses by nature			
Other operational expenses	1,439	70	1,509
Rent income	(46)	46	—
Total expenses by nature	**17,244**	**115**	**17,359**

COVID-19

The COVID-19 pandemic affected the Company's results, balance sheet and cash flows presented in this 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. The IFRS 16 amendment is not yet adopted pursuant to the EU endorsement procedure.

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 includes 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	Q1 2021	Q1 2020
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,597	1,700
Changes in working capital	(393)	636
Income taxes paid – net	(101)	(32)
Purchase of non-current assets	(454)	(708)
Divestments of assets / disposal groups held for sale	5	42
Interest received	2	8
Interest paid	(38)	(31)
Lease payments received on lease receivables	31	24
Repayment of lease liabilities	(356)	(412)
Free cash flow	**295**	**1,228**

Net debt

€ million	April 4, 2021	January 3, 2021
Loans	4,561	3,863
Lease liabilities	9,206	8,442
Non-current portion of long-term debt	13,767	12,305
Short-term borrowings and current portion of long-term debt	3,388	2,249
Gross debt	17,155	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]	4,342	3,119
Net debt	**12,812**	**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 April 4, 2021, was €153 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 €128 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 April 4, 2021, was €351 million (January 3, 2021: €441 million).*
4. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,747 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	Q1 2021	Q1 2020
Underlying operating income	**849**	**961**
Depreciation and amortization	720	705
Underlying EBITDA	**1,569**	**1,666**

Underlying income from continuing operations

€ million, except per share data	Q1 2021	Q1 2020
Income from continuing operations	**550**	**644**
Adjustments to operating income	21	(3)
Tax effect on adjusted and unusual items	(4)	1
Underlying income from continuing operations	**566**	**642**
Underlying income from continuing operations for the purpose of diluted earnings per share	**566**	**642**
Basic income per share from continuing operations[1]	0.53	0.60
Diluted income per share from continuing operations[2]	0.53	0.59
Underlying income per share from continuing operations – basic[1]	0.54	0.59
Underlying income per share from continuing operations – diluted[2]	0.54	0.59

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 Q1 2021 is 1,040 million (Q1 2020: 1,082 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 Q1 2021 is 1,045 million (Q1 2020: 1,087 million).*

4. Business combinations and goodwill

During 2021, Ahold Delhaize has completed the acquisition of FreshDirect and various store acquisitions (mainly including 62 BI-LO and Harveys Supermarkets) for a total purchase consideration of €388 million. The provisional allocation of the fair values of the identifiable assets acquired, liabilities assumed and goodwill arising from the acquisitions in Q1 2021 is as follows:

€ million	FreshDirect	Other acquisitions	Total acquisitions
Property, plant and equipment	320	66	386
Right-of-use asset	206	282	488
Other intangible assets	100	—	100
Other non-current financial assets	34	—	34
Other non-current assets	1	—	1
Inventories	14	—	14
Receivables	9	—	9
Other current financial assets	1	—	1
Prepaid expenses and other current assets	4	—	4
Cash and cash equivalents	23	—	24
Loans	(67)	—	(67)
Lease liabilities	(199)	(218)	(417)
Other non-current financial liabilities (due to non-controlling interest)	(68)	—	(68)
Deferred tax liability	(48)	—	(48)
Provisions	(8)	—	(8)
Other non-current liabilities	(4)	—	(4)
Accounts payable	(36)	(1)	(37)
Other current financial liabilities	(78)	(12)	(91)
Provisions	(3)	—	(3)
Other current liabilities	(38)	—	(38)
Net identifiable assets acquired	**161**	**117**	**278**
Goodwill	109	1	110
Total purchase consideration	**270**	**118**	**388**
Cash acquired (excluding restricted cash)	(5)	—	(6)
Acquisition of businesses, net of cash	**265**	**117**	**382**

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	110
Transfers to / from assets held for sale	(1)
Exchange rate differences	170
Closing carrying amount	**7,111**
As of April 4, 2021	
At cost	7,119
Accumulated impairment losses	(8)
Closing carrying amount	**7,111**

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 net sales of €158 million ($190 million) and had a modest negative impact on net income.

Transaction with Southeastern Grocers

On June 3, 2020, Ahold Delhaize announced that Food Lion had agreed to purchase 62 BI-LO and Harveys Supermarkets 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. 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. The total purchase consideration was $147 million.

During the quarter, all 62 stores closed for an allocated purchase consideration of €117 million ($141 million). The preliminary values for this acquisition, excluding goodwill, are presented in the table above in “Other acquisitions.” The provisional allocation of the fair values of the identifiable assets acquired, liabilities assumed and the goodwill arising from the transaction will be provided after the acquisition is completely finalized, which is expected to occur in the second quarter of 2021.

As of April 4, 2021, 57 stores were converted and opened under the Food Lion brand. The remaining five stores opened on April 14, 2021.

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.*

Q1 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	10,738	7,526	—	**18,264**
Of which: online sales	855	1,126	—	**1,981**
Operating income (loss)	489	363	(23)	**828**
Impairment losses and reversals – net	7	—	—	**7**
(Gains) losses on leases and the sale of assets – net	1	(8)	—	**(7)**
Restructuring and related charges and other items	20	1	—	**21**
Adjustments to operating income	*28*	*(7)*	—	***21***
Underlying operating income (loss)	517	355	(23)	**849**

Q1 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,315	6,893	—	**18,208**
Of which: online sales	324	674	—	**998**
Operating income (loss)	743	297	(77)	**964**
Impairment losses and reversals – net	6	2	—	**8**
(Gains) losses on leases and the sale of assets – net	(6)	(20)	—	**(25)**
Restructuring and related charges and other items	10	4	—	**14**
Adjustments to operating income	*11*	*(13)*	—	***(3)***
Underlying operating income (loss)	753	284	(77)	**961**

Additional information

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

$ million	Q1 2021	Q1 2020
Net sales	12,926	12,482
Of which: online sales	1,030	357
Operating income	590	819
Underlying operating income	623	831

6. Net sales

Q1 2021

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	9,844	4,738	14,582
Sales to and fees from franchisees and affiliates	—	1,650	1,650
Online sales	855	1,126	1,981
Wholesale sales	39	12	51
Net sales	**10,738**	**7,526**	**18,264**

Q1 2020

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores[1]	10,951	4,699	15,650
Sales to and fees from franchisees and affiliates	—	1,510	1,510
Online sales	324	674	998
Wholesale sales	40	10	50
Net sales	**11,315**	**6,893**	**18,208**

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	Q1 2021	Q1 2020[1]
Cost of product	12,531	12,530
Labor costs	2,720	2,617
Other operational expenses	1,578	1,509
Depreciation and amortization	720	705
Rent expenses	14	16
Impairment losses and reversals – net	7	8
(Gains) losses on leases and the sale of assets – net	(7)	(25)
Total expenses by nature	**17,563**	**17,359**

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

8. Income taxes

The decrease in income tax expense and effective tax rate for Q1 2021 compared to Q1 2020 is mainly caused by decreased income in Q1 2021 and a different geographical mix of earnings.

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.

Share buyback

On January 4, 2021, the Company commenced the €1 billion share buyback program that was announced on November 4, 2020. In total, 13,554,535 of the Company's own shares were repurchased at an average price of €23.09 per share. During the quarter, the share buyback program resulted in an income of €1 million. The program is expected to be completed before the end of 2021.

The number of outstanding common shares as of April 4, 2021, was 1,033,481,069 (January 3, 2021: 1,047,035,604).

10. Pensions and other post-employment benefits

€ million	April 4, 2021	January 3, 2021
Defined benefit liabilities	773	763
Other long-term pension plan obligations	487	472
Total pension and other post-employment benefits	**1,260**	**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 is required to issue additional guidance regarding the special assistance program by July 9, 2021. The guidance is expected to provide 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, investment considerations, and the timing of payments. Once these regulations are issued, Ahold Delhaize should be able to reassess the defined benefit liability related to the excess benefits and the full implications of the relief for all of these plans.

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	April 4, 2021	January 3, 2021
Cash and cash equivalents as presented in the statement of cash flows	4,038	2,910
Restricted cash	22	23
Cash and cash equivalents as presented on the balance sheet	**4,061**	**2,933**

Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €1,747 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:

€ million	April 4, 2021		January 3, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	62	67	47	52
Trade and other (non-)current receivables	1,936	1,936	1,982	1,982
Lease receivable	488	532	442	468
Cash and cash equivalents	4,061	4,061	2,933	2,933
Short-term deposits and similar instruments	153	153	58	58
	6,701	6,749	5,461	5,493
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	269	269	254	254
Investments in debt instruments	138	138	138	138
	406	406	391	391
Derivative financial instruments				
Derivatives	—	—	—	—
Total financial assets	**7,108**	**7,156**	**5,853**	**5,884**

€ million	April 4, 2021		January 3, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities at amortized cost				
Notes	(4,313)	(4,710)	(3,920)	(4,422)
Other loans	(24)	(24)	(2)	(2)
Financing obligations	(217)	(172)	(214)	(176)
Mortgages payable	(53)	(55)	(74)	(80)
Accounts payable	(6,782)	(6,782)	(6,795)	(6,795)
Short-term borrowings	(2,118)	(2,118)	(757)	(757)
Interest payable	(32)	(32)	(33)	(33)
Other long-term financial liabilities[1]	(375)	(389)	(291)	(309)
Other	(29)	(29)	(28)	(28)
	(13,943)	(14,311)	(12,115)	(12,603)
Financial liabilities at fair value through profit or loss				
Reinsurance liabilities	(263)	(263)	(248)	(248)
Derivative financial instruments				
Derivatives	—	—	—	—
Total financial liabilities excluding lease liabilities	**(14,206)**	**(14,574)**	**(12,363)**	**(12,851)**
Lease liabilities	(10,430)	N/A	(9,586)	N/A
Total financial liabilities	**(24,636)**	**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 $87 million (€74 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 will be 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. The portion of outstanding derivatives that was collateralized as of April 4, 2021, is nil (January 3, 2021: nil).

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 Q1 2020	Opened / acquired	Closed / sold	End of Q1 2021
The United States	1,971	62	(5)	2,028
Europe[1]	5,031	194	(49)	5,176
Total	**7,002**	**256**	**(54)**	**7,204**

1. The number of stores at the end of Q1 2021 includes 1,114 specialty stores (Etos and Gall & Gall); (end of Q1 2020: 1,121).

	End of Q4 2020	Opened / acquired	Closed / sold	End of Q1 2021
The United States	1,970	58	—	2,028
Europe[1]	5,167	24	(15)	5,176
Total	**7,137**	**82**	**(15)**	**7,204**

1. The number of stores at the end of Q1 2021 includes 1,114 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, May 11, 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 2021 are as follows:

August 11	Results Q2 2021
November 10	Results Q3 2021

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 full-year, guidance, outlook, remain(s), continue(s)/(d), consistent, focus, impact, expect(ed), this year, further, strengthen, leading, enduring, constant, growth, improve, momentum, now, will, 2021, expectations, progress, 2050, by, 2025, remainder of, confidence, believes, to be, subject to, future, to occur, before, end of, would, projected, 2022, delay to, 2051, no later than, should, 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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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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