Koninklijke Ahold Delhaize N.V.

Q4 2021 Report

Issued on February 16, 2022

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Ahold Delhaize ends 2021 with accelerating Q4 sales; 2022 outlook forecasts solid margins and continued strong free cash flow generation

* On a two-year comparable sales growth basis**, Q4 comparable sales excluding gas increased 16.0% in the U.S. and 11.6% in Europe, accelerating versus Q3 in both segments.
* Q4 Group net sales were €20.1 billion, up 0.1% at constant exchange rates compared to Q4 of 2020, which contained a 53rd week. Excluding last year's 53rd week, Q4 net sales grew by 6.7% at constant rates. Full year 2021 Group net sales of €75.6 billion were up 3.3% over 2020 at constant exchange rates, and up 5.0% on a comparable 52-week basis.
* In Q4, net consumer online sales grew 13.2% at constant exchange rates. 2021 net consumer online sales grew 38.2% at constant exchange rates.
* In 2021, we invested €364 million in COVID-19 care, including a commitment of €20 million in additional charitable donations spread evenly between the U.S. and Europe. In total, our brands contributed over €199 million in monetary value to charitable initiatives in 2021.
* Q4 underlying operating margin was 4.2%, flat year-over-year at constant exchange rates. 2021 underlying operating margin was 4.4%.
* Q4 diluted underlying EPS was €0.59, an increase of 7.6% at constant currency rates versus the prior year. 2021 diluted underlying EPS was €2.19, down 3.4% or down 0.5% at constant currency rates. Q4 IFRS-reported operating income was €895 million; Q4 IFRS-reported diluted EPS was €0.62, and 2021 IFRS-reported diluted EPS was €2.17.
* Strong 2021 free cash flow generation of €2.2 billion was used to pay a $190 million (~€170 million) pension liability in the U.S. following 2020 U.S. MEP withdrawals, ahead of schedule, and fund the Company's decision to pay approximately €380 million related to a disputed tax claim, resulting in €1.6 billion reported free cash flow for 2021.
* We propose a cash dividend of €0.95 for fiscal 2021, which is a 5.6% increase compared to 2020.
* 2022 outlook: underlying operating margin to be at least 4%; underlying EPS to decline by low- to mid-single-digits vs. 2021; free cash flow of approximately €1.7 billion; net capital expenditures of €2.5 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 in improving the understanding of trends in periods that are affected by variations in prior-year growth rates.*

Zaandam, the Netherlands, February 16, 2022 – Ahold Delhaize, one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, reports fourth quarter results today.

Summary of key financial data

€ million, except per share data	Ahold Delhaize Group		The United States		Europe		Ahold Delhaize Group		The United States		Europe	
	Q4 2021	% change constant rates	Q4 2021	% change constant rates	Q4 2021	% change constant rates	2021	% change constant rates	2021	% change constant rates	2021	% change constant rates
	(13 weeks 2021 vs. 14 weeks 2020)						(52 weeks 2021 vs. 53 weeks 2020)					
Net sales	20,148	0.1 %	12,099	1.5 %	8,049	(1.9) %	75,601	3.3 %	45,455	3.6 %	30,147	2.8 %
Comparable sales growth excl. gas	3.2 %		4.8 %		1.0 %		2.3 %		1.9 %		2.8 %	
Online sales	2,176	14.7 %	863	30.5 %	1,314	6.3 %	7,704	40.1 %	3,228	68.9 %	4,477	25.1 %
Net consumer online sales	2,981	13.2 %	863	30.5 %	2,118	7.4 %	10,401	38.2 %	3,228	68.9 %	7,173	27.9 %
Operating income	895	NM[1]	662	NM[1]	251	(47.9) %	3,320	62.2 %	2,231	147.4 %	1,209	(12.6) %
Operating margin	4.4 %	4.6 pts	5.5 %	9.2 pts	3.1 %	(2.8)pts	4.4 %	1.6 pts	4.9 %	2.8 pts	4.0 %	(0.7)pts
Underlying operating income	838	1.0 %	528	14.3 %	334	(20.2) %	3,331	(4.5) %	2,150	(8.8) %	1,306	(1.5) %
Underlying operating margin	4.2 %	— pts	4.4 %	0.5 pts	4.1 %	(1.0)pts	4.4 %	(0.4)pts	4.7 %	(0.6)pts	4.3 %	(0.2)pts
Diluted EPS	0.62	NM[1]					2.17	79.0 %				
Diluted underlying EPS	0.59	7.6 %					2.19	(0.5) %				
Free cash flow	379	56.4 %					1,618	(21.8) %				

1. *Not meaningful, as Q4 2020 Group operating income at constant rates and operating income in the U.S. were losses, and diluted EPS was negative in Q4 2020.*

Comments from Frans Muller, President and CEO of Ahold Delhaize

"We ended 2021 on a strong note, with positive Group Q4 comparable sales momentum and stable Group margins, positioning us for a strong start to the next phase of our Leading Together strategy announced last November. Looking back on the past year, I am most proud of how associates brought our values to life in the way they responded to ongoing developments associated with COVID-19 and natural disasters throughout our brands' markets, including major floods in Belgium, tornadoes in the Czech Republic, fires in Greece and Hurricane Ida in the U.S. Through it all, associates rose to the challenge to care for customers and communities. As a result, we enter 2022 with deeper relationships and trust across our brands' markets and stronger market shares to build upon.

"For the full year, our COVID-19 care investments totaled €364 million, which included our commitment of €20 million in additional 2021 charitable donations spread evenly between the U.S. and Europe. In total, our brands, combined, contributed over €199 million in monetary value to charitable initiatives across the globe in 2021. 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.

"Our financial results in 2021 significantly exceeded our original expectations, with positive full-year comparable sales growth and stable 52-week comparable underlying earnings compared to record results in 2020. This was despite supply chain challenges, increasing inflationary pressures and the dilutive effect as we continue to rapidly expand our omnichannel proposition. Our investment in our omnichannel platform once again proved its worth during 2021, with Group net consumer online sales growing by more than 38% compared to 2020, representing a two-year stack growth of more than 105%. This positively impacted our 2021 Group net sales, which, at €75.6 billion, remained elevated – up 3.3% versus 2020 at constant rates.

"In Q4, we maintained the momentum built throughout 2021, and produced Group two-year comparable sales stack growth of 14.2%, accelerating from the 12.2% growth achieved during Q3.

"In the Netherlands, we successfully converted all 38 stores acquired from DEEN to the Albert Heijn banner during the quarter. The converted stores are performing well and contributing to Albert Heijn's strong market share gains, which were leading among Dutch food retailers during 2021. In 2022, the brand is committed to building on its recent expansion into new channels, with its Albert Heijn to go format scheduled to open at an additional 18 BP fueling stations, following the introduction at 86 locations in late 2021. Its new online subscription program – Albert Heijn Premium – launched in Q4 and is also off to a strong start, with well over 300,000 subscribers through February.

"To advance its omnichannel offerings in the U.S., Giant Food launched online marketplace solution Ship2me, initially offering around 40,000 additional general merchandise and food items. Our U.S. brands also added new click-and-collect locations in Q4, for a total addition of 270 in 2021.

"As we enter 2022, we will accelerate our omnichannel investments to capture the incremental growth opportunities we see over the horizon, enabled by our platform. Improving omnichannel productivity also remains a very high priority as part of the commitment we announced at our November Investor Day to reach fully allocated profitability in Group e-commerce operations by 2025. It comes as the global COVID-19 pandemic continues to highlight the importance of strong omnichannel food retail operations that offer consumers a variety of shopping options, including robust online offerings.

"In this respect, we are proud of The GIANT Company's new e-commerce fulfillment center that opened in the Philadelphia market in Q4. It is supporting our growth and productivity ambitions for 2022 and beyond. We continue to invest across our entire distribution network and build new digital capabilities.

"This will be particularly visible at bol.com, where we will more than double investments in 2022 as we begin a phase of significant investment in the brand. As we announced at Investor Day, we increased Group capex guidance to ~3.5% of sales for the period 2022 until 2025. Excluding bol.com, our grocery business capex guidance will continue at prior averages ~3%. These additional investments will ensure momentum at bol.com remains strong, and will be funded, amongst other means, by the strong projected free cash flow generation of the grocery business of at least €7 billion for the period 2022-2025.

"In 2021, despite decreasing tailwinds from the COVID-19 pandemic, bol.com net sales increased 21% to €2.8 billion, with net consumer online sales growing 27% to €5.5 billion, fueled by our growing merchant partner network, which now stands at around 49,000. Profitability was also strong, with underlying EBITDA of €166 million keeping pace with the prior year. IFRS-reported operating income was €95 million. The investments we plan in 2022 will kick start a multi-year phase of investment to put the infrastructure in place to match the volume growth we expect in the coming years and build out highly accretive service capabilities in advertising and logistics. We are excited about this chapter in bol.com's evolution and continue to progress on our plans to get bol.com ready for a sub-IPO during the second half of 2022.

"On a final note, during Q4, we were pleased to have earned an upgrade to our MSCI ESG ranking to 'AA' from our previous 'A' ranking. We also maintained our standing as a leader in the Dow Jones Sustainability Index. Our score of 83 out of 100 was well above the industry average 26 points and placed us highest among food retailers in Europe and the U.S.. We expressed our intention to make continued progress on the ESG front through our decision in Q4 to pull forward our commitment to reach net-zero carbon emissions across our brands by no later than 2040. And we will actively apply this lens as we invest in our future. For example, at bol.com, we recently reached an agreement to acquire a majority stake in Cycloon, a green and social delivery expert, which will help support bol.com's growth ambitions and sustainability efforts. As we double down on our efforts to support the transformation of our industry into a healthy and sustainable ecosystem, I look forward to keeping you updated on our progress throughout the year."

Q4 Financial highlights

Group highlights

Group net sales were €20.1 billion, up 0.1% at constant exchange rates, and increased 2.8% at actual exchange rates. Excluding last year's 53rd week, Q4 Group net sales grew by 6.7% at constant exchange rates. Group net sales were driven by positive contributions from comparable sales growth excluding gasoline of 3.2%, acquisitions, and foreign currency translation benefits, which were partially offset by a 53rd week in 2020. Q4 Group comparable sales had a net negative impact of approximately 0.1 percentage points, from unfavorable weather impacts, which were partially offset by favorable calendar shifts.

On a two-year comparable sales stack basis, growth for the Group of 14.2% in Q4 2021 compares to the 12.2% growth posted in Q3.

In Q4, Group net consumer online sales grew 13.2% at constant exchange rates versus a 14-week quarter in 2020, due to continued growth at bol.com and the overall online grocery business. Q4 Group net consumer online sales also benefited from the FreshDirect acquisition. On a 13-week comparable basis, Q4 Group net consumer online sales grew 21.5% at constant exchange rates, which builds on top of 71.7% growth in Q4 2020.

In Q4, Group underlying operating margin was 4.2%, flat compared to the prior year at constant exchange rates, as sales leverage and strong cost-saving initiatives offset higher supply chain costs and inflationary cost pressures. In Q4, Group IFRS-reported operating income was €895 million, representing an IFRS-reported operating margin of 4.4%.

Underlying income from continuing operations was €598 million, up 6.7% in the quarter at actual rates. Ahold Delhaize's IFRS-reported net income in the quarter was €634 million. Diluted EPS was €0.62 and diluted underlying EPS was €0.59, up 10.2% at actual currency rates compared to last year's results. In the quarter, 9.9 million own shares were purchased for €299 million, bringing the total amount for the full year to €1 billion.

2021 diluted underlying EPS of €2.19 increased 28.8% over the 2019 base, and significantly exceeded the Company's original guidance of mid- to high-single-digit growth versus 2019. This upside compared with the original guidance came from strong food-at-home demand and better than expected Group underlying operating margins of 4.4%, compared to original guidance of "at least 4%." This drove strong cash generation, with the Company's €1.6 billion reported free cash flow including payments of $190 million (~€170 million) for U.S. pensions following 2020 U.S. MEP withdrawals and approximately €380 million related to a disputed Belgian tax claim. Excluding these two items, 2021 free cash flow would have amounted to €2.2 billion.

U.S. highlights

U.S. net sales increased by 1.5% at constant exchange rates (5.9% at actual exchange rates). Excluding last year's 53rd week, Q4 U.S. net sales grew by 9.2% at constant exchange rates. U.S. comparable sales excluding gasoline increased 4.8%. Unfavorable weather negatively impacted Q4 U.S. comparable sales by approximately 0.2 percentage points. On a two-year comparable sales stack basis, growth was 16.0%, accelerating from the 15.3% growth in Q3. Brand performance continued to be led by Food Lion, which has now delivered 37 consecutive quarters of positive sales growth.

In Q4, online sales in the segment were up 30.5% 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 7.5% in constant currency, building on top of the significant 128.5% growth in the same quarter last year.

Underlying operating margin in the U.S. was 4.4%, up 0.5 percentage points at constant exchange rates from the prior year period, driven by reduced COVID-19-related costs and strong cost-savings initiatives. While the absence of one-time costs in the prior year quarter were offset by lapping last year's extra week, Q4 U.S. underlying operating margins benefited by 0.3 percentage points from a favorable reserve release. In Q4, U.S. IFRS-reported operating margin was 5.5%.

Europe highlights

European net sales declined by 1.9% at constant exchange rates and 1.5% at actual exchange rates, driven by a 53rd week in 2020. Excluding last year's 53rd week, Q4 net sales in Europe grew by 3.0% at constant exchange rates. Europe's comparable sales excluding gasoline grew 1.0%. Despite lapping strong comparable sales growth excluding gasoline in Q4 2020 of 10.6%, comparable sales were able to grow year-over-year on the back of continued market share gains. Albert Heijn was a particular standout in the quarter, with positive market share results driven by strong execution, successful marketing campaigns, sales uplifts provided by the brand’s store remodeling activities and the acquired DEEN stores.

A calendar shift positively impacted Q4 comparable sales in Europe by approximately 0.1 percentage points. On a two-year comparable sales stack basis for Q4 2021, growth was 11.6%, an acceleration compared to growth of 7.3% in Q3 2021.

In Q4, net consumer online sales in the segment were up 7.4%, following 73.4% growth in the same period last year. At bol.com, our online retail platform in the Benelux, net consumer sales grew by 7.8% in Q4 (15.3% on a comparable 13-week basis), which comes on top of nearly 70% growth in the same quarter last year. Bol.com's sales from third-party sellers grew 9.1% in the quarter (17.2% on a comparable 13-week basis) representing 56% of net consumer sales, with nearly 49,000 merchant partners on the platform.

Underlying operating margin in Europe was 4.1%. This compares to an underlying operating margin of 5.1% in the prior year quarter when margins sustained unusual benefits from lockdown conditions in Europe. In Q4, Europe's IFRS-reported operating margin was 3.1%.

Outlook

Management remains confident in the Company's ability to grow sales in 2022, as originally indicated during the November Investor Day. Strong sales are expected to result from current trends in consumer behavior favoring more food-at-home consumption and online food purchases, which fit well with Ahold Delhaize's omnichannel business model and growth investments.

While supply chain disruptions, inflation and rising costs as well as the expected easing of government subsidies to consumers pose challenges for the industry in 2022, Ahold Delhaize's Group underlying operating margin is expected to be at least 4.0%, in line with the Company's historical profile. Management believes that the Company's brands continue to offer consumers a strong shopping proposition and are well positioned to maintain profitability in the current inflationary environment. Margins are expected to be supported by a strong Save for Our Customers target of above €850 million. This should help offset cost pressures related to inflation and supply chain issues, along with the negative impact to margins from increased online sales penetration. The 2022 target builds on €967 million of savings from 2021, which significantly exceeded original guidance forecasting savings of over €750 million.

Underlying EPS is expected to decline by low- to mid-single-digits versus 2021, driven primarily by a return to historical margin levels in 2022 compared with elevated 2021 levels.

Free cash flow is expected to be approximately €1.7 billion. Net capital expenditures are expected to total around €2.5 billion, reflecting a step up in the Company's investments in its digital and omnichannel offering to support accelerated sales growth. In addition, Ahold Delhaize remains committed to its dividend policy and share buyback program in 2022, as previously stated. We expect to grow the full-year dividend in 2022 to €0.95 per share, and have previously announced a €1 billion share repurchase program for 2022.

	Full-year outlook	Underlying operating margin	Underlying EPS	Save for Our Customers	Net capital expenditures	Free cash flow[1]	Dividend payout ratio[2,3]	Share buyback[3]
Outlook	**2022**	**At least 4%**	**decline by low- to mid-single digits vs. 2021**	**>€850 million**	**~ €2.5 billion**	**~ €1.7 billion**	**40-50% payout; YOY growth in dividend per share**	**€1 billion**

1. *Excludes M&A.*
2. *Calculated as a percentage of underlying income from continuing operations.*
3. *Management remains committed to 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.*

Pro forma information: financial data on a 13/52-week basis

Considering that the 2020 financial year consisted of 53 weeks, compared with 52 weeks in 2021, with the last quarter of 2020 having 14 weeks, compared to 13 weeks in Q4 2021, Ahold Delhaize has prepared pro forma information in order to provide a comparable base for the results. The pro forma information presented below is intended to provide comparable information on a 13-week basis for the fourth quarter and 52-week basis for the full year of 2021 versus 2020.

This pro forma information represents an estimate of the results related to a 13-week period for Q4 2020 and a 52-week period for the full-year 2020, and is calculated by deducting the estimated results related to the 53rd week of 2020 from the reported results for the fourth quarter and the full-year 2020, as presented in the other sections of this summary report.

€ million, except per share data	Pro forma information											
	Ahold Delhaize Group		The United States		Europe		Ahold Delhaize Group		The United States		Europe	
	Q4 2021	% change constant rates	Q4 2021	% change constant rates	Q4 2021	% change constant rates	2021	% change constant rates	2021	% change constant rates	2021	% change constant rates
	(13 weeks 2021 vs. 2020)						(52 weeks 2021 vs. 2020)					
Net sales	20,148	6.7 %	12,099	9.2 %	8,049	3.0 %	75,601	5.0 %	45,455	5.6 %	30,147	4.2 %
Online sales	2,176	23.0 %	863	42.4 %	1,314	13.0 %	7,704	43.4 %	3,228	73.7 %	4,477	27.7 %
Net consumer online sales	2,981	21.5 %	863	42.4 %	2,118	14.6 %	10,401	41.5 %	3,228	73.7 %	7,173	30.8 %
Underlying operating margin	4.2 %	0.3 pts	4.4 %	0.9 pts	4.1 %	(0.9)pts	4.4 %	(0.3)pts	4.7 %	(0.6)pts	4.3 %	(0.2)pts
Diluted underlying EPS	0.59	23.3 %					2.19	2.7 %				

Group performance

€ million, except per share data	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
Net sales	20,148	19,600	2.8 %	0.1 %	75,601	74,736	1.2 %	3.3 %
Of which: online sales	2,176	1,869	16.5 %	14.7 %	7,704	5,547	38.9 %	40.1 %
Net consumer online sales[1]	2,981	2,604	14.4 %	13.2 %	10,401	7,576	37.3 %	38.2 %
Operating income	895	16	5,350.5 %	NM[2]	3,320	2,191	51.5 %	62.2 %
Income (loss) from continuing operations	634	(9)	NM[2]	NM[2]	2,246	1,397	60.8 %	72.7 %
Net income (loss)	634	(9)	NM[2]	NM[2]	2,246	1,397	60.8 %	72.7 %
Basic income (loss) per share from continuing operations (EPS)	0.62	(0.01)	NM[2]	NM[2]	2.18	1.31	66.8 %	79.1 %
Diluted income (loss) per share from continuing operations (diluted EPS)	0.62	(0.01)	NM[2]	NM[2]	2.17	1.30	66.6 %	79.0 %
Underlying EBITDA[1]	1,635	1,529	6.9 %	4.4 %	6,335	6,435	(1.6)%	1.0 %
Underlying EBITDA margin[1]	8.1 %	7.8 %			8.4 %	8.6 %		
Underlying operating income[1]	838	811	3.4 %	1.0 %	3,331	3,594	(7.3)%	(4.5)%
Underlying operating margin[1]	4.2 %	4.1 %			4.4 %	4.8 %		
Underlying income per share from continuing operations – basic (underlying EPS)[1]	0.59	0.53	10.3 %	7.7 %	2.20	2.28	(3.3)%	(0.4)%
Underlying income per share from continuing operations – diluted (diluted underlying EPS)[1]	0.59	0.53	10.2 %	7.6 %	2.19	2.26	(3.4)%	(0.5)%
Free cash flow[1]	379	262	45.0 %	56.4 %	1,618	2,199	(26.4)%	(21.8)%

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 summarized financial information.*
2. *Not meaningful, as Q4 2020 operating income at constant rates, income from continuing operations and net income were losses, and EPS and diluted EPS were negative in Q4 2020.*

Performance by segment

The United States

	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
$ million								
Net sales	13,825	13,623	1.5 %		53,699	51,838	3.6 %	
Of which: online sales	985	755	30.5 %		3,814	2,259	68.9 %	
€ million								
Net sales	12,099	11,425	5.9 %	1.5 %	45,455	45,470	— %	3.6 %
Of which: online sales	863	632	36.4 %	30.5 %	3,228	1,968	64.0 %	68.9 %
Operating income (loss)	662	(417)	NM[1]	NM[1]	2,231	1,006	121.8 %	147.4 %
Underlying operating income	528	442	19.3 %	14.3 %	2,150	2,466	(12.8)%	(8.8)%
Underlying operating margin	4.4 %	3.9 %			4.7 %	5.4 %		
Comparable sales growth	5.7 %	10.3 %			2.6 %	13.3 %		
Comparable sales growth excluding gasoline	4.8 %	11.2 %			1.9 %	14.4 %		

1. *Not meaningful, as operating income in the U.S. was a loss in Q4 2020.*

Europe

€ million	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
Net sales	8,049	8,175	(1.5)%	(1.9)%	30,147	29,266	3.0 %	2.8 %
Of which: online sales	1,314	1,236	6.3 %	6.3 %	4,477	3,579	25.1 %	25.1 %
Net consumer online sales	2,118	1,972	7.4 %	7.4 %	7,173	5,608	27.9 %	27.9 %
Operating income	251	481	(47.8)%	(47.9)%	1,209	1,380	(12.4)%	(12.6)%
Underlying operating income	334	418	(20.1)%	(20.2)%	1,306	1,325	(1.4)%	(1.5)%
Underlying operating margin	4.1 %	5.1 %			4.3 %	4.5 %		
Comparable sales growth	1.0 %	10.6 %			2.8 %	9.5 %		
Comparable sales growth excluding gasoline	1.0 %	10.6 %			2.8 %	9.6 %		

Global Support Office

€ million	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	% change	% change constant rates	2021 (52 weeks)	2020 (53 weeks)	% change	% change constant rates
Underlying operating loss	(24)	(49)	(51.9)%	(52.3)%	(125)	(197)	(36.5)%	(34.9)%
Underlying operating loss excluding insurance results	(42)	(53)	(20.5)%	(21.4)%	(160)	(158)	1.1 %	1.9 %

In Q4, underlying Global Support Office costs were €24 million, or €26 million lower than the prior year, mainly due to a positive impact of €19 million from insurance.

Financial review

Q4 2021 (compared to Q4 2020)

Underlying operating income increased by €27 million to €838 million, and was adjusted for the following items, which impacted reported IFRS operating income: impairments of €28 million (Q4 2020: €15 million); (gains) and losses on leases and the sale of assets of (37) million (Q4 2020: €(11) million); and restructuring and related charges and other items of €47 million – income (Q4 2020: €791 million – expense). The Q4 2021 restructuring and related changes and other items includes a €142 million gain resulting from the reassessment of the FELRA and MAP single-employer plan obligations in the U.S. (see Note 10) and a €62 million expense related to claims and disputes. The Q4 2020 restructuring and related charges and other items included a €841 million expense related to multi-employer pension plans in the U.S. and a €107 million gain related to Dutch pension plan amendments. Including these items, IFRS operating income increased by €878 million to €895 million.

Income from continuing operations was €634 million, representing an increase of €643 million compared to last year. This follows mainly from the €878 million increase in operating income, partially offset by the resulting higher income taxes of €223 million. In Q4 2020, Ahold Delhaize recorded a $1.7 billion (€1.4 billion) tax deductible expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans, which significantly impacted the income tax for the quarter.

Free cash flow was €379 million, which represents an increase of €118 million compared to Q4 2020, mainly driven by higher operating cash flow of €445 million, working capital improvement of €145 million, lower net investments of €40 million, partly offset by higher income taxes paid of €538 million. The increase in income taxes paid mainly relates to the payment of an additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received and that was paid in order to avoid an interest charge of 4% per annum on the amount due and adverse tax consequences (refer to Note 13 for a detailed disclosure on this additional assessment notice), as well as other timing of payments.

Net debt increased in Q4 2021 by €79 million to €13,946 million, compared to Q3 2021. This was attributable to the share buyback of €299 million, foreign exchange impact on net debt of €124 million and the increase in lease liabilities of €67 million, which were partially offset by the free cash flow of €379 million.

Full year 2021 (compared to full year 2020)

Underlying operating income of €3,331 million (2020: €3,594 million) was adjusted for the items below, in the amount of €11 million (2020: €1,404 million), which impacted reported IFRS operating income:

- Impairments of €61 million (2020: €48 million)
- (Gains) and losses on leases and the sale of assets of €(76) million (2020: €(57) million)
- Restructuring and related charges and other items of €26 million (2020: €1,413 million).

Including these items, IFRS operating income increased by €1,129 million to €3,320 million.

Income from continuing operations was €2,246 million, which was €849 million higher than last year. This mainly reflects the increase in operating income of €1,129 million, which was partially offset by higher income taxes of €260 million.

Free cash flow was €1,618 million, or €580 million lower than last year. Lower net investments of €261 million and higher operating cash flow of €246 million were offset by the lower gains from working capital inflow of €675 million and higher income taxes paid of €446 million compared to last year. The increase in income taxes paid was driven by the additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received, as mentioned above (refer also to Note 13).

Impact of COVID-19

COVID-19 remained a factor affecting the Company's results in the fourth quarter of 2021. Comparable sales were again 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 incremental costs related to COVID-19 in Q4 2021. 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. 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 2022 results have been included in the *Outlook* section in this summary report.

Dividend per share

Ahold Delhaize’s policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. The payout ratio is assessed on a 52-week-year basis to permit a sustainable comparable year-on-year dividend per share growth. As part of our dividend policy, we adjust income from continuing operations for impairment losses and reversals – net, gains (losses) on leases and the sale of assets – net, restructuring and related charges, and other unusual items. Underlying income from continuing operations for 52 weeks amounted to €2,262 million in 2021 and a pro forma €2,358 million in 2020, respectively.

We propose a cash dividend of €0.95 per share for the financial year 2021, an increase of 5.6% compared to 2020, reflecting our ambition to sustainably grow the dividend per share. This represents a payout ratio of 42% of underlying income from continuing operations for 52 weeks.

If approved by the General Meeting of Shareholders, a final dividend of €0.52 per share will be paid on April 28, 2022. This is in addition to the interim dividend of €0.43 per share, which was paid on September 2, 2021. The total dividend payment for the full year 2021 would, therefore, total €0.95 per share.

The interim dividend per share for 2022 will be announced on August 10, 2022, the date of the release of the second quarter results, and will be equal to 40% of the year-to-date underlying income per share from continuing operations.

Related party transactions

Ahold Delhaize has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. Furthermore, Ahold Delhaize considers transactions with key management personnel to be related party transactions. As of the balance sheet date, January 2, 2022, there have been no significant changes in the related party transactions from those described in Ahold Delhaize's Annual Report 2020.

Risks and uncertainties

Ahold Delhaize’s enterprise risk management program provides the Company with a periodic and comprehensive understanding of Ahold Delhaize’s key business risks and the management practices, policies and procedures in place to mitigate these risks. Ahold Delhaize recognizes strategic, operational, financial and compliance/regulatory risk categories. Our principal risks have not changed significantly compared to those disclosed within the Annual Report 2020. The COVID-19 pandemic continues to impact our business operations and our overall risk profile. The Company continues to execute several actions to mitigate the impact of the COVID-19 pandemic on our business, with a focus on protecting associates and customers, ensuring the continuity of our operations and making additional investments into our digital and omnichannel capabilities. The impact of this risk is being monitored and any required actions will be reassessed as necessary. Additionally, we have included a principal risk related to ESG performance and expanded our analysis of the potential impact of climate change in our business. The updated integrated comprehensive analysis of the principal risks faced by Ahold Delhaize will be included in the *Opportunities, risks and material ESG impacts* section of Ahold Delhaize's Annual Report 2021, which will be published on March 2, 2022.

Auditor's involvement

The summarized financial information and other reported data in this press release have not been audited.

Consolidated income statement

€ million, except per share data	Note	Q4 2021 (13 weeks)	Q4 2020[1] (14 weeks)	2021 (52 weeks)	2020[1] (53 weeks)
Net sales	5/6	20,148	19,600	75,601	74,736
Cost of sales	7	(14,691)	(14,267)	(54,916)	(54,160)
Gross profit		**5,456**	**5,332**	**20,685**	**20,575**
Other income		160	137	531	470
Selling expenses	7	(3,980)	(3,875)	(14,929)	(14,620)
General and administrative expenses	7	(742)	(1,577)	(2,967)	(4,235)
Operating income	5	**895**	**16**	**3,320**	**2,191**
Interest income		8	6	29	35
Interest expense		(47)	(37)	(181)	(138)
Net interest expense on defined benefit pension plans		(4)	(4)	(17)	(16)
Interest accretion to lease liability		(85)	(87)	(337)	(357)
Other financial income (expense)		1	10	(10)	(9)
Net financial expenses		(128)	(111)	(517)	(485)
Income (loss) before income taxes		**767**	**(94)**	**2,803**	**1,706**
Income taxes	8	(142)	80	(591)	(331)
Share in income of joint ventures		9	5	33	22
Income (loss) from continuing operations		**634**	**(9)**	**2,246**	**1,397**
Income (loss) from discontinued operations		—	—	—	—
Net income (loss)		**634**	**(9)**	**2,246**	**1,397**
Attributable to:					
Common shareholders		634	(9)	2,246	1,397
Non-controlling interests		—	—	—	—
Net income (loss)		**634**	**(9)**	**2,246**	**1,397**
Net income (loss) per share attributable to common shareholders					
Basic		0.62	(0.01)	2.18	1.31
Diluted		0.62	(0.01)	2.17	1.30
Income (loss) from continuing operations per share attributable to common shareholders					
Basic		0.62	(0.01)	2.18	1.31
Diluted		0.62	(0.01)	2.17	1.30
Weighted average number of common shares outstanding (in millions)					
Basic		1,017	1,052	1,028	1,067
Diluted		1,023	1,057	1,034	1,072
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8750	0.8388	0.8461	0.8770

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

Consolidated statement of comprehensive income

€ million	Note	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	2021 (52 weeks)	2020 (53 weeks)
Net income (loss)		**634**	**(9)**	**2,246**	**1,397**
Remeasurements of defined benefit pension plans:					
Remeasurements before taxes – income (loss)		78	(75)	103	(108)
Income taxes		(17)	17	(24)	25
Other comprehensive income (loss) that will not be reclassified to profit or loss		60	(58)	79	(83)
Currency translation differences in foreign interests:					
Continuing operations		226	(501)	766	(999)
Income taxes		(1)	(1)	(2)	1
Cash flow hedges:					
Transfers to net income		—	—	1	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		226	(503)	765	(997)
Total other comprehensive income (loss)		**286**	**(561)**	**843**	**(1,080)**
Total comprehensive income (loss)		**920**	**(570)**	**3,089**	**316**
Attributable to:					
Common shareholders		920	(570)	3,089	316
Non-controlling interests		—	—	—	—
Total comprehensive income (loss)		**920**	**(570)**	**3,089**	**316**
Attributable to:					
Continuing operations		920	(570)	3,089	316
Discontinued operations		—	—	—	—
Total comprehensive income (loss)		**920**	**(570)**	**3,089**	**316**

Consolidated balance sheet

€ million	Note	January 2, 2022	January 3, 2021
Assets			
Property, plant and equipment		11,838	10,696
Right-of-use asset		9,010	7,455
Investment property		708	739
Intangible assets		12,770	11,565
Investments in joint ventures and associates		244	227
Other non-current financial assets		1,193	705
Deferred tax assets		289	323
Other non-current assets		76	53
Total non-current assets		**36,128**	**31,764**
Assets held for sale		18	19
Inventories		3,728	3,245
Receivables		2,058	1,975
Other current financial assets		356	360
Income taxes receivable		45	58
Prepaid expenses and other current assets		387	337
Cash and cash equivalents	11	2,993	2,933
Total current assets		**9,584**	**8,928**
Total assets		**45,712**	**40,692**
Equity and liabilities			
Equity attributable to common shareholders	9	**13,721**	**12,432**
Loans		4,678	3,863
Other non-current financial liabilities		10,473	8,905
Pensions and other post-employment benefits	10	1,107	1,235
Deferred tax liabilities		746	664
Provisions		746	718
Other non-current liabilities		62	63
Total non-current liabilities		**17,812**	**15,448**
Accounts payable		7,563	6,795
Other current financial liabilities		2,552	2,386
Income taxes payable		96	128
Provisions		484	378
Other current liabilities		3,483	3,125
Total current liabilities		**14,179**	**12,812**
Total equity and liabilities		**45,712**	**40,692**
Year-end U.S. dollar exchange rate (euro per U.S. dollar)		0.8795	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[1]	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		—	—	—	—	1,397	**1,397**
Other comprehensive income (loss)		—	—	(997)	1	(84)	**(1,080)**
Total comprehensive income (loss) attributable to common shareholders		—	—	(997)	1	1,313	**316**
Dividends		—	—	—	—	(1,026)	**(1,026)**
Share buyback		—	—	—	—	(1,001)	**(1,001)**
Share-based payments		—	—	—	—	61	**61**
Other items		—	—	—	—	(1)	**(1)**
Balance as of January 3, 2021		**11**	**12,246**	**(839)**	**(3)**	**1,016**	**12,432**
Net income attributable to common shareholders		—	—	—	—	2,246	**2,246**
Other comprehensive income (loss)		—	—	764	1	79	**843**
Total comprehensive income (loss) attributable to common shareholders		—	—	764	1	2,325	**3,089**
Dividends	9	—	—	—	—	(856)	**(856)**
Share buyback	9	—	—	—	—	(995)	**(995)**
Cancellation of treasury shares		(1)	(1,258)	—	—	1,259	**—**
Share-based payments		—	—	—	—	51	**51**
Balance as of January 2, 2022		**10**	**10,988**	**(75)**	**(2)**	**2,799**	**13,721**

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

Consolidated statement of cash flows

€ million	Note	Q4 2021 (13 weeks)	Q4 2020 (14 weeks)	2021 (52 weeks)	2020 (53 weeks)
Income (loss) from continuing operations		**634**	**(9)**	**2,246**	**1,397**
Adjustments for:					
Net financial expenses		128	111	517	485
Income taxes		142	(80)	591	331
Share in income of joint ventures		(9)	(5)	(33)	(22)
Depreciation, amortization and impairments	7	825	733	3,068	2,892
(Gains) losses on leases and the sale of assets / disposal groups held for sale		(37)	(10)	(76)	(64)
Share-based compensation expenses		17	17	48	59
Operating cash flows before changes in operating assets and liabilities		1,699	756	6,361	5,078
Changes in working capital:					
Changes in inventories		(14)	49	(283)	(89)
Changes in receivables and other current assets		(258)	(264)	(43)	(301)
Changes in payables and other current liabilities		1,118	915	580	1,319
Changes in other non-current assets, other non-current liabilities and provisions		(338)	161	(216)	821
Cash generated from operations		2,207	1,617	6,399	6,828
Income taxes paid – net		(630)	(93)	(931)	(486)
Operating cash flows from continuing operations		1,577	1,525	5,468	6,343
Net cash from operating activities		**1,577**	**1,525**	**5,468**	**6,343**
Purchase of non-current assets		(842)	(834)	(2,371)	(2,659)
Divestments of assets / disposal groups held for sale		64	17	82	108
Acquisition of businesses, net of cash acquired	4	(1)	—	(529)	(4)
Divestment of businesses, net of cash divested		(6)	(1)	(5)	(3)
Changes in short-term deposits and similar instruments		—	197	44	(60)
Dividends received from joint ventures		9	1	28	16
Interest received		4	4	16	24
Lease payments received on lease receivables		26	24	103	99
Other		(21)	7	(2)	3
Investing cash flows from continuing operations		(767)	(586)	(2,634)	(2,475)
Net cash from investing activities		**(767)**	**(586)**	**(2,634)**	**(2,475)**
Proceeds from long-term debt		250	10	848	507
Interest paid		(35)	(50)	(138)	(149)
Repayments of loans		(10)	(6)	(427)	(438)
Changes in short-term loans		(2,609)	(3,350)	90	(556)
Repayment of lease liabilities		(424)	(424)	(1,569)	(1,584)
Dividends paid on common shares	9	—	—	(856)	(1,026)
Share buyback	9	(299)	(296)	(994)	(1,001)
Other cash flows from derivatives		—	—	—	2
Other		(1)	1	(5)	(6)
Financing cash flows from continuing operations		(3,129)	(4,115)	(3,052)	(4,251)
Net cash from financing activities		**(3,129)**	**(4,115)**	**(3,052)**	**(4,251)**
Net cash from operating, investing and financing activities		**(2,318)**	**(3,176)**	**(218)**	**(383)**
Cash and cash equivalents at the beginning of the period (excluding restricted cash)		5,185	6,289	2,910	3,701
Effect of exchange rates on cash and cash equivalents		101	(202)	276	(408)
Cash and cash equivalents at the end of the period (excluding restricted cash)	11	**2,968**	**2,910**	**2,968**	**2,910**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8750	0.8388	0.8461	0.8770

Notes to the summarized financial information

1. The Company and its operations

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

This summarized financial information is unaudited.

2. Accounting policies

Basis of preparation

This summarized financial information has been prepared in accordance with the accounting policies as applied by Ahold Delhaize and 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.

This summarized financial information does not constitute the full financial statements within the meaning of Part 9 of Book 2 of the Dutch Civil Code. The full-year 2021 numbers included in the summarized financial information in this communication are derived from Ahold Delhaize's 2021 Financial Statements to be included in the Annual Report 2021. This Annual Report has not been authorized for issue and the Company has the ability to amend the financial statements up to the moment the financial statements have been adopted by the General Meeting of Shareholders. The Annual Report has not yet been published by law and still has to be adopted by the annual General Meeting of Shareholders on April 13, 2022.

The full Annual Report 2021 will be available for download on the Ahold Delhaize website (www.aholddelhaize.com) as of March 2, 2022.

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	Q4 2020 as reported	Changes in presentation	Q4 2020 restated	2020 as reported	Changes in presentation	2020 restated
Consolidated income statement						
Net sales	19,600	—	19,600	74,736	—	74,736
Cost of sales	(14,238)	(29)	(14,267)	(54,053)	(107)	(54,160)
Gross profit	**5,362**	**(29)**	**5,332**	**20,683**	**(107)**	**20,575**
Other income	—	137	137	—	470	470
Selling expenses	(3,805)	(70)	(3,875)	(14,374)	(246)	(14,620)
General and administrative expenses	(1,540)	(37)	(1,577)	(4,118)	(117)	(4,235)
Operating income	**16**	**—**	**16**	**2,191**	**—**	**2,191**

€ million	Q4 2020 as reported	Changes in presentation	Q4 2020 restated	2020 as reported	Changes in presentation	2020 restated
Note 7. Expenses by nature						
Other operational expenses	1,675	98	1,773	6,019	308	6,327
Rent income	(38)	38	—	(162)	162	—
Total expenses by nature	**19,583**	**137**	**19,719**	**72,545**	**470**	**73,016**

COVID-19

The COVID-19 pandemic affected the Company's results, balance sheet and cash flows presented in this summarized financial information. 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

This summarized financial information 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	Q4 2021	Q4 2020	2021	2020
Operating cash flows from continuing operations before changes in working capital and income taxes paid	1,361	917	6,145	5,899
Changes in working capital	846	700	254	929
Income taxes paid – net	(630)	(93)	(931)	(486)
Purchase of non-current assets	(842)	(834)	(2,371)	(2,659)
Divestments of assets / disposal groups held for sale	64	17	82	108
Dividends received from joint ventures	9	1	28	16
Interest received	4	4	16	24
Interest paid	(35)	(50)	(138)	(149)
Lease payments received on lease receivables	26	24	103	99
Repayment of lease liabilities	(424)	(424)	(1,569)	(1,584)
Free cash flow	**379**	**262**	**1,618**	**2,199**

Net debt

€ million	January 2, 2022	October 3, 2021	January 3, 2021
Loans	4,678	4,557	3,863
Lease liabilities	10,061	9,777	8,442
Non-current portion of long-term debt	14,739	14,334	12,305
Short-term borrowings and current portion of long-term debt	2,350	4,832	2,249
Gross debt	17,089	19,166	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]	3,143	5,299	3,119
Net debt	**13,946**	**13,867**	**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 January 2, 2022, was €15 million (October 3, 2021: €15 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 €135 million (October 3, 2021: €133 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 January 2, 2022, was €397 million (October 3, 2021: €324 million, January 3, 2021: €441 million).*
4. *Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €807 million (October 3, 2021: €2,742 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	Q4 2021	Q4 2020	2021	2020
Underlying operating income	**838**	**811**	**3,331**	**3,594**
Depreciation and amortization[1]	797	718	3,004	2,840
Underlying EBITDA[2]	**1,635**	**1,529**	**6,335**	**6,435**

1. *The difference between the total amount of depreciation and amortization for 2021 of €3,007 million (2020: €2,844 million) and the amounts mentioned here relates to items that were excluded from underlying operating income.*
2. *Underlying EBITDA of €6,335 million for 2021 includes underlying EBITDA of bol.com of €166 million.*

Underlying income from continuing operations

€ million, except per share data	Q4 2021	Q4 2020	2021	2020
Income (loss) from continuing operations	**634**	**(9)**	**2,246**	**1,397**
Adjustments to operating income	(56)	794	11	1,404
Tax effect on adjusted and unusual items	21	(224)	6	(373)
Underlying income from continuing operations	**598**	**561**	**2,262**	**2,427**
Underlying income from continuing operations for the purpose of diluted earnings per share	**598**	**561**	**2,262**	**2,427**
Basic income (loss) per share from continuing operations[1]	0.62	(0.01)	2.18	1.31
Diluted income (loss) per share from continuing operations[2]	0.62	(0.01)	2.17	1.30
Underlying income per share from continuing operations – basic[1]	0.59	0.53	2.20	2.28
Underlying income per share from continuing operations – diluted[2]	0.59	0.53	2.19	2.26

1. *Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income (loss) 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 Q4 2021 is 1,017 million (Q4 2020: 1,052 million).*
2. *The diluted earnings per share from continuing operations and diluted underlying EPS are calculated by dividing the diluted (underlying) income (loss) 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 Q4 2021 is 1,023 million (Q4 2020: 1,057 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 €881 million. The allocation of the fair values of the identifiable assets acquired, liabilities assumed and goodwill arising from the acquisitions through Q4 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	101	3	104
Other non-current financial assets	34	5	38
Deferred tax assets	—	2	2
Other non-current assets	2	—	2
Assets held for sale	—	171	171
Inventories	14	19	33
Receivables	9	2	11
Other current financial assets	1	—	1
Prepaid expenses and other current assets	4	—	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	(42)	—	(42)
Provisions	(7)	(1)	(9)
Other non-current liabilities	(4)	—	(4)
Accounts payable	(36)	(50)	(87)
Other current financial liabilities	(78)	(25)	(104)
Provisions	(3)	—	(3)
Other current liabilities	(43)	(12)	(55)
Net identifiable assets acquired	**162**	**243**	**405**
Goodwill	109	367	476
Total purchase consideration	**271**	**610**	**881**
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)	(11)
Acquisition of businesses, net of cash acquired	**266**	**263**	**529**

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	476
Impairment losses	(1)
Transfers to / from assets held for sale	(3)
Exchange rate differences	337
Closing carrying amount	**7,641**
As of January 2, 2022	
At cost	7,649
Accumulated impairment losses	(8)
Closing carrying amount	**7,641**

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 €271 million ($330 million).

The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the acquisition of FreshDirect 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 in an online market with high growth potential. Of the goodwill arising from the acquisition of FreshDirect, €60 million was allocated to Stop & Shop. The goodwill from the acquisition of FreshDirect is not deductible for tax purposes.

Since the acquisition, FreshDirect contributed €153 million ($175 million) to Q4 2021 net sales (YTD 2021: €594 million ($702 million)) and had a marginal-to-modest negative impact on Q4 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 €610 million. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the other acquisitions is presented in the table above in "Other acquisitions."

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 in the U.S.. 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.

On February 16, 2021, Ahold Delhaize announced that Albert Heijn had agreed to acquire a number of DEEN supermarkets in the Netherlands. 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, liabilities assumed and the goodwill arising from the acquisition is included in the table above in “Other acquisitions” on a provisional basis. 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. All stores were converted and opened under the Albert Heijn brand.

Other acquisitions contributed approximately €310 million to Q4 2021 net sales (YTD 2021: €782 million) and had a marginal negative impact on Q4 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 this summarized financial information 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.*

Q4 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	12,099	8,049	—	**20,148**
Of which: online sales	863	1,314	—	**2,176**
Operating income (loss)	662	251	(18)	**895**
Impairment losses and reversals – net	23	4	—	**28**
(Gains) losses on leases and the sale of assets – net	(36)	5	(6)	**(37)**
Restructuring and related charges and other items	(121)	74	—	**(47)**
Adjustments to operating income	*(134)*	*83*	*(6)*	***(56)***
Underlying operating income (loss)	528	334	(24)	**838**

Q4 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	11,425	8,175	—	**19,600**
Of which: online sales	632	1,236	—	**1,869**
Operating income (loss)	(417)	481	(48)	**16**
Impairment losses and reversals – net	8	7	—	**15**
(Gains) losses on leases and the sale of assets – net	(10)	(1)	—	**(11)**
Restructuring and related charges and other items	862	(69)	(2)	**791**
Adjustments to operating income	*859*	*(63)*	*(2)*	***794***
Underlying operating income (loss)	442	418	(49)	**811**

Full year 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	45,455	30,147	—	**75,601**
Of which: online sales	3,228	4,477	—	**7,704**
Operating income (loss)	2,231	1,209	(119)	**3,320**
Impairment losses and reversals – net	48	13	—	**61**
(Gains) losses on leases and the sale of assets – net	(49)	(21)	(6)	**(76)**
Restructuring and related charges and other items	(80)	106	—	**26**
Adjustments to operating income	*(81)*	*97*	*(6)*	***11***
Underlying operating income (loss)	2,150	1,306	(125)	**3,331**

Full year 2020

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	45,470	29,266	—	**74,736**
Of which: online sales	1,968	3,579	—	**5,547**
Operating income (loss)	1,006	1,380	(195)	**2,191**
Impairment losses and reversals – net	27	21	—	**48**
(Gains) losses on leases and the sale of assets – net	(20)	(37)	—	**(57)**
Restructuring and related charges and other items	1,454	(39)	(2)	**1,413**
Adjustments to operating income	*1,461*	*(56)*	*(2)*	***1,404***
Underlying operating income (loss)	2,466	1,325	(197)	**3,594**

Additional information

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

$ million	Q4 2021	Q4 2020	2021	2020
Net sales	13,825	13,623	53,699	51,838
Of which: online sales	985	755	3,814	2,259
Operating income (loss)	754	(514)	2,631	1,064
Underlying operating income	603	527	2,543	2,789

6. Net sales

Q4 2021

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	11,192	5,023	16,215
Sales to and fees from franchisees and affiliates	—	1,682	1,682
Online sales	863	1,314	2,176
Wholesale sales	45	30	74
Net sales	**12,099**	**8,049**	**20,148**

Q4 2020

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	10,747	5,170	15,917
Sales to and fees from franchisees and affiliates	—	1,756	1,756
Online sales	632	1,236	1,869
Wholesale sales	45	12	58
Net sales	**11,425**	**8,175**	**19,600**

Full year 2021

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	42,053	18,999	61,052
Sales to and fees from franchisees and affiliates	—	6,570	6,570
Online sales	3,228	4,477	7,704
Wholesale sales	174	100	274
Net sales	**45,455**	**30,147**	**75,601**

Full year 2020

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	43,324	19,069	62,392
Sales to and fees from franchisees and affiliates	—	6,566	6,566
Online sales	1,968	3,579	5,547
Wholesale sales	179	52	230
Net sales	**45,470**	**29,266**	**74,736**

7. Expenses by nature

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

€ million	Q4 2021	Q4 2020[1]	2021	2020[1]
Cost of product	13,855	13,534	51,962	51,453
Labor costs	2,922	3,677	11,179	12,341
Other operational expenses	1,835	1,773	6,621	6,327
Depreciation and amortization	797	718	3,007	2,844
Rent expenses	15	14	58	59
Impairment losses and reversals – net	28	15	61	48
(Gains) losses on leases and the sale of assets – net	(37)	(11)	(76)	(57)
Total expenses by nature	**19,413**	**19,719**	**72,812**	**73,016**

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

8. Income taxes

Ahold Delhaize's effective tax rate in its consolidated income statement differed from the Netherlands' statutory income tax rate of 25.0%. The following table reconciles the statutory income tax rate with the effective income tax rate in the consolidated income statement:

€ million	2021	Tax rate
Income before income taxes	2,803	
Income tax expense at statutory tax rate	(701)	25.0 %
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	90	(3.2)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	2	(0.1)%
Non-taxable income (expense)	6	(0.2)%
Other	12	(0.4)%
Total income taxes	**(591)**	**21.1 %**

€ million	2020	Tax rate
Income before income taxes	1,706	
Income tax expense at statutory tax rate	(427)	25.0 %
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	55	(3.2)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	42	(2.5)%
Non-taxable income (expense)	15	(0.9)%
Other	(16)	0.9 %
Total income taxes	**(331)**	**19.4 %**

The rate differential indicates the effect of Ahold Delhaize's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands. In 2020, Ahold Delhaize recorded a $1.7 billion (€1.4 billion) tax deductible expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans. These incremental pension liabilities reduced our U.S. earnings before tax significantly, impacting the rate differential. If we were to exclude these incremental pension liabilities, our 2020 reported effective tax rate would increase from 19.4% to 23.0% on a pro forma basis.

Other includes discrete items and one-time transactions. For 2021, it includes a net tax expense of €7 million related to the movement of uncertain tax positions in several jurisdictions (2020: €34 million).

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

The share buyback program of €1 billion that started on January 4, 2021, was successfully completed on December 13, 2021. In total, 38,649,629 of the Company's own shares were repurchased at an average price of €25.87 per share. The share buyback execution resulted in a net transactional discount from the dealers of €6 million.

On January 3, 2022, the Company commenced the €1 billion share buyback program that was announced on November 15, 2021. The program is expected to be completed before the end of 2022.

The number of outstanding common shares as of January 2, 2022, was 1,011,338,350 (January 3, 2021: 1,047,035,604).

10. Pensions and other post-employment benefits

€ million	January 2, 2022	January 3, 2021
Defined benefit liabilities	613	763
Other long-term pension plan obligations	493	472
Total pension and other post-employment benefits	**1,107**	**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 U.S. Treasury through September 30, 2030. Under this program, eligible multi-employer pension plans may apply to receive a one-time cash payment intended to be 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 later this year. 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 Combined Plan is eligible for special financial assistance under ARPA and submitted an application to the PBGC on December 30, 2021. The anticipated special financial assistance to the Combined Plan is expected to significantly delay the insolvency of the Combined Plan 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. The amount of the liability for the excess benefits payable under Giant Food's single-employer plan was reassessed as part of the application process, and the liability was reduced to $54 million, which represents the best estimate based on information available at year end and includes judgment to determine the projected insolvency based on an assumed investment return.

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. In addition to the Combined Plan, 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:

- 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. The final rule has not yet been published.

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 to those multi-employer plans 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	January 2, 2022	January 3, 2021
Cash and cash equivalents as presented in the statement of cash flows	2,968	2,910
Restricted cash	25	23
Cash and cash equivalents as presented on the balance sheet	**2,993**	**2,933**

Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €807 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	January 2, 2022		January 3, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Loans receivable	85	85	47	52
Trade and other (non-)current receivables	2,445	2,445	1,982	1,982
Lease receivable	492	516	442	468
Cash and cash equivalents	2,993	2,993	2,933	2,933
Short-term deposits and similar investments	15	15	58	58
	6,029	6,053	5,461	5,493
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	281	281	254	254
Investments in debt instruments	145	145	138	138
	426	426	391	391
Derivative financial instruments				
Derivatives	—	—	—	—
Total financial assets	**6,455**	**6,479**	**5,853**	**5,884**
Financial liabilities at amortized cost				
Notes	(4,354)	(4,721)	(3,920)	(4,422)
Other loans	(274)	(274)	(2)	(2)
Financing obligations	(205)	(149)	(214)	(176)
Mortgages payable	(41)	(42)	(74)	(80)
Accounts payable	(7,563)	(7,563)	(6,795)	(6,795)
Short-term borrowings	(952)	(952)	(757)	(757)
Interest payable	(36)	(36)	(33)	(33)
Other long-term financial liabilities[1]	(276)	(278)	(291)	(309)
Other	(29)	(29)	(28)	(28)
	(13,731)	(14,044)	(12,115)	(12,603)
Financial liabilities at fair value through profit or loss				
Reinsurance liabilities	(272)	(272)	(248)	(248)
Derivative financial instruments				
Derivatives	(2)	(2)	—	—
Total financial liabilities excluding lease liabilities	**(14,004)**	**(14,317)**	**(12,363)**	**(12,851)**
Lease liabilities	(11,262)	N/A	(9,586)	N/A
Total financial liabilities	**(25,266)**	**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 $103 million (€91 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 were 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_2-e 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 January 2, 2022 was 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.

A comprehensive overview of commitments and contingencies as of January 2, 2022, will be provided in Ahold Delhaize's 2021 Financial Statements, as included in the Annual Report 2021, which will be published on March 2, 2022. The most significant updates are presented below.

Taxes

In December 2020, Ahold Delhaize's subsidiary, Delhaize Le Lion/De Leeuw SCA ("DLL"), received an adjustment notice from the Belgian tax authorities relating to its 2018 tax return. In 2018, DLL executed a common control transaction and transferred the shares of the former Delhaize USA business from DLL to Koninklijke Ahold Delhaize NV (share transaction) with the business purpose of combining the former Delhaize USA business with the former Ahold USA business, to simplify the legal structure and be able to file one consolidated federal tax return in the United States. This share transaction is tax exempt in Belgium for DLL and falls under the participation exemption in the Netherlands for the receiving entity Koninklijke Ahold Delhaize NV. The applied purchase price of the underlying Delhaize USA shares is supported by an external valuation report. With the adjustment notice, the Belgian tax authorities informed DLL that, in their opinion, the applied purchase price does not reflect the market value of the underlying shares and they thus rejected the external valuation report. Although the entire share transaction was tax exempt in Belgium, an upward correction of the purchase price received by DLL is a taxable event under the Belgian tax code. The maximum exposure relating to this adjustment notice amounts to €382 million (including a 10% penalty increase). Ahold Delhaize does not accept this correction, and, in our opinion, the adjustment notice and all the arguments of the Belgian tax authorities are without any merit. In January 2021, DLL filed an objection letter to the adjustment notice. The Belgium tax authorities rejected the provided arguments as stated in the objection letter and issued for 2018 an additional assessment notice of €382 million. We decided to pay the additional assessment notice in order to avoid an interest charge of 4% per annum on the amount due and to avoid adverse tax consequences such as the compensation with all possible tax receivables. In the meanwhile, Ahold Delhaize engaged another independent third-party valuator and an external law firm to perform an assessment of the original valuation report as well as the legal and tax grounds to issue the additional assessment notice. Based on their conclusions, we decided that the basis to issue an additional assessment of €382 million is without any merit and, as such, DLL recorded a receivable for the full paid amount. DLL will use all legal and tax remediation options to defend its position against the additional assessment of €382 million.

Purchase commitments

Ahold Delhaize enters into purchase commitments with vendors in the ordinary course of business. The Company has purchase contracts with some vendors for varying terms that require Ahold Delhaize to buy services and predetermined volumes of goods and goods not-for-resale at fixed prices. As of January 2, 2022, the Company's purchase commitments were approximately €2.4 billion (January 3, 2021: €1.3 billion). In 2021, Food Lion entered into a long-term supply agreement with Maryland-Virginia Milk Producers Cooperative for milk and milk-related products. The initial term is 10 years and the related purchase commitment amounts to $0.6 billion (€0.5 billion) and is included in the €2.4 billion purchase commitments.

14. Store portfolio

Store portfolio (including franchise and affiliate stores)

	End of Q4 2020	Opened / acquired	Closed / sold	End of Q4 2021
The United States	1,970	80	(2)	2,048
Europe[1]	5,167	278	(41)	5,404
Total	**7,137**	**358**	**(43)**	**7,452**

1. The number of stores at the end of Q4 2021 includes 1,136 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, February 15, 2022

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)

Vesting of shares under the GRO plan

On April 14, 2022, a maximum of 0.3 million performance shares granted in 2019 to current members of the Management Board under the Ahold Delhaize GRO plan are expected to vest. Except to finance taxes and social security charges due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until their date of resignation from the Management Board, if this period is shorter.

On April 14, 2022, a maximum of 2.3 million performance shares granted in 2019 to Ahold Delhaize employees under the Ahold Delhaize GRO plan are expected to vest. As of the vesting date, participants are allowed to sell all or part of the vested shares, subject to insider trading restrictions as applicable from time to time.

The Company will use treasury shares for the delivery of the vested shares.

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:

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 2022, outlook, forecast(s)/(ing), continue(d)/(ing)/(s), commit(ted)/(ment), propose, strong start, next phase, strategy, maintain(ing), remain(s), expect/(s)/(ed)/(ation), scheduled, will, priority, beyond, begin, 2025, ensure/(ing), projected, coming years, progress, intention, reach, no later than, 2040, future, throughout, confident, well positioned, should, estimate, future, uncertainty, mitigate, focus, continuity, long-term, obligation, exposure, until 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 environmental, social and governance matters (including performance) and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company’s defined benefit pension plans; 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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