Financial performance

Financial statements

Other information

Consolidated income statement

€ million, except per share data	Note	2019	2018 restated
Net sales	*7*	**66,260**	62,791
Cost of sales	*8*	**(48,200)**	(45,838)
Gross profit		**18,060**	16,953
Selling expenses		**(13,021)**	(12,030)
General and administrative expenses		**(2,377)**	(2,300)
Total operating expenses	*8*	**(15,397)**	(14,330)
Operating income		**2,662**	2,623
Interest income		**65**	85
Interest expense		**(175)**	(211)
Net interest expense on defined benefit pension plans	*24*	**(18)**	(19)
Interest accretion to lease liability	*34*	**(366)**	(355)
Other financial income (expense)		**(35)**	13
Net financial expenses	*9*	**(528)**	(487)
Income before income taxes		**2,134**	2,136
Income taxes	*10*	**(417)**	(373)
Share in income of joint ventures	*15*	**50**	34
Income from continuing operations		**1,767**	1,797
Income (loss) from discontinued operations	*5*	**(1)**	(17)
Net income attributable to common shareholders		**1,766**	1,780
Earnings per share	*30*		
Net income per share attributable to common shareholders			
Basic		**1.60**	1.51
Diluted		**1.59**	1.49
Income from continuing operations per share attributable to common shareholders			
Basic		**1.60**	1.53
Diluted		**1.59**	1.51

The accompanying notes are an integral part of these consolidated financial statements.

See *Note 36* for details about the restatement of the 2018 figures due to changes in accounting policies.

Consolidated statement of comprehensive income

€ million	Note	2019	2018 restated
Net income		**1,766**	1,780
Remeasurements of defined benefit pension plans			
Remeasurements before taxes – income (loss)	*24*	**(76)**	66
Income taxes	*10*	**18**	(18)
Other comprehensive income (loss) that will not be reclassified to profit or loss		**(58)**	48
Currency translation differences in foreign interests:			
Continuing operations		**241**	475
Income taxes	*10*	**(2)**	–
Cash flow hedges:			
Fair value result for the year		**(5)**	1
Transfers to net income		**3**	1
Income taxes	*10*	**1**	–
Non-realized gains (losses) on debt and equity instruments:			
Fair value result for the period		**–**	–
Income taxes		**–**	–
Other comprehensive income of joint ventures – net of income taxes:			
Share of other comprehensive income from continuing operations	*15*	**–**	–
Other comprehensive income (loss) reclassifiable to profit or loss		**238**	477
Total other comprehensive income (loss)		**180**	525
Total comprehensive income attributable to common shareholders		**1,945**	2,305
Attributable to:			
Continuing operations		**1,946**	2,322
Discontinued operations		**(1)**	(17)
Total comprehensive income attributable to common shareholders		**1,945**	2,305

The accompanying notes are an integral part of these consolidated financial statements.

See *Note 36* for details about the restatement of the 2018 figures due to changes in accounting policies.

Consolidated balance sheet

€ million	Note	December 29, 2019	December 30, 2018 restated	January 1, 2018 restated
Assets				
Property, plant and equipment	*11*	**10,519**	10,046	9,557
Right-of-use asset	*12*	**7,308**	7,027	6,970
Investment property	*13*	**883**	963	1,016
Intangible assets	*14*	**12,060**	11,813	11,410
Investments in joint ventures and associates	*15*	**229**	213	205
Other non-current financial assets	*16*	**661**	636	596
Deferred tax assets	*10*	**213**	166	467
Other non-current assets		**49**	48	44
Total non-current assets		**31,920**	30,912	30,265
Assets held for sale	*5*	**67**	23	14
Inventories	*17*	**3,347**	3,196	3,077
Receivables	*18*	**1,905**	1,748	1,605
Other current financial assets	*19*	**317**	559	316
Income taxes receivable		**39**	53	154
Prepaid expenses and other current assets		**178**	217	257
Cash and cash equivalents	*20*	**3,717**	3,122	4,581
Total current assets		**9,570**	8,918	10,004
Total assets		**41,490**	39,830	40,269

Equity and liabilities				
Equity attributable to common shareholders	*21*	**14,083**	14,205	14,591
Loans	*22*	**3,841**	3,683	3,289
Other non-current financial liabilities	*23*	**8,716**	8,946	8,921
Pensions and other post-employment benefits	*24*	**677**	532	567
Deferred tax liabilities	*10*	**786**	682	943
Provisions	*25*	**724**	751	748
Other non-current liabilities	*26*	**74**	88	57
Total non-current liabilities		**14,818**	14,682	14,525
Accounts payable		**6,311**	5,815	5,276
Other current financial liabilities	*27*	**3,257**	2,227	3,132
Income taxes payable		**82**	110	136
Provisions	*25*	**349**	312	337
Other current liabilities	*28*	**2,591**	2,479	2,272
Total current liabilities		**12,590**	10,943	11,153
Total equity and liabilities		**41,490**	39,830	40,269

The accompanying notes are an integral part of these consolidated financial statements.

See *Note 36* for details about the restatement of the 2018 figures due to changes in accounting policies.

Consolidated statement of changes in equity

€ million	Note	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 1, 2018, as previously reported		**12**	**15,175**	**(555)**	**(4)**	**541**	**15,169**
Effect of change in accounting policy – IFRS 16		–	–	–	–	(578)	(578)
Balance as of January 1, 2018, restated		**12**	**15,175**	**(555)**	**(4)**	**(37)**	**14,591**
Net income attributable to common shareholders – restated		–	–	–	–	1,780	1,780
Other comprehensive income – restated		–	–	475	2	48	525
Total comprehensive income attributable to common shareholders – restated		–	–	475	2	1,828	2,305
Dividends		–	–	–	–	(757)	(757)
Share buyback		–	–	–	–	(1,997)	(1,997)
Cancellation of treasury shares		–	(1,176)	–	–	1,176	–
Share-based payments		–	–	–	–	63	63
Balance as of December 30, 2018, restated	*21*	**12**	**13,999**	**(80)**	**(2)**	**276**	**14,205**
Net income attributable to common shareholders		–	–	–	–	1,766	1,766
Other comprehensive income (loss)		–	–	239	(1)	(58)	180
Total comprehensive income (loss) attributable to common shareholders		–	–	239	(1)	1,708	1,945
Dividends		–	–	–	–	(1,114)	(1,114)
Share buyback		–	–	–	–	(1,002)	(1,002)
Cancellation of treasury shares		(1)	(1,753)	–	–	1,753	–
Share-based payments		–	–	–	–	47	47
Other items		–	–	–	–	1	1
Balance as of December 29, 2019	*21*	**11**	**12,246**	**159**	**(3)**	**1,670**	**14,083**

1 Other reserves include the remeasurements of defined benefit plans.

The accompanying notes are an integral part of these consolidated financial statements.

See *Note 36* for details about the restatement of the 2018 figures due to changes in accounting policies.

Consolidated statement of cash flows

€ million	Note	2019	2018 restated
Income from continuing operations		**1,767**	1,797
Adjustments for:			
Net financial expenses	*9*	**528**	487
Income taxes	*10*	**417**	373
Share in income of joint ventures	*15*	**(50)**	(34)
Depreciation, amortization and impairments	*8*	**2,848**	2,660
(Gains) losses on leases and the sale of assets / disposal groups held for sale		**(53)**	(28)
Share-based compensation expenses	*33*	**51**	60
Operating cash flows before changes in operating assets and liabilities		**5,508**	5,315
Changes in working capital:			
Changes in inventories		**(104)**	(35)
Changes in receivables and other current assets		**(107)**	(42)
Changes in payables and other current liabilities		**535**	528
Changes in other non-current assets, other non-current liabilities and provisions		**(25)**	(126)
Cash generated from operations		**5,807**	5,640
Income taxes paid – net		**(358)**	(280)
Operating cash flows from continuing operations		**5,449**	5,360
Operating cash flows from discontinued operations		**–**	(2)
Net cash from operating activities		**5,449**	5,358
Purchase of non-current assets		**(2,218)**	(1,780)
Divestments of assets / disposal groups held for sale		**144**	27
Acquisition of businesses, net of cash acquired	*29*	**(43)**	(30)
Divestment of businesses, net of cash divested	*29*	**(11)**	(3)
Changes in short-term deposits and similar instruments		**253**	(242)
Dividends received from joint ventures	*15*	**36**	17
Interest received		**56**	74
Lease payments received on lease receivables		**94**	86
Other		**1**	38
Investing cash flows from continuing operations		**(1,687)**	(1,813)
Investing cash flows from discontinued operations		**–**	1
Net cash from investing activities		**(1,687)**	(1,812)
Proceeds from long-term debt	*29*	**596**	798
Interest paid		**(189)**	(227)
Repayments of loans	*29*	**(656)**	(783)
Changes in short-term loans	*29*	**689**	(733)
Repayment of lease liabilities	*29*	**(1,530)**	(1,392)
Dividends paid on common shares	*21*	**(1,114)**	(757)
Share buyback	*21*	**(1,002)**	(2,003)
Other cash flows from derivatives	*29*	**(5)**	(29)
Other		**(17)**	(3)
Financing cash flows from continuing operations		**(3,227)**	(5,129)
Financing cash flows from discontinued operations		**–**	(4)
Net cash from financing activities		**(3,227)**	(5,133)
Net cash from operating, investing and financing activities		**535**	(1,587)
Cash and cash equivalents at the beginning of the year (excluding restricted cash)		**3,110**	4,542
Effect of exchange rates on cash and cash equivalents		**56**	155
Cash and cash equivalents at the end of the year (excluding restricted cash)	*29*	**3,701**	3,110

The accompanying notes are an integral part of these consolidated financial statements.

See *Note 36* for details about the restatement of the 2018 figures due to changes in accounting policies.

Notes to the consolidated financial statements

1 The Company and its operations

The principal activity of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores and eCommerce primarily in the United States and Europe. The Company is registered with the Dutch Trade Register under number 35000363.

On February 25, 2020, the Management Board authorized the financial statements. The Company has the ability to amend and reissue the financial statements up to the moment the financial statements have been adopted by the General Meeting of Shareholders. The financial statements, as presented in this Annual Report, are subject to adoption by the Ahold Delhaize General Meeting of Shareholders.

Ahold Delhaize's significant subsidiaries, joint ventures and associates are listed in *Note 37*.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Historical cost is used as the measurement basis unless otherwise indicated.

Due to the implementation of IFRS 16 and the application of the full retrospective approach, the 2018 comparative figures have been restated. See *Note 36* for more details. Also, for more detailed information on the IFRS 16 implementation and the restatement of the 2018 figures, including a quarterly split and explanations, see our IFRS 16 restatement booklet issued on March 25, 2019, and available on our website.

Ahold Delhaize's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. Financial year 2019 consisted of 52 weeks and ended on December 29, 2019. The comparative financial year 2018 consisted of 52 weeks and ended on December 30, 2018.

These consolidated financial statements are presented in millions of euros (€), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided.

2 Basis of preparation continued

The following exchange rates of the euro against the U.S. dollar ($), the Czech crown (CZK), the Romanian leu (RON), and the Serbian dinar (RSD) have been used in the preparation of these financial statements:

	2019	2018
U.S. dollar		
Average exchange rate	**0.8934**	0.8476
Year-end closing exchange rate	**0.8947**	0.8738
Czech crown		
Average exchange rate	**0.0390**	0.0390
Year-end closing exchange rate	**0.0393**	0.0388
Romanian leu		
Average exchange rate	**0.2108**	0.2149
Year-end closing exchange rate	**0.2090**	0.2146
Serbian dinar		
Average exchange rate	**0.0085**	0.0085
Year-end closing exchange rate	**0.0085**	0.0085

Significant estimates, assumptions and judgments

The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities which, by definition, will seldom equal the actual results. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good faith assessments of Ahold Delhaize's current and future performance for which management believes there is a reasonable basis. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates, assumptions and judgments that management considers most critical relate to:

Vendor allowances (*Notes 3, 17 and 18*)

When vendor allowances cannot specifically be identified in the purchase price of products, the Company must estimate the allowances that are earned based on the fulfillment of its related obligations. These estimates may require management to estimate the volume of purchases that will be made during a period of time. The Company must also estimate the amount of related product that has been sold and the amount that remains in ending inventories and allocate the allowance to cost of sales or inventories accordingly.

Income taxes (*Notes 3, 10 and 35*)

The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is probable that additional tax will be due or recognizes assets for uncertain tax positions when it is probable that the benefit will flow to the Company and the benefit can be reliably measured. Probability is estimated using the Company's interpretation of legislation and relevant case law and the Company assumes that the taxation authorities have full knowledge of all facts and circumstances.

Management is required to make judgments in determining whether deferred tax assets are realizable and, therefore, recognized in the balance sheet. The Company assesses and weighs all positive and negative evidence to support this determination.

Intangible assets (*Notes 3, 4 and 14*)

Intangible assets acquired in a business acquisition are stated at fair value, as determined at the date of the acquisition. To determine the fair value at the acquisition date, judgments and estimates are required.

Leases and sale and leaseback transactions (*Notes 3, 12 and 34*)

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease, for example related to term, country, currency and security. On a quarterly basis, the Company calculates incremental borrowing rates for each country, broken down into buckets of duration and underlying asset leased.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of stores, distribution centers and warehouses, the following factors are normally the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control, for example, when significant investment in the store is made which has a useful life beyond the current lease term.

2 Basis of preparation continued

Where the Company is the lessor, the classification of leases as finance leases or operating leases requires judgments about the fair value of the leased asset, the economic life of the asset, whether or not to include renewal or termination options in the lease term and the appropriate discount rate to use to calculate the present value of the lease payments to be received.

Revenue recognition with respect to sale and leaseback transactions is dependent on management's judgment of whether the Company has satisfied all of its performance obligations and control of the asset is transferred to the buyer, and the determination of the fair value of the asset.

Impairments (*Notes 3, 6, 8, 11, 12, 13 and 14*)
Judgments and estimates are required, not only to determine whether there is an indication that an asset may be impaired, but also whether indications exist that impairment losses previously recognized may no longer exist or may have decreased (impairment reversal). After indications of impairment have been identified, judgments and estimates are also involved in the determination of the recoverable amount of a non-current asset. These involve estimates of expected future cash flows (based on future growth rates and remaining useful life) and residual value assumptions, as well as discount rates to calculate the present value of the future cash flows.

Company and multi-employer pension obligations (*Notes 3 and 24*)
The present value of the pension obligations depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions include longevity and future salary and pension increases. Additional information is disclosed in *Note 24*.

Provisions and contingencies (*Notes 3, 25 and 35*)
The recognition of provisions requires estimates and judgment regarding the timing and the amount of outflow of resources. The main estimates are as follows:

- Self-insurance program: estimates and assumptions include an estimate of claims incurred but not yet reported, historical loss experience, projected loss development factors, estimated changes in claim reporting patterns, claim settlement patterns, judicial decisions and legislation. It is possible that the final resolution of claims may result in significant expenditures in excess of existing reserves.
- Loyalty programs: estimating the cost of benefits to which customers participating in the loyalty program are entitled includes assumptions on redemption rates. These estimates and assumptions apply to all loyalty programs, irrespective of whether they are accounted for as sales deferrals or provisions for future payments made at redemption.
- Claims and legal disputes: management, supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.
- Severance and termination benefits: the provisions relate to separation plans and agreements and use the best estimate, based on information available to management, of the cash flows that will likely occur. The amounts that are ultimately incurred may change as the plans are executed.
- Onerous contracts: mainly relate to unfavorable contracts and include the excess of the unavoidable costs of meeting the contractual obligations over the benefits expected to be received under such contracts.

Fair value measurements
For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability.

3 Significant accounting policies

Consolidation
The consolidated financial statements incorporate the financial figures of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Unrealized losses on intra-group transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

Non-controlling interests are recorded, as appropriate, on the consolidated balance sheet, in the consolidated income statement, and in the consolidated statement of comprehensive income for the non-controlling shareholders' share in the net assets and the income or loss of subsidiaries. Non-controlling shareholders' interest in an acquired subsidiary is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized. Ahold Delhaize does not have subsidiaries with non-controlling interests that are material to the Group.

Business combinations
The Company accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and the liabilities assumed. Transaction costs are expensed as incurred. Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

3 Significant accounting policies continued

Foreign currency translation

The financial statements of subsidiaries, joint ventures and associates are prepared in their functional currencies, which are determined based on the primary economic environment in which they operate. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates. Exchange differences arising on the settlement and translation of monetary items are included in net income for the period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered as assets and liabilities denominated in the functional currency of the foreign entity.

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the euro are translated into euros using the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the respective periods. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries are included in other comprehensive income and in equity, in the currency translation reserve. Intercompany loans to and from foreign entities for which settlement is neither planned nor likely to occur in the foreseeable future are considered to increase or decrease the net investment in that foreign entity; therefore the exchange rate differences relating to these loans are also included in other comprehensive income and in equity, in the currency translation reserve.

On the disposal of a foreign operation resulting in loss of control, loss of joint control or loss of significant influence, the related cumulative exchange rate difference that was included in equity is transferred to the consolidated income statement.

Statement of cash flows

The Company has chosen to prepare the statement of cash flows using the indirect method, which presents cash flows from operating activities as the income from continuing operations adjusted for non-cash transactions, deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash flows in foreign currencies have been translated using weighted average periodic exchange rates. Interest paid on loans is presented as a financing activity, while interest received is presented as an investing activity. Acquisitions and divestments of businesses are presented net of cash and cash equivalents acquired or disposed of, respectively. The Company has chosen to present dividends paid to its shareholders as a financing activity cash flow.

In the cash flow statement, the Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line, "Repayment of lease liabilities," in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The Company has classified cash flows from operating leases as operating activities. Cash flows representing the collection of principal and interest payments for finance lease receivables are classified as investing activities and disclosed using a single line in the cash flow statement, "Lease payments received on lease receivables."

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 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.

Net sales

Ahold Delhaize generates and recognizes net sales to retail customers as it satisfies its performance obligation at the point of sale in its stores and upon delivery of goods through its online channel. The Company also generates revenues from the sale of products to retail franchisees and affiliates that are recognized upon delivery. Ahold Delhaize recognizes fees to franchisees and affiliates as revenue as services are performed or the granted rights are used. Revenue from the sale of gift cards and gift certificates is recognized when the gift card or gift certificate is redeemed by the retail customer. Future discounts earned by customers in connection with bonus or loyalty cards and other Company-sponsored programs are deferred on the balance sheet at the time of the sale and subsequently recognized in the income statement when redeemed. When the Company expects that gift cards and future discounts under bonus and loyalty programs will not be redeemed, the breakage that is able to be estimated is recognized proportionately as revenue at the time that the Company's performance obligations are satisfied (e.g., as customers redeem their award credits or purchase goods using gift cards or vouchers).

The sales activities of Ahold Delhaize do not result in a material amount of unperformed obligations of the Company and, therefore, no contract assets are recognized separately from receivables. The Company does enter into transactions with customers where contract liabilities result from consideration being received from the customer prior to the Company satisfying its performance obligations. These contract liabilities are presented on the balance sheet and in the notes as deferred income and gift card liabilities.

Generally, net sales and cost of sales are recorded based on the gross amount received from the customer for products sold and the amount paid to the vendor for products purchased, excluding sales taxes and value-added taxes. However, for certain products or services, such as sales through bol.com's seller platform and the sale of lottery tickets, third-party prepaid phone cards, stamps and public transportation tickets, Ahold Delhaize acts as an agent and, consequently, records the amount of commission income in its net sales. Net sales also reflects the value of products sold to customers for which the Company anticipates returns from customers, when such returns are considered to be material. Currently, customer returns are only considered material with regards to Ahold Delhaize's online general merchandise sales. Past customer return practices provide the basis for determining the anticipated returns that the Company is exposed to at the balance sheet date.

3 Significant accounting policies continued

Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include costs of purchasing; storing; rent; depreciation of property, plant and equipment and right-of-use assets; salaries; and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

Vendor allowances

Ahold Delhaize receives various types of vendor allowances. The most common allowances vendors offer are (i) volume allowances, which are off-invoice or amounts billed back to vendors based on the quantity of products sold to customers or purchased from the vendor and (ii) promotional allowances, which relate to cooperative advertising and market development efforts. Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. If the contract does not specify any performance criteria, the allowance is recognized over the term of the contract.

Vendor allowances are generally deducted from cost of sales, unless there is clear evidence that they should be classified as revenue resulting from the Company providing a distinct good or service to the vendor. Ahold Delhaize recognizes vendor allowances only where there is evidence of a binding arrangement with the vendor, the amount can be estimated reliably and receipt is probable.

The accounting for vendor allowances requires management to apply judgments and assumptions, mainly surrounding the timing of when performance obligations have been met, the volume of purchases that will be made during a period of time, the product remaining in ending inventory, and the probability that funds can be collected from vendors. Using these judgments and assumptions, management's practice is to allocate earned vendor allowances between cost of sales and inventory based upon the amount of related product that was sold and the amount that remains in ending inventories. This practice is based upon the turnover of the inventories.

Selling expenses

Selling expenses relate to our store and online operations and consist of employees' salaries and wages, store expenses, depreciation related to owned and leased stores, advertising costs and other selling expenses. Other revenue derived from operational activities that does not qualify as net sales to retail customers is included as an offset to selling expenses.

General and administrative expenses

General and administrative expenses consist of support office employees' salaries and wages, rent and depreciation of support offices, impairment losses and reversals, gains and losses on the sale of non-current assets and disposal groups held for sale, restructuring costs, and other general and administrative expenses. Revenue from contracts that do not qualify as net sales to retail customers from operational activities is included as an offset to general and administrative expenses.

Share-based compensation

The grant date fair value of equity-settled share-based compensation plans is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting periods of the grants. The cumulative expense recognized at each balance sheet date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will eventually vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (e.g., total shareholder return). Those are treated as vested irrespective of whether or not the market condition is ultimately satisfied, provided that all non-market conditions (e.g., continued employment) are satisfied.

Income taxes

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current tax expense is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date and adjustments for current taxes payable (receivable) for prior years. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets, including deferred tax assets for tax loss carryforward positions and tax credit carryforward positions, are recognized to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. Current income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset and when the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The ultimate tax effects of some transactions can be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is probable that additional taxes will be due or recognizes assets for uncertain tax positions when it is probable that the benefit will flow to the Company and the benefit can be reliably measured. To measure the liability for the uncertain tax position, management determines whether uncertainties need to be considered separately or together based on which approach better predicts the resolution of the uncertainty. The Company also recognizes the liability for either the most likely amount or the expected value (probability weighted average), depending on which method it expects to better predict the resolution.

3 Significant accounting policies continued

These liabilities are presented as current income taxes payable, except in jurisdictions where prior tax losses are being carried forward to be used to offset future taxes that will be due; in these instances, the liabilities are presented as a reduction of deferred tax assets. Interest accrued on uncertain tax positions is considered to be a financial expense of the Company. Any other adjustments to uncertain tax position liabilities are recognized within income tax expense.

Earnings per share

Basic net income per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Basic income from continuing operations per share is calculated by dividing income from continuing operations attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted income per share is calculated by dividing the diluted net income / diluted income from continuing operations attributable to shareholders by the diluted weighted average number of common shares outstanding. To determine the diluted income, net income and income from continuing operations are adjusted by the expense for preferred dividends on the cumulative preferred financing shares. This preferred dividend is reversed when the cumulative preferred financing shares have a dilutive effect on the earnings per share calculation. To determine the diluted weighted average number of common shares outstanding, the weighted average number of shares outstanding is adjusted for (i) the effect of the cumulative preferred financing shares and (ii) the conditional shares from the share-based compensation programs. The effect of the cumulative preferred financing shares is determined by calculating the number of common shares that would be issued upon conversion. However, the effect is only adjusted for if it has a dilutive effect on the income per share. Ahold Delhaize's cumulative preferred financing shares are dilutive whenever their interest per common share obtainable on conversion is lower than basic income per share.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's carrying amount or the fair value less costs of disposal. Depreciation or amortization of an asset ceases when it is classified as held for sale. Equity accounting ceases for an investment in a joint venture or associate when it is classified as held for sale; instead, dividends received are recognized in the consolidated income statement.

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Results from discontinued operations that are clearly identifiable as part of the component disposed of and that will not be recognized subsequent to the disposal are presented separately as a single amount in the consolidated income statement. Results and cash flows from discontinued operations are reclassified for prior periods and presented in the financial statements so that the results and cash flows from discontinued operations relate to all operations that have been discontinued as of the balance sheet date for the latest period presented.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and borrowing costs incurred during construction. Where applicable, estimated asset retirement costs are added to the cost of an asset. Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other subsequent expenditures represent repairs and maintenance and are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the items of property, plant and equipment, taking into account the estimated residual value. Where an item of property, plant and equipment comprises major components having different useful lives, each such part is depreciated separately.

The ranges of estimated useful lives of property, plant and equipment are:

Land	indefinite
Buildings	30–40 years
Certain structural components of buildings	10–20 years
Finish components of buildings	5–10 years
Machinery and equipment	3–15 years
Other	5–10 years

The useful lives, depreciation method and residual value are reviewed at each balance sheet date and adjusted, if appropriate.

Depreciation of leasehold improvements is calculated on a straight-line basis over either the lease term (including renewal periods when renewal is reasonably assured) or the estimated useful life of the asset, whichever is shorter.

Right-of-use assets

See paragraph *New accounting policies effective for 2019 – IFRS 16, "Leases"* below.

Investment property

Investment property consists of land and buildings held by Ahold Delhaize to earn rental income or for capital appreciation, or both. These properties are not used by the Company in the ordinary course of business. The Company often owns (or leases) shopping centers containing both an Ahold Delhaize and third-party retail units. In these cases, the third-party retail units generate rental income, but are primarily of strategic importance for operating purposes to Ahold Delhaize in its retail operations. The Company recognizes the part of an owned (or leased) shopping center that is leased to third-party retailers as investment property, unless it represents an insignificant portion of the property. Land and buildings leased to franchisees are not considered to be investment property as they contribute directly to Ahold Delhaize's retail operations. Investment property is measured on the same basis as property, plant and equipment.

See paragraph *New accounting policies effective for 2019 – IFRS 16, "Leases"* below for the accounting policy on right-of-use asset investment property.

3 Significant accounting policies continued

Intangible assets

Goodwill and impairment of goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the identifiable assets, liabilities and assumed contingent liabilities at the date of acquisition. It is carried at cost less accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of a business combination. Goodwill is allocated to a cash-generating unit (or group of cash-generating units) representing the lowest level within the Company at which the goodwill is monitored for internal management purposes and is never larger than an operating segment before aggregation. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the cash-generating unit may be impaired. Goodwill on acquisitions of joint ventures and associates is assessed for impairment as part of the investment whenever there is an indication that the investment may be impaired. An impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a cash-generating unit's fair value less costs of disposal or its value in use. See *Note 14* for explanations of how the Company determines fair value less costs of disposal and value in use. An impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On the partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible assets

Separately acquired intangible assets and internally developed software are carried at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition (which is regarded as their cost).

Brand names and customer, franchise and affiliate relationships acquired in business acquisitions are stated at fair value determined using an income approach. Direct costs related to the development of software for internal use are capitalized only if the costs can be measured reliably, technological feasibility has been established, future economic benefits are probable, and the Company intends to complete development and use the software. All other costs, including all overhead, general and administrative, and training costs, are expensed as incurred.

Amortization is computed using the straight-line method based on estimated useful lives, which are as follows:

Software	3–10 years
Customer relationships	7–25 years
Retail brands	indefinite
Own brands	10–15 years
Franchise and affiliate relationships	14–40 years
Other	5–indefinite

The useful lives, amortization method and residual value are reviewed at each balance sheet date and adjusted, if appropriate. Brand names, intangible assets under development and other intangible assets with indefinite lives are assessed for impairment annually, or whenever there is an indication that the asset may be impaired.

Investments in joint arrangements and associates

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where Ahold Delhaize has both rights to the assets and obligations for the liabilities relating to the arrangement and, therefore, the Company accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where Ahold Delhaize has rights to the net assets of the arrangement and, therefore, the Company equity accounts for its interest.

Associates are entities over which Ahold Delhaize has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. Associates are accounted for using the equity method.

Under the equity method, investments in joint ventures and associates are measured initially at cost and subsequently adjusted for post-acquisition changes in Ahold Delhaize's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments). Where necessary, adjustments are made to the financial figures of joint ventures and associates to ensure consistency with the accounting policies of the Company.

Unrealized gains on transactions between Ahold Delhaize and its joint ventures and associates are eliminated to the extent of the Company's stake in these investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Impairment of non-current assets other than goodwill

Ahold Delhaize assesses on a quarterly basis whether there is any indication that non-current assets may be impaired. If indicators of impairment exist, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which it belongs. Individual stores are considered separate cash-generating units for impairment testing purposes. The carrying value of the store includes mainly its property, plant and equipment and right-of-use assets (if held under a lease arrangement).

The recoverable amount is the higher of an asset's fair value less costs of disposal or the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimated future cash flows exclude lease payments if the cash-generating unit is held under a lease arrangement, but include a replacement capex if needed to maintain the ongoing operation during the forecast period.

An impairment loss is recognized in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

3 Significant accounting policies continued

In subsequent years, Ahold Delhaize assesses whether indications exist that impairment losses previously recognized for non-current assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost consists of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their location and condition ready for sale, net of vendor allowances attributable to inventories. For certain inventories, cost is approximated using the retail method, in which the sales value of the inventories is reduced by the appropriate percentage of gross margin. The cost of inventories is determined using either the first-in, first-out (FIFO) method or the weighted average cost method, depending on their nature or use. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Included in the value of inventory is an amount representing the estimated value of inventories that have already been sold that the Company expects to be returned for a refund by customers.

Financial instruments

Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Company).

At initial recognition, the Company measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

After initial recognition, the Company classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income or iii) fair value through profit or loss on the basis of both:

- The Company's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

The Company's financial assets measured at amortized cost comprise loans receivable, net investment in leases, trade and other (non-)current receivables, cash and cash equivalents, short-term deposits and similar instruments.

Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at fair value through other comprehensive income if both i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to profit or loss when debt instrument is derecognized.

There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments in equity instruments that are not held for trading and for which the Company made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

3 Significant accounting policies continued

Financial assets at fair value through profit or loss (FVPL)
When any of the above-mentioned conditions for classification of financial assets are not met, a financial asset is classified as “at fair value through profit or loss” and measured at fair value with changes in fair value recognized in profit or loss.

A financial asset measured at fair value through profit or loss is recognized initially at fair value and its transaction cost is recognized in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognized in the consolidated statement of income for the reporting period in which it arises.

The Company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Company’s financial instruments measured at fair value through profit or loss comprise reinsurance assets, derivatives and certain investments in debt instruments.

Financial liabilities
Financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Company’s obligations specified in the contract expire or are discharged or cancelled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for derivatives and reinsurance liabilities. Any difference between the proceeds and redemption value is recognized in the income statement over the period of the loans and short-term borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments
All derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Gains and losses resulting from the fair value remeasurement are recognized in the income statement as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) at the inception of the transaction, the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized initially in the cash flow hedging reserve, a separate component of equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are reclassified into the income statement in the same period in which the related exposure impacts the income statement. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognized in the income statement.

Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognized in the income statement in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortized in the income statement over the hedged item’s remaining period to maturity.

Reinsurance assets and liabilities
Under Ahold Delhaize’s self-insurance program, part of the insurance risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. In accordance with the pooling arrangement, the Company assumes a share of the reinsurance treaty risks that is measured in relation to the percentage of Ahold Delhaize’s participation in the treaty. Reinsurance assets include estimated receivable balances related to reinsurance contracts purchased by the Company. Reinsurance liabilities represent the expected insurance risks related to reinsurance contracts sold by the Company. Reinsurance assets and liabilities are measured on a discounted basis using accepted actuarial methods.

Financial guarantees
Financial guarantees made by Ahold Delhaize to third parties that may require the Company to incur future cash outflows if called upon to satisfy are recognized at inception as liabilities at fair value. Fair value is measured as the premium received, if any, or calculated using a scenario analysis. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the obligation or the amount initially recognized less cumulative amortization corresponding to the expiration or repayment of the underlying amount guaranteed.

Equity
Equity instruments issued by the Company are recorded at the value of proceeds received. Own equity instruments that are bought back (treasury shares) are deducted from equity. When reissued or cancelled, shares are removed from the treasury shares on a first-in, first-out basis. Incremental costs that are directly attributable to issuing or buying back own equity instruments are recognized directly in equity, net of the related tax. No gain or loss is recognized in the income statement on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3 Significant accounting policies continued

Cumulative preferred financing shares

Cumulative preferred financing shares, for which dividend payments are not at the discretion of the Company, are classified as non-current financial liabilities and are stated at amortized cost. The dividends on these cumulative preferred financing shares are recognized as interest expense in the income statement, using the effective interest method. From the date on which Ahold Delhaize receives irrevocable notification from a holder of cumulative preferred financing shares to convert these shares into common shares, the cumulative preferred financing shares are classified as a separate class of equity.

Pension and other post-employment benefits

The net assets and net liabilities recognized on the consolidated balance sheet for defined benefit plans represent the actual surplus or deficit in Ahold Delhaize's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Defined benefit obligations are actuarially calculated on the balance sheet date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using market yields on high-quality corporate bonds (i.e., bonds rated AA or higher), denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities.

Defined benefit costs are split into three categories:

- Service cost, past service cost, gains and losses on curtailment and settlements
- Net interest expense or income
- Remeasurement

The first category is presented as labor costs within operating earnings. Past-service costs are recognized in the income statement in the period of plan amendment. Results from curtailments or settlements are recognized immediately.

Past service years within the Dutch pension plan are calculated based upon a methodology that uses the maximum past service years based on accrued benefits or a participant's actual date of hire.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is presented within net financial expenses.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (if applicable), and the return on plan assets (excluding interest) are recognized immediately in the balance sheet with a charge or credit to other comprehensive income in the period in which it occurs. Remeasurements recorded in other comprehensive income are not recycled to the income statement.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for under defined contribution criteria.

For other long-term employee benefits, such as long-service awards, provisions are recognized on the basis of estimates that are consistent with the estimates used for the defined benefit obligations, but discounted using Ahold Delhaize's cost of debt rate. For these, all actuarial gains and losses are recognized in the income statement immediately.

Provisions

Provisions are recognized when (i) the Company has a present (legal or constructive) obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount can be reliably estimated. The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions are discounted whenever the effect of the time value of money is significant.

The provision for the Company's self-insurance program is recorded based on claims filed and an estimate of claims incurred but not yet reported. The provision includes expenses incurred in the claim settlement process that can be directly associated with specific claims. Other expenses incurred in the claim settlement process are expensed when incurred. The Company's estimate of the required liability of such claims is recorded on a discounted basis, utilizing an actuarial method based upon various assumptions that include, but are not limited to, historical loss experience, projected loss development factors and actual payroll costs.

Restructuring-related provisions for severance and termination benefits are recognized when the Company has approved a detailed formal restructuring plan and the restructuring has either commenced or has been announced to those affected by it. Onerous contract provisions are measured at the amount by which the unavoidable costs to fulfill agreements exceeds the expected benefits from such agreements.

New accounting policies effective for 2019

IFRS 16, "Leases"

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone price.

The Company applies the recognition exemptions for short-term leases (less than 12 months) and leases of low-value items, defined by the Company to be below $5,000 per item (on acquisition). The payments for these exempted leases are recognized in the income statement on a straight-line basis over the lease terms.

3 Significant accounting policies continued

As a lessee

The Company recognizes a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments, at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred (for example, key money and lease contract commissions), less any incentives received. The right-of-use asset for acquired leases is adjusted for any favorable or unfavorable lease rights recognized as part of the purchase price allocation. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Right-of-use assets are separately disclosed as a line in the balance sheet, but right-of-use assets that meet the definition of investment property are included in "Investment property" and separately disclosed in the notes.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected to separate lease and non-lease components included in lease payments for all leases. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, which are initially measured using the index or rate at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price of a purchase option that the Company is reasonably certain to exercise
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is included in "Other current financial liabilities" and "Other non-current financial liabilities."

The Company applies judgment to determine the lease term for the lease contracts in which it is a lessee that include renewal and termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized. See *Note 2* for more information on judgments relating to leases.

As a lessor

Lessor accounting remains similar to the previous standard and the Company continues to classify leases as finance or operating leases at lease inception based upon whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the majority of the economic life of the asset.

Leases classified as finance leases result in the recognition of a net investment in a lease representing the Company's right to receive rent payments. The value of the net investment in a lease is the value of the future rent payments to be received and the unguaranteed residual value of the underlying asset discounted using the rate implicit in the lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Rent income."

The adoption of IFRS 16 has resulted in restatements of Ahold Delhaize's 2018 comparative amounts; see *Note 36* for more information.

Sale and leaseback

Sale and leaseback transactions are defined as transactions that lead to a sale according to IFRS 15 "Revenue from Contracts with Customers." Under IFRS 15, the seller-lessee must determine if the transaction qualifies as a sale for which revenue is recognized (i.e., if the transaction is a genuine sale, where all performance obligations are satisfied and control has transferred to the buyer-lessor), or whether the transaction is a collateralized borrowing. More specifically, a sale is considered as such if there is no repurchase option on the asset at the end of the lease term.

If the sale by the Company as seller-lessee qualifies as a sale, the Company derecognizes the asset and recognizes a gain (or loss) that is limited to the proportion of the total gain (or loss) relating to the rights transferred to the buyer-lessor. In addition, the Company recognizes a right-of-use asset arising from the leaseback and measures it at the proportion of the previous carrying amount of the asset relating to the right of use retained. In addition, the Company recognizes the lease liability.

3 Significant accounting policies continued

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, adjustments are made to measure the sales proceeds at fair value as follows:

a. Any below-market terms should be accounted for as a prepayment of lease payments.

b. Any above-market terms should be accounted for as additional financing provided by the buyer-lessor.

If the sale by the Company does not qualify as a sale, the Company keeps the asset transferred on its balance sheet and recognizes a financing obligation (financing) equal to the transferred proceeds or cash received.

Amendments to IAS 19, "Plan Amendments, Curtailment or Settlement"

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must (i) calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change; (ii) recognize any reduction in a surplus immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement; and (iii) separately recognize any changes in the asset ceiling through other comprehensive income. These amendments have no impact on the consolidated financial statements.

Amendments to IAS 28, "Long-term Interests in Associates and Joint Ventures"

The amendments to IAS 28 were made to clarify that IFRS 9, "Financial Instruments," applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. These amendments have no impact on the consolidated financial statements.

Amendments to IFRS 3, "Business Combinations"

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 3 apply prospectively for annual periods beginning on or after January 1, 2019. These amendments have no impact on the consolidated financial statements.

IFRIC 23, "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, while also aiming to enhance transparency. IFRIC 23 became effective on January 1, 2019. The interpretation does not have an impact on the consolidated financial statements.

Annual improvements to IFRSs 2015-2017

A number of amendments were made to various IFRSs that do not have a significant effect on the consolidated financial statements.

New accounting policies not yet effective for 2019

The IASB issued several standards, or revisions to standards, that are not yet effective for 2019, but will become effective in coming years.

IFRS 17, "Insurance Contracts"

IFRS 17 replaces IFRS 4, "Insurance Contracts." It requires a current measurement model where estimates are remeasured each reporting period. The standard allows a choice between recognizing changes in discount rates either in the income statement or directly in other comprehensive income. IFRS 17 is effective for annual periods beginning on or after January 1, 2021; however the IASB, in November 2018, tentatively decided to defer the effective date to annual periods beginning on or after January 1, 2022. The Company has yet to assess the standard's full impact.

Amendments to IAS 1 and IAS 8, "Definition of Material"

The amendments to IAS 1 and IAS 8 clarify the definition of material and how it should be applied by stating that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to IAS 1 and IAS 8 apply prospectively for annual periods beginning on or after January 1, 2020. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IFRS 3, "Definition of a Business"

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term "outputs" is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments to IFRS 3 apply prospectively for annual periods beginning on or after January 1, 2020. The Company anticipates that the amendments could result in more acquisitions being accounted for as asset acquisitions.

Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform"

The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The amendments apply prospectively for annual periods beginning on or after January 1, 2020. The Company does not anticipate that the application of these amendments will have an effect on the future consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that have been issued but are not yet effective that are expected to have a material effect on the future consolidated financial statements.

4 Acquisitions

Ahold Delhaize completed various store acquisitions for a total purchase consideration of €43 million. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the acquisitions during 2019 is as follows:

€ million	The United States	Central and Southeastern Europe	Other	Total
Goodwill	19	10	3	**32**
Other intangible assets	–	–	5	**5**
Property, plant and equipment	6	1	1	**8**
Right-of-use asset	35	12	–	**47**
Other current assets	–	–	1	**1**
Lease liabilities	(33)	(12)	–	**(45)**
Current liabilities	–	–	(1)	**(1)**
Fair value of assets and liabilities recognized	27	11	9	**47**
Gain on bargain purchase (negative goodwill)	(4)	–	–	**(4)**
Total purchase consideration	23	11	9	**43**
Cash acquired	–	–	–	**–**
Acquisition of businesses, net of cash	**23**	**11**	**9**	**43**

Goodwill is attributable to the profitability of the acquired businesses and the synergies that are expected to result. The goodwill resulting from the acquisitions are deductible for tax purposes except for €10 million within Central and Southeastern Europe.

The gain on bargain purchases was the result of favorable purchase terms on stores that competitors were selling at discounts as they exited local markets. The gain has been reported as (gains) losses on the sale of assets within general and administrative expenses.

On January 4, 2019, Ahold Delhaize announced that Stop & Shop agreed to acquire King Kullen Grocery Co., based in Long Island, New York. The acquisition includes King Kullen's 29 supermarkets, five Wild by Nature stores and the use of its corporate offices located in Bethpage, New York. The transaction is currently expected to close during the first half of 2020, subject to customary closing conditions.

5 Assets and liabilities held for sale and discontinued operations

Assets and liabilities held for sale

€ million	December 29, 2019	December 30, 2018 restated
Non-current assets and disposal groups held for sale	**67**	23
Total assets held for sale	**67**	23

Assets held for sale at December 29, 2019, is comprised primarily of non-current assets of retail locations (The United States: €5 million (December 30, 2018: nil), The Netherlands: €6 million (December 30, 2018: €4 million), Delhaize Belgium €16 million (December 30, 2018: nil), Central and Southeastern Europe: €40 million (December 30, 2018: €19 million)).

Discontinued operations

€ million	2019	2018 restated
Operating results from discontinued operations	**–**	(1)
Tops Markets	**(1)**	(17)
Other[1]	**–**	1
Results on divestments	**(1)**	(16)
Income (loss) from discontinued operations, net of income taxes	**(1)**	(17)

1 Includes adjustments to the results on various other discontinued operations and past divestments.

Income (loss) from discontinued operations in 2018 included a charge of €17 million related to Tops Markets, a former subsidiary of Ahold Delhaize. In 2018, Tops Markets filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. As part of the bankruptcy proceedings, Tops Markets rejected leases for four stores of which the lease was contingently guaranteed by Ahold Delhaize. In addition, the Company reached an agreement with Tops Markets to take over partial rent payments for nine locations for 72 months. These actions resulted in Ahold Delhaize recognizing €24 million partly as a financial liability and as an onerous contract provision (see *Notes 23* and *25*), which are presented as an after-tax loss within results on divestments of €17 million. For a description of contingencies related to our issued lease guarantees in connection with the divestment of Tops Markets, see *Note 35*.

6 Segment reporting

Reportable segments

Ahold Delhaize's retail operations are presented in four 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.

As of 2020, we will combine the three reportable segments, The Netherlands, Belgium and Central and Southeastern Europe, into one reportable segment, Europe.

The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements as described in *Note 3.*

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, Giant/Martin's, Hannaford, Giant Food and Peapod
The Netherlands	Albert Heijn (including the Netherlands and Belgium), Etos, Gall & Gall and bol.com (including the Netherlands and Belgium)
Belgium	Delhaize Le Lion (including Belgium and Luxembourg)
Central and Southeastern Europe	Albert (Czech Republic), Alfa Beta (Greece), Mega Image (Romania) and Delhaize Serbia (Republic of Serbia)

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)

Net sales

€ million	2019	2018 restated
The United States	**40,066**	37,460
The Netherlands	**14,810**	14,218
Belgium	**5,096**	5,095
Central and Southeastern Europe	**6,288**	6,018
Ahold Delhaize Group	**66,260**	62,791

Operating income

€ million	2019	2018 restated
The United States	**1,668**	1,633
The Netherlands	**765**	731
Belgium	**128**	130
Central and Southeastern Europe	**246**	262
Global Support Office	**(146)**	(133)
Ahold Delhaize Group	**2,662**	2,623

Depreciation and amortization of property, plant and equipment, right-of-use assets, investment property, and intangible assets

€ million	2019	2018 restated
The United States	**1,671**	1,579
The Netherlands	**565**	531
Belgium	**176**	169
Central and Southeastern Europe	**325**	294
Global Support Office	**21**	34
Ahold Delhaize Group	**2,758**	2,607

Net impairments of property, plant and equipment, investment property, right-of-use assets, and intangible assets

€ million	2019	2018 restated
The United States	**67**	26
The Netherlands	**2**	13
Belgium	**2**	–
Central and Southeastern Europe	**18**	14
Ahold Delhaize Group	**89**	53

Share-based compensation expenses

€ million	2019	2018 restated
The United States	**29**	31
The Netherlands	**7**	9
Belgium	**2**	2
Central and Southeastern Europe	**2**	2
Global Support Office	**12**	16
Ahold Delhaize Group	**51**	60

6 Segment reporting continued

Additions to property, plant and equipment, right-of-use assets, investment property, and intangible assets (including assets acquired through business combinations as well as net reassessments and modifications of right-of-use assets)

€ million	2019	2018 restated
The United States	**2,080**	1,658
The Netherlands	**890**	583
Belgium	**177**	173
Central and Southeastern Europe	**420**	373
Global Support Office	**36**	51
Ahold Delhaize Group	**3,604**	2,838

Non-current assets (property, plant and equipment, right-of-use assets, investment property and intangible assets)

€ million	December 29, 2019	December 30, 2018 restated
The United States	**18,958**	18,262
The Netherlands	**5,144**	4,899
Belgium	**3,192**	3,155
Central and Southeastern Europe	**3,423**	3,394
Global Support Office	**53**	139
Ahold Delhaize Group	**30,770**	29,849

Additional segment information

Segment results do not include significant non-cash items other than depreciation, amortization, reassessments, modifications and additions of right-of-use assets, impairment losses and reversals and share-based compensation expenses.

Segment information joint ventures – Other retail (JMR and Super Indo)

The information with respect to JMR and Super Indo is presented in *Note 15*.

7 Net sales

€ million	2019	2018 restated
Sales from owned stores	**56,562**	53,953
Sales to and fees from franchisees and affiliates	**5,837**	5,675
Online sales	**3,493**	2,817
Wholesale sales	**197**	185
Other sales	**170**	161
Net sales	**66,260**	62,791

Sales by segment for 2019 are as follows:

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	**38,803**	**9,263**	**2,432**	**6,064**	**56,562**
Sales to and fees from franchisees and affiliates	**–**	**3,087**	**2,580**	**169**	**5,837**
Online sales	**985**	**2,432**	**57**	**19**	**3,493**
Wholesale sales	**149**	**–**	**13**	**35**	**197**
Other sales	**128**	**27**	**13**	**2**	**170**
Net sales	**40,066**	**14,810**	**5,096**	**6,288**	**66,260**

Sales by segment for 2018 are as follows:

€ million	The United States	The Netherlands	Belgium	Central and Southeastern Europe	Ahold Delhaize Group
Sales from owned stores	36,459	9,204	2,478	5,812	53,953
Sales to and fees from franchisees and affiliates	–	2,983	2,539	153	5,675
Online sales	751	1,999	51	16	2,817
Wholesale sales	135	–	15	35	185
Other sales	115	32	12	2	161
Net sales	37,460	14,218	5,095	6,018	62,791

Net sales by product category are as follows:

Percentage of net sales	2019	2018 restated
Food: perishable	**45%**	45%
Food: non-perishable	**38%**	38%
Non-food	**12%**	12%
Pharmacy	**3%**	3%
Gasoline	**1%**	2%
Net sales	**100%**	100%

8 Expenses by nature

The aggregate of cost of sales and operating expenses is specified by nature as follows:

€ million	2019	2018 restated
Cost of product	**46,014**	43,846
Labor costs	**9,665**	9,014
Other operational expenses	**5,244**	4,796
Depreciation and amortization	**2,758**	2,607
Rent expenses	**66**	64
Rent income	**(187)**	(189)
Impairment losses and reversals – net	**89**	53
(Gains) losses on leases and the sale of assets – net	**(53)**	(23)
Total expenses by nature	**63,598**	60,168

For more information on rent expenses and rent income, see *Note 34*.

9 Net financial expenses

€ million	2019	2018 restated
Interest income	**65**	85
Interest expense	**(175)**	(211)
Interest accretion to lease liability	**(366)**	(355)
Net interest expense on defined benefit pension plans	**(18)**	(19)
Gains (losses) on foreign exchange	**4**	19
Fair value gains (losses) on financial instruments	**4**	(15)
Other gains (losses)	**(43)**	9
Other financial income (expense)	**(35)**	13
Net financial expenses	**(528)**	(487)

Interest income primarily relates to interest earned on cash and cash equivalents, short-term cash deposits and similar instruments.

Interest expense primarily relates to financial liabilities (which include notes and financing obligations), interest accretions to provisions, and amortization of the purchase price allocation on the debt brought in through acquisitions.

For more information on leases and the interest accretion thereon, see *Note 34*.

Net interest expense on defined benefit pension plans is related to the Company's pension plans being in a net liability position over 2019 and 2018.

Gains (losses) on foreign exchange on financial assets and liabilities are presented as part of net financial expenses. The net gains in 2019 primarily resulted from the translation of foreign currency denominated debt, unhedged leases and derivatives.

Included in fair value gains (losses) on financial instruments are fair value changes on investments in U.S. Treasury bond funds, which are measured at fair value through profit or loss, and derivatives.

Other gains (losses) mainly include transaction results from the redemption of the cumulative preferred shares, which resulted in a one-off cost of €22 million and a cancellation of mortgages payable in the Czech Republic, which resulted in a one-off cost of €13 million. In 2018, the other gains (losses) included the result of the repurchase and cancellation of $350 million of the USD 827 million 5.70% notes, due in 2040. The carrying value of the repurchased notes was $423 million, resulting in a one-off gain of $34 million (see *Note 22*). The other gains (losses) in 2018 also included the recognition of a financial liability for lease guarantees related to BI-LO II and its parent, Southeastern Grocers, Inc., which filed for bankruptcy protection under Chapter 11 (see *Note 35*).

Foreign exchange results arising from the purchase of goods for sale or goods and services consumed in Ahold Delhaize's operations are included in cost of sales or in the appropriate element of operating expenses, respectively. In 2019, the Company recorded a net exchange loss of nil in operating income (2018: gain of €1 million).

10 Income taxes

Income taxes on continuing operations

The following table specifies the current and deferred tax components of income taxes on continuing operations in the income statement:

€ million	2019	2018 restated
Current income taxes		
Domestic taxes (the Netherlands)	**(132)**	(135)
Foreign taxes		
United States	**(146)**	(150)
Europe – Other	**(68)**	(75)
Total current tax expense	**(345)**	(360)
Deferred income taxes		
Domestic taxes (the Netherlands)	**(20)**	45
Foreign taxes		
United States	**(47)**	(64)
Europe – Other	**(5)**	6
Total deferred tax expense	**(72)**	(13)
Total income taxes on continuing operations	**(417)**	(373)

Effective income tax rate on continuing operations

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:

	2019	
	€ million	Tax rate
Income before income taxes	**2,134**	
Income tax expense at statutory tax rate	**(534)**	**25.0%**
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	**63**	**(3.0)%**
Deferred tax income (expense) related to recognition of deferred tax assets – net	**15**	**(0.7)%**
Non-taxable income (expense)	**(6)**	**0.3%**
Other	**50**	**(2.3)%**
Subtotal income taxes[1]	**(412)**	**19.3%**
Tax rate changes as a result of local tax reforms	**(5)**	**0.2%**
Total income taxes	**(417)**	**19.6%**

	2018 restated	
	€ million	Tax rate
Income before income taxes	2,136	
Income tax expense at statutory tax rate	(534)	25.0%
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	66	(3.1)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	3	(0.1)%
Non-taxable income (expense)	16	(0.7)%
Other	57	(2.7)%
Subtotal income taxes[1]	(392)	18.4%
Tax rate changes as a result of local tax reforms	19	(0.9)%
Total income taxes	(373)	17.5%

1 Excluding the impact of tax rate changes due to local tax reforms.

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. Other includes discrete items and one-time transactions. For 2019, it includes €26 million tax income related to releases of uncertain tax positions in several jurisdictions for which tax audits were finalized or the statute of limitations expired. For 2018, it includes €41 million deferred tax income related to restructuring.

In 2019, new statutory corporate income tax rates were (substantively) enacted for the Netherlands (25% in 2020 and 21.7% as of 2021), Greece (24% as of 2019), Switzerland (13.99% as of 2020) and Luxembourg (24.94% or 27.19%, depending on the municipality, as of 2019). These new statutory corporate income tax rates affected Ahold Delhaize's deferred and current (for Greece and Luxembourg only) income tax positions as of December 29, 2019. The tax rate changes show the effect of applying the new statutory corporate income tax rates to the calculation of Ahold Delhaize's Dutch, Greek, Swiss and Luxembourgish deferred income tax positions, as well as the 2019 effect related to the Belgian statutory corporate income tax rate change of 2017. The total impact for 2019 is a tax expense of €5 million. The effects of tax law changes are included in the reported tax balances based on the information available per reporting date. The Company keeps following any developments and further clarifications of changes in tax laws and will make adjustments to the tax balances accordingly. In 2018, the reduction of statutory corporate income tax rates in the Netherlands, Greece and Belgium resulted in a tax benefit of €19 million.

Income taxes on discontinued operations

Current and deferred income tax related to discontinued operations amounted to nil in 2019 (2018: €7 million).

10 Income taxes continued

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of December 29, 2019, and December 30, 2018, are as follows:

€ million	January 1, 2018 restated	Recognized in income statement	Other	December 30, 2018 restated	Recognized in income statement	Other	December 29, 2019
Leases and financings	444	(14)	23	453	**(23)**	**8**	**439**
Pensions and other (post-)employment benefits	246	1	(10)	237	**29**	**22**	**288**
Provisions	84	(2)	11	93	**(9)**	**5**	**89**
Derivatives	3	(2)	(1)	–	**–**	**(1)**	**–**
Interest	78	5	5	88	**–**	**2**	**90**
Other	15	59	(3)	71	**(2)**	**(50)**	**19**
Total gross deductible temporary differences	870	47	25	942	**(5)**	**(14)**	**925**
Unrecognized deductible temporary differences	(1)	(52)	(1)	(54)	**(2)**	**(1)**	**(57)**
Total recognized deductible temporary differences	869	(5)	24	888	**(7)**	**(15)**	**868**
Tax losses and tax credits	590	(84)	(16)	490	**(80)**	**4**	**414**
Unrecognized tax losses and tax credits	(356)	59	3	(294)	**42**	**–**	**(253)**
Total recognized tax losses and tax credits	234	(25)	(13)	196	**(39)**	**4**	**161**
Total net deferred tax asset position	1,103	(30)	11	1,084	**(46)**	**(11)**	**1,029**
Property, plant and equipment and intangible assets	(1,423)	30	(25)	(1,418)	**42**	**(23)**	**(1,398)**
Inventories	(147)	(15)	(8)	(170)	**(10)**	**(4)**	**(184)**
Other	(9)	2	(5)	(12)	**(58)**	**51**	**(19)**
Total deferred tax liabilities	(1,579)	17	(38)	(1,600)	**(26)**	**24**	**(1,601)**
Net deferred tax assets (liabilities)	(476)	(13)	(27)	(516)	**(72)**	**13**	**(573)**

The column "Other" in the table above includes amounts recorded in equity, divestments and exchange rate differences, as well as reclassifications between deferred tax components and the application of tax losses and tax credits against current year income tax payables.

For 2019, the column "Recognized in income statement" in the table above includes a deferred tax expense of €5 million as a result of the Dutch, Greek, Swiss, Luxembourgish and Belgian statutory corporate income tax rate changes (2018: tax benefit of €19 million related to Dutch, Greek and Belgian statutory corporate income tax rate changes).

Deferred income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. The deferred tax assets and liabilities are presented as non-current assets and liabilities on the balance sheet as follows:

€ million	December 29, 2019	December 30, 2018 restated
Deferred tax assets	**213**	166
Deferred tax liabilities	**(786)**	(682)
Net deferred tax liabilities	**(573)**	(516)

10 Income taxes continued

As of December 29, 2019, Ahold Delhaize had operating and capital loss carryforwards of a total nominal amount of €2,805 million, mainly expiring between 2020 and 2034 (December 30, 2018: €3,210 million). The following table specifies the years in which Ahold Delhaize's operating and capital loss carryforwards and tax credits are scheduled to expire:

€ million	2020	2021	2022	2023	2024	2025–2029	2030–2034	After 2034	Does not expire	Total
Operating and capital losses (nominal value)	123	9	18	105	177	384	813	80	1,095	**2,805**
Operating and capital losses (tax value)	13	1	–	7	11	25	50	5	286	**398**
Tax credits	1	2	1	2	2	–	–	–	9	**16**
Tax losses and tax credits	15	2	1	8	13	25	50	5	295	**414**
Unrecognized tax losses and tax credits	(15)	(2)	(1)	(1)	(2)	(1)	(6)	–	(226)	**(253)**
Total recognized tax losses and tax credits	–	–	–	8	11	24	44	5	69	**161**

Operating and capital loss carryforwards related to one jurisdiction may not be used to offset income taxes in other jurisdictions. Of the loss carryforwards, €1,633 million relates to U.S. state taxes, for which a weighted average tax rate of 6.2% applies.

The majority of the above-mentioned deferred tax assets relate to tax jurisdictions in which Ahold Delhaize has suffered a tax loss in the current or a preceding period. Significant judgment is required in determining whether deferred tax assets are realizable. Ahold Delhaize determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities and on the basis of budgets, cash flow forecasts and impairment models. Where utilization is not considered probable, deferred tax assets are not recognized.

No deferred income taxes are recognized on undistributed earnings of Ahold Delhaize's subsidiaries and joint ventures, as the undistributed earnings will not be distributed in the foreseeable future. The cumulative amount of undistributed earnings on which the Group has not recognized deferred income taxes was approximately €114 million at December 29, 2019 (December 30, 2018: €66 million).

Income taxes in equity and comprehensive income

Current and deferred income taxes recognized in and transferred from equity and comprehensive income are as follows:

€ million	2019	2018 restated
Remeasurement of defined benefit pension plans	**18**	(18)
Currency translation differences on loans	**(2)**	–
Cash flow hedges	**1**	–
Share-based compensation	**3**	1
Total	**20**	(17)

Income taxes paid

The following table specifies the income taxes paid per country:

€ million	2019	2018 restated
The United States	**(138)**	(25)
The Netherlands	**(124)**	(175)
Belgium	**(4)**	(28)
Greece	**(14)**	(21)
Czech Republic	**(3)**	–
Serbia	**(10)**	(3)
Romania	**(6)**	(11)
Other	**(59)**	(17)
Total income taxes paid	**(358)**	(280)

For Belgium and the Czech Republic, the income tax paid is impacted by available operating losses carryforward which are (partly) offset by taxable income. In 2018, tax payments in the United States were impacted by U.S. tax reform and by a prepayment in 2017. Other includes a tax payment in 2019 of €36 million, related to a tax claim. This claim is being disputed by Ahold Delhaize and we will continue to defend our tax position in this matter.

11 Property, plant and equipment

€ million	Buildings and land	Other	Under construction	Total
As of January 1, 2018, restated				
At cost	10,811	7,038	334	18,183
Accumulated depreciation and impairment losses	(4,331)	(4,295)	–	(8,626)
Carrying amount	**6,480**	**2,743**	**334**	**9,557**
Year ended December 30, 2018, restated				
Additions	195	598	833	1,626
Transfers from under construction	375	302	(677)	–
Acquisitions through business combinations	1	3	–	4
Depreciation	(587)	(750)	–	(1,337)
Impairment losses	(28)	(16)	–	(44)
Impairment reversals	1	2	–	3
Assets classified (to) from held for sale or sold	(23)	(6)	(2)	(31)
Exchange rate differences	178	84	6	268
Closing carrying amount	**6,592**	**2,960**	**494**	**10,046**
As of December 30, 2018, restated				
At cost	11,663	8,024	494	20,181
Accumulated depreciation and impairment losses	(5,071)	(5,064)	–	(10,135)
Carrying amount	**6,592**	**2,960**	**494**	**10,046**
Year ended December 29, 2019				
Additions	267	533	1,073	1,873
Transfers from under construction	569	566	(1,135)	–
Acquisitions through business combinations	5	2	1	8
Depreciation	(613)	(782)	–	(1,396)
Impairment losses	(38)	(30)	–	(68)
Impairment reversals	3	1	–	5
Assets classified (to) from held for sale or sold	(75)	(8)	(3)	(86)
Other movements	(5)	–	(4)	(9)
Exchange rate differences	94	47	3	144
Closing carrying amount	**6,801**	**3,289**	**429**	**10,519**
As of December 29, 2019				
At cost	12,476	8,941	429	21,846
Accumulated depreciation and impairment losses	(5,675)	(5,653)	–	(11,327)
Carrying amount	**6,801**	**3,289**	**429**	**10,519**

Buildings and land includes stores, distribution centers, warehouses and improvements to these assets. "Other" property, plant and equipment mainly consists of furnishings, machinery and equipment, trucks, trailers and other vehicles. Assets under construction mainly consists of stores and improvements to stores and furnishings, machinery and equipment.

From 2019, leased assets are presented as a separate line item in the balance sheet and the 2018 figures have been restated; see *Notes 12* and *36*.

The higher of the value in use or fair value less cost of disposal represents an asset's recoverable amount. The value-in-use method involves estimating future cash flows. The present value of estimated future cash flows has been calculated using pre-tax discount rates ranging between 5.8% and 12.8% (2018: 6.1%-15.7%). Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants and is generally measured by using an income approach or a market approach. The income approach is generally applied by using discounted cash flow projections based on the assets' highest and best use from a market participants' perspective. The market approach requires the comparison of the subject assets to transactions involving comparable assets by using inputs such as bid or ask prices or market multiples.

In 2019, Ahold Delhaize recognized net impairment losses of €63 million for property, plant and equipment (2018: €41 million). These were mainly related to The United States (2019: €46 million, 2018: €15 million), The Netherlands (2019: €2 million, 2018: €12 million) and Central and Southeastern Europe (2019: €13 million, 2018: €14 million) and were recognized mainly for underperforming and closed stores. In 2019, the fair value less cost of disposal was the recoverable amount in the determination of €9 million of the net impairment losses (2018: €7 million).

The additions to property, plant and equipment include capitalized borrowing costs of €3 million (2018: €1 million). Generally, the capitalization rate used to determine the amount of capitalized borrowing costs is a weighted average of the interest rate applicable to the respective operating companies. This rate ranged between 2.2% and 7.6% (2018: 2.1%-9.4%).

Other movements mainly includes transfers between asset classes and transfers to investment property.

The carrying amount of buildings and land includes amounts related to assets held under financings of €138 million (December 30, 2018: €146 million). Ahold Delhaize does not have legal title to these assets.

Company-owned property, plant and equipment with a carrying amount of €103 million (December 30, 2018: €127 million) has been pledged as security for liabilities, mainly for loans.

12 Right-of-use asset

€ million	Buildings and land	Other	Total
Carrying amount as of January 1, 2018, restated	**6,870**	**100**	**6,970**
Year ended December 30, 2018, restated			
Additions	346	35	381
Reassessments and modifications to leases	421	–	421
Acquisitions through business combinations	40	–	40
Depreciation	(922)	(35)	(957)
Termination of leases	(10)	(1)	(11)
Assets classified (to) from held for sale or sold	4	–	4
Transfer (to) from right-of-use assets – Investment property	3	–	3
Reclassifications (to) from Net investment in leases	(32)	–	(32)
Exchange rate differences	207	1	208
Carrying amount as of December 30, 2018, restated	**6,927**	**100**	**7,027**
Year ended December 29, 2019			
Additions	428	71	499
Reassessments and modifications to leases	765	4	769
Acquisitions through business combinations	47	–	47
Depreciation	(987)	(39)	(1,026)
Termination of leases	(25)	(12)	(36)
Impairment losses	(7)	(1)	(8)
Assets classified (to) from held for sale or sold	(1)	–	(1)
Transfer (to) from right-of-use assets – Investment property	5	–	5
Reclassifications (to) from Net investment in leases	(67)	–	(67)
Exchange rate differences	100	1	100
Carrying amount as of December 29, 2019	**7,184**	**124**	**7,308**

In previous years, the Company only recognized lease assets and lease liabilities in relation to leases that were classified as “finance leases” under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Company’s Other current and non-current financial liabilities. For the restatement of balances following the adoption of IFRS 16, see *Note 36*.

Buildings and land includes stores, distribution centers and warehouses. “Other” mainly consists of furnishings, machinery and equipment and vehicles. Right-of-use assets that meet the criteria of an investment property are included in *Note 13*. For more information on leases, see *Note 34*.

13 Investment property

€ million	Right-of-use asset investment property	Company-owned investment property	Total Investment property
As of January 1, 2018, restated			
At cost	910	946	1,856
Accumulated depreciation and impairment losses	(519)	(321)	(840)
Carrying amount	**391**	**625**	**1,016**
Year ended December 30, 2018, restated			
Additions	6	18	24
Reassessments and modifications to leases	15	–	15
Depreciation	(43)	(26)	(69)
Impairment losses and reversals – net	–	(10)	(10)
Termination of leases	(7)	–	(7)
Assets classified (to) from held for sale or sold	4	(24)	(20)
Reclassifications (to) from net investment in leases	(19)	–	(19)
Transfers (to) / from right-of-use assets, property, plant and equipment and intangible assets	(3)	–	(3)
Exchange rate differences	15	21	36
Closing carrying amount	**359**	**604**	**963**
As at December 30, 2018, restated			
At cost	869	989	1,858
Accumulated depreciation and impairment losses	(510)	(385)	(895)
Carrying amount	**359**	**604**	**963**
Year ended December 29, 2019			
Additions	15	10	25
Reassessments and modifications to leases	12	–	12
Depreciation	(26)	(25)	(51)
Impairment losses and reversals – net	(9)	(6)	(15)
Termination of leases	(8)	–	(8)
Assets classified (to) from held for sale or sold	–	(56)	(56)
Reclassifications (to) from net investment in leases	(8)	–	(8)
Transfers (to) from right-of-use assets, property, plant and equipment and intangible assets	(5)	8	3
Exchange rate differences	8	11	19
Closing carrying amount	**337**	**546**	**883**
Year ended December 29, 2019			
At cost	881	977	1,858
Accumulated depreciation and impairment losses	(544)	(431)	(975)
Carrying amount	**337**	**546**	**883**

A significant portion of the Company's investment property comprises shopping centers containing both an Ahold Delhaize store and third-party retail units. The third-party retail units generate rental income, but are primarily of strategic importance to Ahold Delhaize in its retail operations. Ahold Delhaize recognizes the part of a shopping center leased to a third-party retailer as investment property, unless it represents an insignificant portion of the property.

The net impairment losses recognized were mainly related to The United States (2019: €15 million, 2018: €9 million).

The company-owned investment property includes an amount related to assets held under financings of €26 million (December 30, 2018: €24 million). Ahold Delhaize does not have legal title to these assets. Company-owned investment property with a carrying amount of €72 million (December 30, 2018: €76 million) has been pledged as security for liabilities, mainly for loans.

The fair value of investment property as of December 29, 2019, amounted to approximately €1,159 million (December 30, 2018: €1,231 million). Fair value of investment property has generally been measured using an income or market approach. Fair value for right-of-use asset investment property is the fair value of the right-of-use itself, not the fair value of the property under lease. Approximately 75% of Ahold Delhaize's fair value measurements are categorized within Level 2. The most significant inputs into this valuation approach are observable market retail yields and tenant rents to calculate the fair value. The remaining fair value measurements that are categorized within Level 3 primarily include the fair value measurements based on the Company's own valuation methods and the fair value for certain mixed-use properties and properties held for strategic purposes. For certain mixed-use properties and properties held for strategic purposes, Ahold Delhaize cannot determine the fair value of the investment property reliably. In such cases, the fair value is assumed to be equal to the carrying amount.

Rental income from investment property (both company-owned and right-of-use asset) included in the income statement in 2019 amounted to €86 million (2018: €89 million). Direct operating expenses (including repairs and maintenance but excluding depreciation expense) arising from rental-income-generating and non-rent-generating investment property in 2019 amounted to €28 million (2018: €30 million).

14 Intangible assets

€ million	Goodwill	Brand names	Software	Customer relationships	Other	Under development	Total
As of January 1, 2018, restated							
At cost	6,868	3,108	1,185	200	912	50	12,323
Accumulated amortization and impairment losses	(8)	(4)	(675)	(81)	(145)	–	(913)
Carrying amount	**6,860**	**3,104**	**510**	**119**	**767**	**50**	**11,410**
Year ended December 30, 2018, restated							
Additions	–	–	98	–	14	192	304
Transfers from under development	–	–	129	–	1	(130)	–
Acquisitions through business combinations	22	–	–	1	–	–	23
Amortization	–	(2)	(197)	(13)	(32)	–	(244)
Impairments	–	–	(2)	–	–	–	(2)
Other movements	–	–	2	–	–	(2)	–
Exchange rate differences	212	94	8	3	4	1	322
Closing carrying amount	**7,094**	**3,196**	**548**	**110**	**754**	**111**	**11,813**
As of December 30, 2018, restated							
At cost	7,102	3,202	1,400	208	932	111	12,955
Accumulated amortization and impairment losses	(8)	(6)	(852)	(98)	(178)	–	(1,142)
Carrying amount	**7,094**	**3,196**	**548**	**110**	**754**	**111**	**11,813**
Year ended December 29, 2019							
Additions	–	–	103	–	13	217	334
Transfers from under development	–	–	140	–	5	(144)	–
Acquisitions through business combinations	32	–	1	–	4	–	37
Amortization	–	(2)	(235)	(13)	(34)	–	(285)
Impairments	–	–	(1)	–	(1)	–	(3)
Other movements	–	–	–	–	–	–	1
Exchange rate differences	108	46	4	1	2	1	163
Closing carrying amount	**7,233**	**3,241**	**559**	**98**	**743**	**185**	**12,060**
As of December 29, 2019							
At cost	7,242	3,249	1,578	211	941	185	13,406
Accumulated amortization and impairment losses	(8)	(8)	(1,019)	(113)	(198)	–	(1,347)
Carrying amount	**7,233**	**3,241**	**559**	**98**	**743**	**185**	**12,060**

14 Intangible assets continued

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) or groups of CGUs expected to benefit from that business combination.

Brand names include retail brands as well as certain own brands referring to ranges of products. Retail brands are strong and well-established brands of supermarkets, convenience stores and online stores protected by trademarks that are renewable indefinitely in their relevant markets. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives. Ahold Delhaize brands play an important role in the Company's business strategy. Ahold Delhaize believes that there is currently no foreseeable limit to the period over which the retail brands are expected to generate net cash inflows, and therefore they are assessed to have an indefinite useful life.

The carrying amounts of goodwill allocated to CGUs within Ahold Delhaize's reportable segments and brands recognized from business acquisitions are as follows:

€ million		**Goodwill December 29, 2019**	Goodwill December 30, 2018	**Brand names December 29, 2019[1]**	Brand names December 30, 2018[1]
Reportable segment	**Cash-generating unit**				
The United States	Stop & Shop	**942**	914	**–**	–
	Food Lion	**1,032**	1,002	**1,297**	1,268
	Giant/Martin's	**575**	539	**–**	–
	Hannaford	**1,813**	1,766	**772**	756
	Giant Food	**338**	328	**–**	–
	Peapod[2]	**–**	23	**–**	–
The Netherlands	Albert Heijn (including the Netherlands and Belgium)	**1,425**	1,422	**–**	–
	bol.com (including the Netherlands and Belgium)	**201**	201	**86**	86
	Etos	**8**	8	**–**	–
	Gall & Gall	**1**	1	**–**	–
Belgium	Delhaize Le Lion (including Belgium and Luxembourg)	**432**	432	**786**	786
Central and Southeastern Europe	Albert (Czech Republic)	**181**	180	**–**	–
	Alfa Beta (Greece)	**137**	137	**137**	137
	Mega Image (Romania)	**135**	129	**86**	88
	Delhaize Serbia (Republic of Serbia)	**12**	12	**76**	75
Ahold Delhaize Group		**7,233**	7,094	**3,241**	3,196

1 Included own brands at Food Lion (€8 million, December 30, 2018: €9 million), Hannaford (€8 million, December 30, 2018: €9 million), Greece (€3 million, December 30, 2018: €3 million) and Romania (€2 million, December 30, 2018: €2 million).
2 In 2019, Peapod's goodwill was reallocated to the other U.S. brands due to new brand-centric omnichannel business model reflecting a different management and reallocation of revenue generating activities and assets used in undertaking those activities.

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently if there are indications that a particular CGU might be impaired. Upon adoption of IFRS 16, the carrying values of the CGUs tested for impairment include their right-of-use assets but exclude the associated lease liabilities. Cash flow projections used in determining recoverable amounts exclude the lease payments but include replacement capex to maintain the ongoing level of operation in both the explicit forecast period and in terminal value. Except for Food Lion, Hannaford and Delhaize Le Lion (including Belgium and Luxembourg), the recoverable amounts for the CGUs have been determined based on value in use.

Value in use

Value in use is determined using discounted cash flow projections that generally cover a period of five years and are based on the financial plans approved by the Company's management. Due to the expected continuation of high growth in the relevant online retail market, we projected cash flows for bol.com over a 10-year period to better reflect the growth expectations in sales, profitability and cash generation as this business has not yet reached a steady state. The key assumptions for the value-in-use calculations relate to the weighted average cost of capital (hereafter: discount rate), sales growth, operating margin and growth rate (terminal value). The discount rates reflect the key assumptions used in the cash flow projections and the composition of the assets and liabilities included in the CGUs carrying value upon adoption of IFRS 16. The pre-tax discount rates ranged between 7.4% and 7.7% for the U.S. brands (excluding Food Lion and Hannaford), ranged between 5.5% and 5.6% for the brands in the Netherlands, and are 10.8% for bol.com, 6.1% for the Czech Republic, 10.2% for Greece, 9.6% for Romania and 9.6% for the Republic of Serbia. The sales growth rates and operating margins used to estimate future performance are based on past performance and our experience of growth rates and operating margins achievable in Ahold Delhaize's main markets. The average annual compound sales growth rates applied in the projected periods ranged between 2.1% and 12.0% for the CGUs excluding bol.com. The average operating margins applied in the projected periods ranged between 3.0% and 5.8% for the CGUs excluding bol.com. For bol.com, the value in use has been estimated based on modest sales growth and modest positive operating margins in the second part of the projection period. The terminal value to extrapolate cash flows beyond the explicit forecast period included one year of additional growth based on the long-term inflation expectations that ranged between 1.5% and 2.8% for the CGUs; no additional growth was assumed thereafter.

14 Intangible assets continued

Fair value less costs of disposal

Fair value represents the price that would be received for selling an asset in an orderly transaction between market participants and is generally measured using an income approach or a market approach. For Food Lion, Hannaford and Delhaize Le Lion (Belgium), we used discounted cash flow projections based on the assets' highest and best use from a market participants' perspective; taking financial plans as approved by management as a base (level 3 valuation). The discounted cash flow projections cover a period of five years. Fair value less costs of disposal is based on a post-tax calculation model and included the deferred tax position in the carrying amount and a corresponding tax-related cash flow in the recoverable amount. The key assumptions for the discounted cash flow projections relate to discount rate, sales growth, operating margin and growth rate (terminal value). The discount rates reflect the key assumptions used in the cash flow projections and the composition of the assets and liabilities included in the CGUs carrying value upon adoption of IFRS 16. The post-tax rates used to discount the projected cash flows reflect specific risks relating to relevant CGUs and are 5.8% for Food Lion and Hannaford and 5.2% for Delhaize Le Lion. The average annual compound sales growth rates applied in the projected periods ranged between 2.3% and 4.4% for the CGUs. The average operating margins applied in the projected periods ranged between 3.4% and 6.5% for the CGUs. The terminal value to extrapolate cash flows beyond the explicit forecast period included one year of additional growth based on the long-term inflation expectations that ranged between 1.7% and 2.2% for the CGUs; no additional growth was assumed thereafter.

Key assumptions relating to CGUs to which a significant amount of goodwill or intangible assets with indefinite useful lives is allocated are as follows:

	Pre-tax discount rate	Post-tax discount rate	Growth rate (terminal value)
Stop & Shop	7.4%	N/A	2.2%
Food Lion	N/A	5.8%	2.2%
Hannaford	N/A	5.8%	2.2%
Albert Heijn	5.6%	N/A	1.5%
Delhaize Le Lion	N/A	5.2%	1.7%

Customer relationships consist primarily of pharmacy scripts and customer lists recognized through the acquisition of bol.com in 2012. "Other" mainly includes intangible assets related to relationships with franchisees and affiliates recognized in connection with the Ahold Delhaize merger, location development rights, deed restrictions and similar assets. Intangible assets under development relate mainly to software development.

15 Investments in joint ventures and associates

In 1992, Ahold Delhaize partnered with Jerónimo Martins, SGPS, S.A. in the joint venture JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR"). Ahold Delhaize holds 49% of the shares in JMR and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A. JMR operates food retail stores in Portugal under the brand name Pingo Doce.

Ahold Delhaize holds 51% of the shares in P.T. Lion Super Indo ("Super Indo"). Super Indo operates supermarkets in Indonesia. Although Ahold Delhaize has a 51% investment in Super Indo, the Company cannot exercise its majority voting rights mainly due to (i) a quorum requirement for the board of directors to decide on critical operating and financing activities and (ii) a requirement of unanimous affirmative decisions in the board of directors on significant and strategic investing and financing matters, such as budgets and business plans and any resolution on the allocation of profits and distribution of dividends.

Therefore, JMR and Super Indo are joint ventures and are accounted for using the equity method. There are no quoted market prices available.

Ahold Delhaize is also a partner in various smaller joint arrangements and associates that are individually not material to the Group.

Changes in the carrying amount of Ahold Delhaize's interest in joint ventures and associates are as follows:

€ million	JMR 2019	Super Indo 2019	Other 2019	Total 2019
Beginning of the year	**142**	**43**	**28**	**213**
Share in income (loss) of joint ventures	**33**	**8**	**9**	**50**
Dividend	**(15)**	**–**	**(21)**	**(36)**
Investments classified (to) from held for sale or sold	**–**	**–**	**(2)**	**(2)**
Exchange rate differences	**–**	**3**	**1**	**4**
End of the year	**160**	**54**	**14**	**229**

€ million	JMR 2018	Super Indo 2018	Other 2018	Total 2018
Beginning of the year as previously reported	150	41	39	230
Impact of implementation of IFRS 16[1]	(23)	(2)	–	(25)
Beginning of the year as restated	127	39	39	205
Share in income (loss) of joint ventures	31	5	(2)	34
Dividend	(16)	–	(1)	(17)
Other changes	–	–	(9)	(9)
Exchange rate differences	–	(1)	1	–
End of the year as restated	142	43	28	213

1 See *Note 36* for details about restatements due to changes in accounting policies.

15 Investments in joint ventures and associates continued

Share in income (loss) from continuing operations for Ahold Delhaize's interests in all individually immaterial joint ventures was an income of €9 million (2018: a loss of €2 million) and nil for individually immaterial associates (2018: nil).

Set out below is the summarized financial information for JMR and Super Indo (on a 100% basis).

€ million	JMR 2019	JMR 2018 restated	Super Indo 2019	Super Indo 2018 restated
Summarized statement of comprehensive income				
Net sales	**4,389**	4,253	**486**	410
Depreciation and amortization	**(148)**	(132)	**(16)**	(14)
Interest income	**–**	–	**2**	1
Interest expense	**(1)**	(2)	**–**	–
Interest accretion to lease liability	**(20)**	(20)	**(3)**	(2)
Income tax expense	**(19)**	(18)	**(2)**	(1)
Income from continuing operations	**67**	64	**15**	10
Net income	**67**	64	**15**	10
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**67**	64	**15**	10

€ million	JMR December 29, 2019	JMR December 30, 2018 restated	Super Indo December 29, 2019	Super Indo December 30, 2018 restated
Summarized balance sheet				
Non-current assets	**1,595**	1,516	**98**	90
Current assets				
Cash and cash equivalents	**40**	40	**68**	47
Other current assets	**394**	378	**58**	44
Total current assets	**434**	418	**126**	91
Non-current liabilities				
Financial liabilities	**370**	391	**33**	29
Other liabilities	**31**	26	**6**	5
Total non-current liabilities	**401**	417	**39**	34
Current liabilities				
Financial liabilities (excluding trade payables)	**177**	132	**5**	4
Other current liabilities	**1,124**	1,095	**94**	76
Total current liabilities	**1,300**	1,227	**98**	80
Net assets	**328**	290	**86**	67

The information presented below represents a reconciliation of the summarized financial information presented above to the carrying amount of JMR and Super Indo.

€ million	JMR 2019	JMR 2018 restated	Super Indo 2019	Super Indo 2018 restated
Opening net assets	**290**	259	**67**	58
Net income	**67**	64	**15**	10
Dividend	**(31)**	(33)	**–**	–
Exchange rate differences	**–**	–	**5**	(1)
Closing net assets	**328**	290	**86**	67
Interest in joint venture	**49%**	49%	**51%**	51%
Closing net assets included in the carrying value	**160**	142	**44**	34
Goodwill	**–**	–	**10**	9
Carrying value	**160**	142	**54**	43

Commitments and contingent liabilities in respect of joint ventures and associates

Our JMR joint venture is involved in several tax proceedings initiated by the Portuguese tax authorities. These tax claims are contested by our JMR joint venture. For these tax claims, JMR issued several bank guarantees for a total amount of €69 million. Ahold Delhaize's indirect share of these JMR-issued guarantees is €34 million, based on our ownership interest. There are no other significant contingent liabilities or restrictions relating to the Company's interest in the joint ventures and associates.
The commitments are presented in *Note 35*.

16 Other non-current financial assets

€ million	December 29, 2019	December 30, 2018 restated
Net investment in leases	**396**	398
Reinsurance assets	**160**	144
Loans receivable	**44**	52
Defined benefit asset	**43**	24
Derivative financial instruments	**–**	1
Other	**18**	17
Total other non-current financial assets	**661**	636

For more information on the Net investment in leases, see *Note 34*.

Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. At the same time, Ahold Delhaize assumes a share of the reinsurance treaty risks that is measured by Ahold Delhaize's participation percentage in the treaty. The participation percentage is the ratio of premium paid by Ahold Delhaize to the total premium paid by all treaty members. In connection with this pooling arrangement, the Company recognizes reinsurance assets and reinsurance liabilities (see also *Notes 19, 23* and *27*) on the balance sheet. There were no significant gains or losses related to this pooling arrangement during 2019 or 2018.

Of the non-current loans receivable, €23 million matures between one and five years and €21 million after five years (December 30, 2018: €31 million between one and five years and €21 million after five years). The current portion of loans receivable of €16 million (December 30, 2018: €17 million) is included in Other current financial assets (see *Note 19)*.

The defined benefit asset at December 29, 2019, represents defined benefit pension plans for which the fair value of plan assets exceeds the present value of the defined benefit obligations. For more information on defined benefit plans, see *Note 24*.

For more information on derivative financial instruments and fair values, see *Note 31*.

17 Inventories

€ million	December 29, 2019	December 30, 2018 restated
Finished products and merchandise inventories	**3,288**	3,139
Raw materials, packaging materials, technical supplies and other	**59**	57
Total inventories	**3,347**	3,196

In 2019, €1,531 million has been recognized as a write-off of inventories in the income statement (2018: €1,366 million). Write-offs include, among others, spoilage, damaged product and product donated to food banks.

18 Receivables

€ million	December 29, 2019	December 30, 2018 restated
Trade receivables	**1,072**	1,027
Vendor allowance receivables	**585**	503
Other receivables[1]	**329**	305
	1,986	1,835
Provision for impairment	**(81)**	(87)
Total receivables[1]	**1,905**	1,748

1 As presented in the IFRS 16 Restatement booklet dated March 25, 2019, the receivables balance as previously reported in 2018 increased by €87 million from €1,759 million to €1,846 million as a result of the adoption of IFRS 16. Subsequently, the current portion of the net investment in leases (2018: €81 million) and short-term loans receivables (2018: €17 million) were reclassified from Receivables (*Note 18)* to Other current financial assets *(Note 19)*.

The receivable balances are presented net of accounts payable and subject to an enforceable netting arrangement between the Company and the counterparty. The total effect of netting as of December 29, 2019, is €208 million (December 30, 2018: €231 million).

At December 29, 2019, the aging analysis of receivables was as follows:

			Past due			
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	**1,072**	**674**	**316**	**12**	**13**	**58**
Vendor allowance receivables	**585**	**458**	**90**	**19**	**11**	**7**
Other receivables	**329**	**174**	**70**	**38**	**9**	**38**
	1,986	**1,306**	**476**	**69**	**32**	**103**
Provision for impairment	**(81)**	**(6)**	**(7)**	**(2)**	**(9)**	**(56)**
Total receivables	**1,905**	**1,300**	**469**	**67**	**23**	**47**
Expected credit loss	**4.1%**	**0.5%**	**1.5%**	**3.4%**	**29.4%**	**54.6%**

At December 30, 2018, the aging analysis of receivables was as follows:

			Past due			
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	1,027	767	186	11	17	46
Vendor allowance receivables	503	391	87	17	1	7
Other receivables	305	175	67	28	6	29
	1,835	1,333	340	56	24	82
Provision for impairment	(87)	(11)	(10)	(4)	(14)	(48)
Total receivables	1,748	1,322	330	52	10	34
Expected credit loss	4.7%	0.8%	3.1%	6.4%	58.4%	58.0%

18 Receivables continued

The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. The Company does not hold any significant collateral on its receivables. Management believes there is no further credit risk provision required in excess of the normal individual and collective impairment assessment, based on the aging analysis performed as of December 29, 2019. For more information about credit risk, see *Note 31*.

The changes in the provision for impairment were as follows:

€ million	2019	2018
Beginning of the year	**(87)**	(80)
Charged to income	**(29)**	(29)
Used	**35**	22
End of the year	**(81)**	(87)

19 Other current financial assets

€ million	December 29, 2019	December 30, 2018 restated
Net investment in leases – current portion[1]	**78**	81
Investments in debt instruments (FVPL) – current portion	**130**	119
Short-term deposits and similar instruments	**15**	266
Reinsurance assets – current portion (see *Note 16*)	**76**	74
Short-term loans receivable[1]	**16**	17
Other	**2**	2
Total other current financial assets	**317**	559

1 The current portion of the net investment in leases (2018: €81 million) and short-term loans receivables (2018: €17 million) were previously included in Receivables (*Note 18*). This reclassification resulted in an increase of the 2018 balance as previously reported by €98 million from €461 million to €559 million.

For more information on Net investment in leases – current portion, see *Note 34*.

The Investments in debt instruments relate primarily to investments in U.S. Treasury bond funds, which are held by one of the Company's captive insurance companies.

As of December 29, 2019, short-term deposits and similar instruments included short-term investments with a maturity at acquisition of between three and 12 months. Of the short-term deposits and similar instruments as of December 29, 2019, €12 million was restricted (December 30, 2018: €11 million). The restricted investments are held for insurance purposes for U.S. workers' compensation and general liability programs.

At each reporting date, the Company assesses whether there is evidence that a financial asset or group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at amortized costs. In 2019, the Company recognized net impairment charges for the loans receivable in the amount of €6 million (2018: €4 million). The impairment charges were included in other gains (losses); see *Note 9*.

20 Cash and cash equivalents

€ million	December 29, 2019	December 30, 2018 restated
Cash in banks and cash equivalents	**3,467**	2,813
Cash on hand	**250**	309
Total cash and cash equivalents	**3,717**	3,122

Cash and cash equivalents include all cash-on-hand balances, checks, debit and credit card receivables, short-term highly liquid cash investments, and time deposits with original maturities of three months or less. Time deposits and similar instruments with original maturities of more than three months but less than 12 months are classified as other current financial assets. Bank overdrafts are included in short-term borrowings.

Of the cash and cash equivalents as of December 29, 2019, €17 million was restricted (December 30, 2018: €12 million).

Cash and cash equivalents include €1,391 million (December 30, 2018: €695 million) held under a notional cash pooling arrangement. This cash amount was fully offset by an identical amount included under Other current financial liabilities. From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of IAS 32 regarding the offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis on the balance sheet (see *Notes 27* and *31*).

Ahold Delhaize's banking arrangements allow the Company to fund outstanding checks when presented to the bank for payment. This cash management practice may result in a net cash book overdraft position, which occurs when the total issued checks exceed available cash balances within the Company's cash concentration structure. Such book overdrafts are classified in accounts payable and amounted to €277 million (December 30, 2018: €292 million). No right to offset with other bank balances exists for these book overdraft positions.

21 Equity attributable to common shareholders

Shares and share capital

Authorized share capital comprises the following classes of shares:

€ million	December 29, 2019	December 30, 2018
Common shares (2019 and 2018: 1,923,515,827 of €0.01 par value each)	**19**	19
Cumulative preferred shares (2019 and 2018: 2,250,000,000 of €0.01 par value each)	**23**	23
Cumulative preferred financing shares (2019 and 2018: 326,484,173 of €0.01 par value each)	**3**	3
Total authorized share capital	**45**	45

Issued share capital

As of December 29, 2019, the common shares comprise 100% of the issued share capital. As of December 30, 2018, Ahold Delhaize had common shares comprising 83.5% of the issued share capital, and cumulative preferred financing shares outstanding comprising 16.5% of the issued share capital. In 2019, the Company acquired and cancelled all the cumulative preferred financing shares. For disclosures regarding Ahold Delhaize's cumulative preferred financing shares, see *Note 23.*

Common shares and additional paid-in capital

Changes in the number of common shares and the number of treasury shares were as follows:

	Number of common shares issued and fully paid (x 1,000)	Number of treasury shares (x 1,000)	Number of common shares outstanding (x 1,000)
Balance as of December 31, 2017	**1,246,809**	**19,219**	**1,227,590**
Share buyback	–	101,053	(101,053)
Cancellation of treasury shares	(63,084)	(63,084)	–
Share-based payments	–	(3,662)	3,662
Other	–	(1)	1
Balance as of December 30, 2018	**1,183,725**	**53,525**	**1,130,200**
Share buyback	–	45,621	(45,621)
Cancellation of treasury shares	(83,000)	(83,000)	–
Share-based payments	–	(3,377)	3,377
Balance as of December 29, 2019	**1,100,725**	**12,769**	**1,087,956**

Dividends on common shares

On April 10, 2019, the General Meeting of Shareholders approved the dividend over 2018 of €0.70 per common share, which was paid on April 25, 2019, and on August 7, 2019, the Company announced the interim dividend for 2019 of €0.30 per common share, which was paid on August 29, 2019 (€1,114 million in the aggregate). The Management Board, with the approval of the Supervisory Board, proposes that a dividend of €0.76 per common share be paid with respect to 2019. This dividend is subject to approval by the General Meeting of Shareholders. If approved, a final dividend of €0.46 per common share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per common share, which was paid on August 29, 2019. The total dividend payment for the full year 2019 would therefore total €0.76 per common share (2018: €0.70).

The final dividend of €0.46 per common share has not been included as a liability on the consolidated balance sheet as of December 29, 2019. The payment of this dividend will not have income tax consequences for the Company.

Share buyback

The share buyback program of €1 billion that started on January 2, 2019, was successfully completed on December 11, 2019. In total, 45,621,384 of the Company's own shares were repurchased at an average price of €21.92 per share. On January 2, 2020, the Company commenced the €1 billion share buyback program that was announced on December 4, 2019. The program is expected to be completed before the end of 2020.

Share-based payments

Share-based payments recognized in equity in the amount of €47 million (2018: €63 million) relate to the 2019 Global Reward Opportunity (GRO) share-based compensation expenses (see *Note 33)* and the associated current and deferred income taxes.

Cumulative preferred shares

The Company's Articles of Association provide for the possible issuance of cumulative preferred shares. The Company believes that its ability to issue this class of shares could at least delay an attempt by a potential bidder to make a hostile takeover bid, allowing the Company and its stakeholders time to discuss and respond to the offer in an orderly process. According to Dutch law, a response device is limited in time and therefore cannot permanently block a take-over of the Company concerned. Instead, it aims to facilitate an orderly process in which the interests of the continuity of the Company, its shareholders and other stakeholders are safeguarded in the best way possible.

Moreover, outside the scope of a public offer, but also under other circumstances, the ability to issue this class of shares may safeguard the interests of the Company and its stakeholders and resist influences that might conflict with those interests by affecting the Company's continuity, independence or identity. No cumulative preferred shares were outstanding as of December 29, 2019, or during 2019 and 2018.

21 Equity attributable to common shareholders continued

In March 1989, the Company entered into an agreement with the Dutch foundation Stichting Continuïteit Ahold Delhaize (SCAD, previously named Stichting Ahold Continuïteit), as amended and restated in April 1994, March 1997, December 2001, December 2003 and May 2018 (the "Option Agreement"). Pursuant to the Option Agreement, SCAD has been granted an option to acquire cumulative preferred shares from the Company from time to time for no consideration.

The Option Agreement entitles SCAD, under certain circumstances, to acquire cumulative preferred shares from the Company up to a total par value that is equal to the total par value of all issued and outstanding shares of Ahold Delhaize's share capital, excluding cumulative preferred shares, at the time of exercising the option. If the authorized share capital of the Company is amended during the term of the option, the Option Agreement provides for a corresponding change of the total par value of cumulative preferred shares under option.

The holders of the cumulative preferred shares are entitled to one vote per share and a cumulative dividend expressed as a percentage of the amount called-up and paid-in to purchase the cumulative preferred shares. The percentage to be applied is the sum of (1) the average basic refinancing transaction interest rate as set by the European Central Bank – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – plus 2.1%, and (2) the average interest surcharge rate – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – that would be charged by the largest credit institution in the Netherlands (based on the balance sheet total as of the close of the fiscal year immediately preceding the fiscal year over which the dividend is paid). The minimum percentage to be applied is 5.75%. Subject to limited exceptions, any potential transfer of cumulative preferred shares requires the approval of the Management Board. Cumulative preferred shares can only be issued in a registered form. The Company may stipulate that only 25% of the par value will be paid upon subscription to cumulative preferred shares until payment in full is later required by the Company. SCAD would then only be entitled to a market-based interest return on its investment.

SCAD is a foundation organized under the laws of the Netherlands. Its purpose under its articles is to safeguard the interests of the Company and its stakeholders and to resist, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, independence or identity. SCAD seeks to realize its objectives by acquiring and holding cumulative preferred shares and by exercising the rights attached to these shares, including the voting rights. The SCAD board has four members, who are appointed by the board of SCAD itself.

If the board of SCAD considers acquiring cumulative preferred shares or exercising voting rights on cumulative preferred shares, it will make an independent assessment and, pursuant to Dutch law, it must ensure that its actions are proportional and reasonable. If SCAD acquires cumulative preferred shares, it will only hold them for a limited period of time. These principles are in line with Dutch law, which only allows response measures that are proportionate, reasonable and limited in time. In the case of liquidation, the SCAD board will decide on the use of any remaining residual assets.

Legal reserves

In accordance with the Dutch Civil Code and statutory requirements in other countries, legal reserves have to be established in certain circumstances. Legal reserves are not available for distribution to the Company's shareholders. The currency translation reserve, cash flow hedging reserve and other reserves include non-distributable amounts. Of the total equity as per December 29, 2019, of €14,083 million, an amount of €590 million is non-distributable (December 30, 2018, restated: €397 million out of total equity of €14,205 million). See *Note 10* to the parent company financial statements for more details on the legal reserves.

22 Loans and credit facilities

The notes in the table below were either issued by or guaranteed by Ahold Delhaize unless otherwise noted. The amortization of the purchase price allocation to the debt acquired through business combinations is allocated to the respective maturity brackets.

€ million, unless otherwise stated		Outstanding notional redemption amount December 29, 2019	Current portion	Non-current portion	Total December 29, 2019	Current portion	Non-current portion	Total December 30, 2018 restated
USD 300 notes 4.125%, due 2019	USD	–	–	–	–	114	–	114
USD 94 indebtedness 7.82%, due 2020	USD	–	–	–	–	7	–	7
EUR 400 notes 3.125%, due 2020	EUR	400	402	–	402	12	402	414
EUR 300 notes EURIBOR + 18 bps, due 2021	EUR	300	–	300	300	–	300	300
EUR 750 notes 0.875%, due 2024	EUR	750	–	750	750	–	750	750
EUR 600 notes 0.250%, due 2025	EUR	600	–	600	600	–	–	–
USD 71 indebtedness 8.62%, due 2025	USD	71	19	44	63	–	62	62
EUR 500 notes 1.125%, due 2026	EUR	500	–	500	500	–	500	500
USD 71 notes 8.05%, due 2027	USD	71	2	78	80	2	79	81
USD 500 notes 6.875%, due 2029	USD	500	–	447	447	–	437	437
USD 271 notes 9.00%, due 2031	USD	271	6	319	325	5	317	322
USD 827 notes 5.70%, due 2040	USD	477	3	510	513	3	501	504
Deferred financing costs			(3)	(17)	(20)	(2)	(13)	(15)
Total notes			429	3,533	3,962	141	3,335	3,476
Financing obligations[1]			22	241	263	20	257	277
Mortgages payable[2]			2	64	66	1	88	89
Other loans			–	3	3	–	3	3
Total loans			453	3,841	4,294	162	3,683	3,845

1 The weighted average interest rate for the financing obligations amounted to 7.2% at the end of 2019 (2018: 7.3%).
2 Mortgages payable are collateralized by buildings and land. The weighted average interest rate for these mortgages payable amounted to 10.5% at the end of 2019 (2018: 10.3%).

On March 19, 2018, Ahold Delhaize issued EUR 500 million fixed rate notes due in 2026 and EUR 300 million floating rate notes due in 2021. The eight-year fixed rate notes bear a coupon of 1.125% per annum and were issued at a price of 99.107% of the nominal value. The three-year floating rate notes bear a coupon of 18 basis points over three-month EURIBOR per annum and were issued at a price of 100.449% of the nominal value.

On October 19, 2018, Ahold Delhaize repaid its 4.25% EUR 400 million notes on maturity.

On December 6, 2018, Ahold Delhaize repurchased and cancelled $350 million of the USD 827 million 5.70% senior notes, due in 2040, for a total consideration of $389 million while the carrying value was $423 million. This transaction resulted in a one-off cost of $39 million as premium paid and a gain of $73 million related to the acceleration of the amortization of the fair value adjustment allocated to the USD 827 million notes due 2040. In 2018, the one-off result is included in Other gains (losses); see *Note 9*.

On April 10, 2019, Ahold Delhaize repaid its 4.125% USD 300 million notes on maturity for which $130 million was outstanding.

On June 19, 2019, Ahold Delhaize issued its first EUR 600 million Sustainability Bond with a term of six years, maturing on June 26, 2025. The issuance was priced at 99.272% and carries an annual coupon of 0.25%.

The fair values of financial instruments, corresponding derivatives, and the foreign exchange and interest rate risk management policies applied by Ahold Delhaize are disclosed in *Note 31*.

Credit facilities

Ahold Delhaize has access to a €1.0 billion committed, unsecured, multi-currency and syndicated credit facility. In February 2015, the facility was amended and extended to 2020 with two one-year extension options. In 2017, the Company exercised its option to extend until 2022.

The credit facility contains customary covenants and is subject to a financial covenant that requires Ahold Delhaize, in the event that its corporate rating from Standard & Poor's and Moody's is lower than BBB / Baa2, respectively, not to exceed a maximum leverage ratio. On May 3, 2019, the lenders agreed to amend the maximum leverage ratio from 4.0:1 to 5.5:1 as a result of the implementation of IFRS 16.

22 Loans and credit facilities continued

During 2019 and 2018, the Company was in compliance with these covenants. However, it was not required to test the financial covenant as a result of its credit rating. As of December 29, 2019, there were no outstanding borrowings under the facility other than letters of credit to an aggregate amount of $165 million (€148 million).

Ahold Delhaize also has access to a total of €399 million uncommitted credit facilities to cover working capital requirements, issuance of guarantees and letters of credit, of which €60 million was utilized as of December 29, 2019.

23 Other non-current financial liabilities

€ million	December 29, 2019	December 30, 2018 restated
Lease liabilities	**8,484**	8,270
Cumulative preferred financing shares	**–**	455
Reinsurance liabilities	**162**	149
Other	**69**	72
Total other non-current financial liabilities	**8,716**	8,946

For more information on lease liabilities see *Note 34*.

On April 10, 2019, the General Meeting of Shareholders authorized the Management Board to acquire all cumulative preferred financing shares in the Company. On May 10, 2019, Ahold Delhaize acquired all 223,415,103 cumulative preferred financing shares at a redemption value of €477 million. Net financial expenses include transaction results from the cumulative preferred shares redemption, resulting in a one-off cost of €22 million (see *Note 9*). The cumulative preferred financing shares were cancelled on July 16, 2019.

The Company recognizes reinsurance liabilities on its balance sheet in connection with a pooling arrangement between unrelated companies (see *Note 16*).

As of December 29, 2019, "Other" mainly consists of a pre-tax liability for the discounted amount of the remaining settlement liability of $40 million (€36 million), relating to a 2013 agreement with the New England Teamsters and Trucking Industry Pension Fund (NETTI) to settle Stop & Shop's pension liabilities in the fund, and a $13 million (€12 million) financial liability for rent payments for nine Tops stores that the Company agreed to make for a period of 72 months (see *Note 35*).

24 Pensions and other post-employment benefits

Defined benefit plans

Ahold Delhaize has a number of defined benefit pension plans covering a substantial number of employees, former employees and retirees in the Netherlands, the United States, Belgium, Greece and Serbia.

Net assets relating to one plan are not offset against liabilities of another plan, resulting in the following presentation of the pension and other post-employment benefits on the consolidated balance sheet:

€ million	December 29, 2019	December 30, 2018 restated
Defined benefit liabilities	**677**	532
Defined benefit assets	**(43)**	(24)
Total net defined benefit plan funded status	**633**	508

The defined benefit assets are part of the other non-current financial assets; for more information, see *Note 16*.

In the Netherlands, the Company has a career average plan covering all employees, except for bol.com employees, over the age of 21. The plan provides benefits to participants or beneficiaries upon retirement, death or disability. The plan's assets, which are made up of contributions from Ahold Delhaize and employees, are managed by Stichting Ahold Delhaize Pensioen ("Ahold Delhaize Pensioen"), an independent foundation. The contributions are established in a funding agreement between Ahold Delhaize, employee representatives and Ahold Delhaize Pensioen and are generally set every five years, or at the moment of a plan change. The contributions are determined as a percentage of an employee's pension base.

In the United States, the Company maintains a funded plan covering a limited population of employees. This plan is closed to new participants. The plan provides a life annuity benefit based upon final pay to participants or beneficiaries upon retirement, death or disability. The assets of the plan, which are made up of contributions from Ahold Delhaize, are maintained with various trustees. Contributions to the plan are required under the current funding policy if the prior year-end funding ratio falls below 100% as measured using regulatory interest rates without funding relief in order to avoid variable Pension Benefit Guaranty Corporation (PBGC) premiums. In addition, the Company provides additional pension benefits for certain Company executives and life insurance and medical care benefits for certain retired employees meeting age and service requirements at its U.S. subsidiaries, all of which the Company funds as claims are incurred.

24 Pensions and other post-employment benefits continued

In Belgium, the Company sponsors plans for substantially all of its employees. The plans are funded by fixed monthly contributions from both the Company and employees, which are adjusted annually according to the Belgian consumer price index. Certain employees who were employed before 2005 could choose not to participate in the employee contribution part of the plans. The plans assure employees receive a lump-sum payment at retirement based on the contributions made, and provide employees with death-in-service benefits. Belgian law prescribes a variable minimum guaranteed rate of return with Belgian 10-year government bonds as the underlying benchmark, and a collar of 1.75% and 3.75%. The Company substantially insures these returns with external insurance companies that receive and manage the contributions to the plans. According to the relevant legislation, a short-fall only needs to be compensated by the employer at the point in time when the employee either retires or leaves the Company. As these plans have defined benefit features (when the return provided by the insurance company can be below the legally required minimum return, in which case the employer has to cover the gap with additional contributions), the Company treats these plans as defined benefit plans. In order to avoid the gap, or reduce it to a minimum, the Company has opened a new cash balance plan, under branch 23 rules in Belgium, as of July 1, 2017. All new employees who begin service after this date will be included in this new plan. The level of contributions remains unchanged, but the new plan is expected to experience higher returns in the long term than those generated under the branch 21 rules followed by the older plans.

Additionally in Belgium, the Company maintains a plan covering Company executives that provides lump-sum benefits to participants upon death or retirement based on a formula applied to the last annual salary of the participant before his or her retirement or death. The plan is subject to the legal requirement to guarantee a minimum return on contributions. The plan's assets, which are made up of contributions, are managed through a fund that is administered by an independent insurance company, providing a minimum guaranteed return. The plan participant's contributions are defined in the terms of the plan, while the annual contributions to be paid by the Company are determined based on the funding level of the plan and are calculated based on current salaries, taking into account the legal minimum funding requirement, which is based on the vested reserves to which employees are entitled upon retirement or death. The plan mainly invests in debt securities in order to achieve the required minimum return. The Company bears any risk above the minimum guarantee given by the insurance company. There are no asset ceiling restrictions. In order to avoid returns being less than the minimum guaranteed return, or reduce the risk to a minimum, the level of contributions at July 1, 2017, has been capped and applied under the classic branch 21 rules. Any increases in contributions after July 1, 2017, will be managed in accordance with branch 23 rules, which are expected to experience higher returns in the long term.

In Greece, the Company operates an unfunded defined benefit post-employment plan. This plan relates to retirement benefits prescribed by Greek law, consisting of lump-sum compensation payable in case of normal retirement or termination of employment. The amount of the indemnity is based on an employee's monthly earnings and a multiple depending on the length of service and the status of the employee. There is no legal requirement to fund these plans with contributions or other plan assets. Employees participate in the plan once they have completed a minimum service period, which is generally one year.

In Serbia, the Company has an unfunded defined benefit plan that provides a lump-sum benefit upon the employee's retirement, as prescribed by Serbian law. The benefit is based on a fixed multiple of the higher of the (i) average gross salary of the employee, (ii) average gross salary in the Company or (iii) average gross salary in the country, each determined at the time the employee retires. There is no legal requirement to fund these plans with contributions or other plan assets.

The pension plans expose the Company to actuarial risks such as: longevity risk, interest rate risk, currency risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation, where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation, where a decrease in the discount rate will increase a plan's liability; however, this will be partially offset by an increase in the return on a plan's investments in debt instruments. The pension plans may mitigate interest rate risk by entering into interest rate swap contracts. Currency risk relates to the fact that a plan holds investments that may not be denominated in the same currency as the plan's obligations. The pension plans may mitigate currency risk by purchasing forward currency instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability. See section *Plan assets* for more details on the Company's asset-liability matching strategy employed to manage its investment risk.

Net defined benefit cost is comprised of several components. The net interest (income) expense is presented within net financial expenses in the income statement and plan remeasurements are presented as other comprehensive income. All other components of net defined benefit cost are presented in the income statement as cost of sales, selling expenses, and general and administrative expenses, depending on the functional areas of the employees earning the benefits.

€ million	2019	2018 restated
Service cost		
Current service cost	**152**	162
Gain on settlement	**(3)**	–
Net interest expense	**18**	19
Administrative cost	**11**	12
Termination benefits	**1**	2
Components of defined benefit cost recorded in the income statement	**179**	195
Remeasurements recognized:		
Return on plan assets, excluding amounts included in net interest (income) expense	**(1,162)**	237
(Gain) loss from changes in demographic assumptions	**10**	(79)
(Gain) loss from changes in financial assumptions	**1,251**	(190)
Experience (gains) losses	**(23)**	(34)
Components of defined benefit cost recognized in other comprehensive income	**76**	(66)
Total net defined benefit cost	**256**	129

24 Pensions and other post-employment benefits continued

The changes in the defined benefit obligations and plan assets in 2019 and 2018 were as follows:

	The Netherlands		The United States		Rest of world		Total	
€ million	**2019**	2018 restated	**2019**	2018 restated	**2019**	2018 restated	**2019**	2018 restated
Defined benefit obligations								
Beginning of the year	**4,777**	4,822	**1,333**	1,359	**281**	278	**6,391**	6,459
Current service cost	**118**	125	**19**	22	**14**	15	**152**	162
Past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Gain on settlements	**–**	–	**(16)**	–	**–**	–	**(16)**	–
Interest expense	**94**	98	**60**	51	**5**	5	**158**	154
Termination benefits	**–**	–	**–**	–	**1**	2	**1**	2
Contributions by plan participants	**23**	21	**–**	–	**1**	1	**24**	22
Benefits paid	**(95)**	(90)	**(72)**	(63)	**(8)**	(16)	**(176)**	(169)
(Gain) loss from changes in demographic assumptions	**(9)**	(73)	**18**	(5)	**–**	(1)	**10**	(79)
(Gain) loss from changes in financial assumptions	**1,035**	(80)	**164**	(104)	**52**	(6)	**1,251**	(190)
Experience (gains) losses	**(32)**	(46)	**4**	9	**5**	3	**(23)**	(34)
Exchange rate differences	**–**	–	**37**	64	**–**	–	**37**	64
End of the year	**5,911**	4,777	**1,547**	1,333	**351**	281	**7,809**	6,391
Plan assets								
Fair value of assets, beginning of the year	**4,588**	4,619	**1,101**	1,071	**194**	202	**5,883**	5,892
Acquisitions through business combinations	**–**	–	**–**	–	**–**	–	**–**	–
Interest income	**88**	92	**49**	39	**3**	4	**140**	135
Company contribution	**101**	101	**22**	82	**18**	18	**140**	201
Contributions by plan participants	**23**	21	**–**	–	**1**	1	**24**	22
Benefits paid	**(95)**	(90)	**(72)**	(63)	**(8)**	(16)	**(176)**	(169)
Settlement payments	**–**	–	**(13)**	–	**–**	–	**(13)**	–
Administrative cost	**(8)**	(9)	**(3)**	(3)	**–**	–	**(11)**	(12)
Return on plan assets, excluding amounts included in net interest (income) expense	**946**	(146)	**175**	(76)	**42**	(15)	**1,162**	(237)
Exchange rate differences	**–**	–	**27**	51	**–**	–	**27**	51
Fair value of assets, end of the year	**5,642**	4,588	**1,285**	1,101	**249**	194	**7,177**	5,883
Funded status	**(269)**	(189)	**(262)**	(232)	**(102)**	(87)	**(633)**	(508)

The total defined benefit obligation of €7,809 million as of December 29, 2019, includes €214 million related to plans that are wholly unfunded. These plans include pension plans in Greece and Serbia and other benefits (such as life insurance and medical care) and supplemental executive retirement plans in the United States.

During 2017, Ahold Delhaize decided to transition a select population of employees participating in its defined benefit pension plan in the United States to a defined contribution plan, effective January 1, 2020. Accrued benefits under the defined benefit plan for these employees were frozen as of December 31, 2019. In 2020, the Company will make transition contributions of €3 million to compensate affected employees for the benefit freeze. These transition contributions were already accrued for in 2017.

24 Pensions and other post-employment benefits continued

Cash contributions

From 2019 to 2020, Company contributions are expected to increase from €101 million to €108 million in the Netherlands, increase from $24 million (€22 million) to $25 million (€23 million) for all defined benefit plans in the United States, and decrease from €18 million to €17 million for all plans in the rest of the world.

As of year-end 2019, the funding ratio, calculated in accordance with regulatory requirements, of the Dutch plan was 108%. Under the financing agreement with Ahold Delhaize Pensioen, contributions are made as a percentage of employees' pension bases and shared between Ahold Delhaize and the employees. The agreement also allows for a reduction in premiums if certain funding conditions are met. In addition, Ahold Delhaize can be required to contribute a maximum amount of €150 million over a five-year period if the funding ratio is below 105%. At year-end 2016, the funding ratio was 104% and the Company and Ahold Delhaize Pensioen agreed to an additional funding of €28 million under the financing agreement, which was included in the 2017 cash contributions.

The Ahold USA pension plan's funding ratio at year-end 2019 was 128%, measured using regulatory interest rates allowed by the U.S. government as part of funding relief, which are higher than otherwise would be allowed. Based upon this funding ratio, under the current funding policy, we do not expect to make a funding contribution to the Ahold USA pension plan in 2020.

Actuarial assumptions

The calculations of the defined benefit obligation and net defined benefit cost are sensitive to the assumptions set out below. These assumptions require a large degree of judgment. Actual experience may differ from the assumptions made. The assumptions required to calculate the actuarial present value of benefit obligations and the net defined benefit costs are determined per plan and are as follows (expressed as weighted averages):

	The Netherlands		The United States		Rest of world	
%	**2019**	2018 restated	**2019**	2018 restated	**2019**	2018 restated
Discount rate	**1.2**	1.9	**3.5**	4.5	**1.0**	1.7
Future salary increases	**2.5**	3.3	**4.3**	4.5	**3.8**	3.2
Future pension increases	**0.7**	0.7	**0.0**	0.0	**0.0**	0.0

Assumptions regarding longevity are based on published statistics and mortality tables. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	The Netherlands		The United States		Rest of world	
Years	**2019**	2018 restated	**2019**	2018 restated	**2019**	2018 restated
Longevity at age 65 for current pensioners						
Male	**21.4**	21.3	**20.4**	19.5	**N/A**	N/A
Female	**23.6**	23.5	**22.4**	22.2	**N/A**	N/A
Longevity at age 65 for current members aged 50						
Male	**23.1**	23.0	**21.6**	20.8	**N/A**	N/A
Female	**25.3**	25.2	**23.5**	23.4	**N/A**	N/A

The following table summarizes how the effect on the defined benefit obligations at the end of the reporting period would have increased (decreased) as a result of a 0.5% change in the respective assumptions and a one-year increase in life expectancy.

€ million	The Netherlands	The United States	Rest of world	Total
Discount rate				
0.5% increase	(696)	(89)	(25)	(810)
0.5% decrease	830	105	28	963
Future salary increases				
0.5% increase	94	–	12	106
0.5% decrease	(89)	–	(11)	(100)
Future pension increases				
0.5% increase	759	–	N/A	759
0.5% decrease	(649)	–	N/A	(649)
Life expectancy				
1 year increase at age 65	234	54	1	289

The above sensitivity analyses are based on a change in each respective assumption while holding all other assumptions constant. In reality, one might expect interrelationships between the assumptions, especially between discount rate and future salary increases as both depend to a certain extent on expected inflation rates. The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

24 Pensions and other post-employment benefits continued

Plan assets

The pension plan asset allocation differs per plan. The allocation of plan assets was as follows:

	The Netherlands		The United States		Rest of world	
€ million	**2019**	2018 restated	**2019**	2018 restated	**2019**	2018 restated
Equity instruments:						
Consumer goods	**340**	238	**15**	15	**–**	–
Financial services	**206**	279	**15**	17	**–**	–
Telecommunications and information	**163**	97	**11**	10	**–**	–
Energy and utilities	**116**	90	**17**	18	**–**	–
Industry	**381**	262	**7**	4	**–**	–
Other	**358**	22	**95**	63	**–**	–
Debt instruments:						
Government	**1,543**	1,108	**95**	75	**–**	–
Corporate bonds (investment grade)	**429**	1,297	**662**	564	**–**	–
Corporate bonds (non-investment grade)	**8**	8	**–**	–	**–**	–
Other	**–**	–	**77**	70	**13**	6
Real estate:						
Retail	**4**	1	**–**	–	**–**	–
Offices	**2**	6	**–**	–	**–**	–
Residential	**2**	3	**–**	–	**–**	–
Other	**–**	–	**47**	53	**–**	–
Investment funds	**1,645**	1,032	**152**	135	**8**	6
Insurance contracts	**–**	–	**–**	–	**229**	182
Derivatives:						
Interest rate swaps	**139**	(46)	**–**	–	**–**	–
Forward FX contracts	**6**	(24)	**–**	–	**–**	–
Cash and cash equivalents	**308**	223	**27**	24	**–**	–
Other	**(8)**	(8)	**65**	53	**–**	–
Total	**5,642**	4,588	**1,285**	1,101	**249**	194

Virtually all equity and debt instruments have quoted prices in active markets. Derivatives can be classified as level 2 instruments, and real estate and some investment funds as level 3 instruments based on the definitions in IFRS 13, "Fair Value Measurement." It is the policy of Ahold Delhaize Pensioen to use interest rate swaps to partially hedge its exposure to interest rate risk on the pension liability. Foreign currency exposures are hedged by the use of forward foreign exchange contracts.

In the Netherlands, the plan assets are managed by outside investment managers following investment strategies based on the composition of the plan liabilities. With the aid of asset liability management modeling, analyses are made of possible future economic scenarios and investment portfolios. Based on these analyses, investment strategies are determined to produce optimal investment returns at acceptable funding ratio risk levels. Less favorable years can be part of these scenarios. During 2019, the strategic targets for asset allocation of the Dutch pension plan were: 50% return portfolio (equity, high-yield debt, emerging-market debt, private equity and real estate) and 50% matching portfolio (government bonds, interest swaps, € credits, mortgages and cash).

In the United States, the plan assets are managed by outside investment managers and rebalanced periodically. The committee for the various U.S. plans establishes investment policies and strategies and regularly monitors the performance of the assets, including the selection of investment managers, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, subject to variation from time to time or as circumstances warrant. Occasionally, the committees may approve allocations above or below a target range. Pension plan assets are invested in a trust intended to comply with the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and applicable fiduciary standards. The long-term investment objective for the plan's assets is to maintain an acceptable funding ratio of the plan's assets and liabilities without undue exposure to risk. During 2019, the strategic targets were: 16% equity securities and 84% debt securities.

In 2019, the Dutch plan had €2.0 million of plan assets invested in Ahold Delhaize's financial instruments (2018: €1.8 million). In 2019 or 2018, the U.S. plans did not have any plan assets invested in Ahold Delhaize financial instruments.

The actual return on plan assets in 2019 was 22.6% for the Dutch plan (2018: (0.8)%) and 22.4% for the Ahold USA pension plan (2018: (4.1)%).

Benefit maturities

The weighted average duration of the defined benefit obligations of the plans in the Netherlands, the United States and the rest of world are 26.5, 13.3, and 15.5 years, respectively.

The expected schedule of benefit payments for the plans are as follows:

€ million	The Netherlands	The United States	Rest of world	Total
Amount due within one year	93	81	19	193
Amount due between two and five years	372	328	37	737
Amount due between six and ten years	572	440	63	1,075

Defined contribution plans

The Company operates defined contribution plans in the Netherlands, the United States, Belgium, Greece and the Czech Republic. As mentioned above, the defined contribution plans in Belgium are accounted for as defined benefit plans due to the guaranteed return elements of the plans. The largest defined contribution plans exist in the United States, where the Company sponsors profit-sharing retirement plans that include a 401(k) feature that permits participating employees to make elective deferrals of their compensation and requires the Company to make matching contributions.

During 2019 and 2018, the Company contributed €107 million and €100 million, respectively, to its defined contribution plans. These contributions were recognized as an expense in the income statement and related entirely to continuing operations in 2019 and 2018.

24 Pensions and other post-employment benefits continued

Multi-employer plans

A significant number of union employees in the United States are covered by multi-employer plans based on obligations arising from collective bargaining agreements. These plans provide retirement and other benefits to participants generally based on their service to contributing employers. The benefits are paid from assets held in trust for that purpose. Trustees are appointed in equal number by employers and unions and they are typically responsible for oversight of the investment of the assets and administration of the plan. Contribution rates and, in some instances, benefit levels are generally determined through the collective bargaining process between the participating employers and unions. With the exception of the Mid-Atlantic UFCW & Participating Employers Pension Fund as explained below, none of the Company's collective bargaining agreements require an increase in the Company's total pension contributions to meet minimum funding requirements.

Most of these plans are defined contribution plans. All plans that are defined benefit plans, on the basis of the terms of the benefits provided, are accounted for as defined contribution plans because, among other things, there is insufficient information available to account for these plans as defined benefit plans. These plans are generally flat dollar benefit plans. Ahold Delhaize is generally one of several employers participating in most of these plans and, in the event that Ahold Delhaize withdraws from a plan, its allocable share of the plan's obligations (with certain exceptions) would be based upon unfunded vested benefits in the plan at the time of such withdrawal. Ahold Delhaize's obligation to pay for its allocable share of a plan's unfunded vested benefits is called a withdrawal liability. The withdrawal liability payable by Ahold Delhaize at such time as it experiences a withdrawal from a plan is based upon the applicable statutory formula, plan computation methods and actuarial assumptions, and the amount of the plan's unfunded benefits. Ahold Delhaize does not have sufficient information to accurately determine its ratable share of plan obligations and assets following defined benefit accounting principles and the financial statements of the multi-employer plans are drawn up on the basis of other accounting policies than those applied by Ahold Delhaize. Consequently, these multi-employer plans are not included in the Company's balance sheet.

The risks of participating in multi-employer plans are different from the risks of single employer plans. Ahold Delhaize's contributions are pooled with the contributions of other contributing employers, and are therefore used to provide benefits to employees of these other participating employers. If other participating employers cease to participate in the plan without paying their allocable portion of the plan's unfunded obligations, this could result in increases in the amount of the plan's unfunded benefits and, thus, Ahold Delhaize's future contributions. Similarly, if a number of employers cease to have employees participating in the plan, Ahold Delhaize could be responsible for an increased share of the plan's deficit. If Ahold Delhaize seeks to withdraw from a multi-employer plan, it generally must obtain the agreement of the applicable unions and will likely be required to pay withdrawal liability in connection with this. If a multi-employer plan in which Ahold Delhaize participates becomes insolvent, Ahold Delhaize may be required to increase its contributions, in certain circumstances, to fund the payment of benefits by the multi-employer plan.

Defined benefit plans

Ahold Delhaize participates in 11 multi-employer pension plans that are defined benefit plans on the basis of the terms of the benefits provided. The Company's participation in these multi-employer plans is outlined in the following tables.

Ahold Delhaize's participation percentage is an indication based on the relevant amount of its contributions during the year in relation to the total amount of contributions made to the plan.

The estimate of the Company's net proportionate share of the plans' deficits is based on the latest available information received from these plans, such as the plans' measurement of plan assets and the use of discount rates between 6.5% and 8.5%. The estimate does not represent Ahold Delhaize's direct obligation. While it is our best estimate, based upon information available to us, it is imprecise and a reliable estimate of the amount of the obligation cannot be made.

The EIN / Pension Plan Number column provides the Employer Identification Number (EIN) and the three-digit pension plan number. As with all pension plans, multi-employer pension plans in the U.S. are regulated by the Employee Retirement Income Security Act of 1974 (ERISA), as amended; the Pension Protection Act of 2006 (PPA); and the Multi-employer Pension Reform Act of 2014 (MPRA), among other legislation.

Under the PPA, plans are categorized as "endangered" (Yellow Zone), "seriously endangered" (Orange Zone), "critical" (Red Zone), or neither endangered nor critical (Green Zone). This categorization is primarily based on three measures: the plan's funded percentage, the number of years before the plan is projected to have a minimum funding deficiency under ERISA and the number of years before the plan is projected to become insolvent.

A plan is in the "Yellow Zone" if the funded percentage is less than 80% or a minimum funding deficiency is projected within seven years. If both of these triggers are reached, the plan is in the "Orange Zone." Generally, a plan is in the "Red Zone" if a funding deficiency is projected at any time in the next four years (or five years if the funded percentage is less than 65%). Plans with a funding ratio above 80% are generally designated as being in the "Green Zone." A plan in the "Red Zone" may be further categorized as "critical and declining" if the plan is projected to become insolvent within the current year or within either the next 14 years or the next 19 years, depending on the plan's ratio of inactive participants to active participants and the plan's specific funding percentage. Multi-employer plans in endangered or critical status are required by U.S. law to develop either a funding improvement plan (FIP) or a rehabilitation plan (RP) to enhance funding through reductions in benefits, increases in contributions, or both.

The FIP / RP Status Pending / Implemented column in the table below indicates plans for which an FIP or an RP is pending or has been implemented. Additional information regarding the multi-employer plans listed in the following tables can be found on the website of the U.S. Department of Labor (www.efast.dol.gov).

24 Pensions and other post-employment benefits continued

€ million, except Ahold Delhaize's participation percentages	EIN / Pension plan number	ERISA zone status	FIP / RP status pending / implemented	Year of Form 5500[1]	Expiration date of collective bargaining agreement	Annual contributions	Plan deficit / (surplus)[2]	Ahold Delhaize's participation	Ahold Delhaize's proportionate share of deficit (surplus)[3]
						December 29, 2019			
FELRA & UFCW Food Pension Fund	52-6128473/001	Red (Critical and declining)	Implemented	2018	October 26, 2019[4]	**23**	**1,335**	**56.6%**	**756**
Mid-Atlantic UFCW & Participating Employers Pension Fund	46-1000515/001	Green	No	2018	October 26, 2019[4]	**10**	**(18)**	**62.0%**	**(11)**
New England Teamsters & Trucking Industry Pension	04-6372430/001	Red (Critical and declining)	Implemented	2018	March 29, 2025	**6**	**–**	**2.6%**	**–**
UFCW Local 1262 & Employers Pension Fund	22-6074414/001	Red	Implemented	2018	October 23, 2023 – February 10, 2024	**5**	**85**	**43.4%**	**37**
United Food & Commercial Workers International Union – Industry Pension Fund	51-6055922/001	Green	No	2018	February 23, 2019 – October 31, 2020	**23**	**(270)**	**23.8%**	**(64)**
UFCW Local 1500 Pension Plan	23-7176372/001	Yellow	Implemented	2018	December 26, 2020	**12**	**182**	**39.9%**	**73**
Warehouse Employees' Union Local 730 Pension Trust Fund	52-6124754/001	Red (Critical and declining)	Implemented	2018	March 14, 2022	**3**	**99**	**86.0%**	**85**
Other plans						**6**	**5,882**	**0.9%**	**(15)**
Total						**88**	**7,295**		**861**

€ million, except Ahold Delhaize's participation percentages	EIN / Pension plan number	ERISA zone status	FIP / RP status pending / implemented	Year of Form 5500[1]	Expiration date of collective bargaining agreement	Annual contributions	Plan deficit / (surplus)[2]	Ahold Delhaize's participation	Ahold Delhaize's proportionate share of deficit (surplus)[3]
						December 30, 2018 restated			
FELRA & UFCW Food Pension Fund	52-6128473/001	Red (Critical and declining)	Implemented	2017	October 26, 2019	23	1,286	55.7%	716
Mid-Atlantic UFCW & Participating Employers Pension Fund	46-1000515/001	Green	No	2017	October 26, 2019	9	(2)	58.8%	(1)
New England Teamsters & Trucking Industry Pension	04-6372430/001	Red (Critical and declining)	Implemented	2017	March 30, 2019	5	–	2.7%	–
UFCW Local 1262 & Employers Pension Fund	22-6074414/001	Red	Implemented	2017	October 23, 2023 – February 10, 2024	5	180	28.9%	52
United Food & Commercial Workers International Union – Industry Pension Fund	51-6055922/001	Green	No	2017	February 23, 2019 – October 31, 2020	19	466	23.5%	110
UFCW Local 1500 Pension Plan	23-7176372/001	Yellow	Implemented	2017	February 3, 2018	10	208	38.4%	80
Warehouse Employees' Union Local 730 Pension Trust Fund	52-6124754/001	Red (Critical and declining)	Implemented	2017	March 14, 2022	3	119	83.1%	97
Other plans						6	7,712	0.9%	19
Total						80	9,969		1,073

1 Form 5500 is part of ERISA's overall reporting and disclosure framework and includes the financial statements of a multi-employer plan.
2 The deficit / (surplus) of the plans is heavily influenced by the discount rate applied by the plans, which ranges between 6.5% and 8.5%. Multi-employer plans discount the liabilities at the plan's expected rate of return on assets. As a plan nearing insolvency reduces liquidity risk and expected volatility, its expected rate of return on assets declines and, as such, the discount rate will decline, resulting in an increase of the deficit within the plan.
3 Ahold Delhaize's proportionate share of deficit (surplus) is calculated by multiplying the deficit / (surplus) of each plan that the Company participates in by Ahold Delhaize's participation percentage in that plan. This proportional share of deficit / (surplus) is an indication of our share of deficit / (surplus) based on the best available information. The deficit is calculated in accordance with the accounting policies and funding assumptions applied by the relevant plan and does not represent any obligation or liability Ahold Delhaize may have in respect of the plan, which would be accounted for and measured in accordance with Ahold Delhaize's accounting policies.
4 The current collective bargaining agreements were scheduled to expire on October 26, 2019. However, Giant Food and the local unions have agreed to indefinitely extend the existing collective agreements, provided that either side may cancel the extension at any time upon 72 hours' advance notice. The negotiations on a new collective bargaining agreement are ongoing.

24 Pensions and other post-employment benefits continued

If the underfunded liabilities of the multi-employer pension plans are not reduced, either by improved market conditions, reductions in benefits and / or collective bargaining changes, increased future payments by the Company and the other participating employers may result. However, all future increases generally will be subject to the collective bargaining process. In 2020, the Company expects its contributions to increase to €94 million, which includes rehabilitation plan contribution increases where applicable. Ahold Delhaize has a risk of increased contributions and withdrawal liability (upon a withdrawal) if any of the participating employers in an underfunded multi-employer plan withdraw from the plan or become insolvent and are no longer able to meet their contribution requirements or if the multi-employer plan itself no longer has sufficient assets available to fund its short-term obligations to the participants in the plan. If and when a withdrawal liability is assessed, it may be substantially higher than the proportionate share disclosed above. Any adjustment for a withdrawal liability will be recorded when it is probable that a liability exists and the amount can be reliably estimated. Ahold Delhaize does not have a contractual agreement with any multi-employer plan that determines how a deficit will be funded. No withdrawal payments were incurred or included in the 2019 and 2018 contributions disclosed above.

In 2012, a restructuring took place regarding the FELRA & UFCW Pension Fund ("FELRA"). Under the restructuring, the Mid-Atlantic UFCW & Participating Employers Pension Fund ("MAP") was created for future service accruals of Giant Food (a controlled subsidiary of Ahold Delhaize) employees and one other participating employer. Giant Food is currently the largest contributing employer in the FELRA plan, followed by one other large contributing employer and a small contributing employer affiliated with the other employer. MAP is funded by Giant Food and one other large participating employer. The MAP and the current collective bargaining agreements include a provision ("benefit backstop provision") that will become effective, for all participating employers in MAP, if and when FELRA becomes insolvent and benefits are reduced in accordance with the rules established by the Pension Benefit Guaranty Corporation (PBGC). Under normal circumstances, when a multi-employer plan reaches insolvency it must reduce all accrued benefits to the maximum level guaranteed by the PBGC. The PBGC will continue to fund these minimum guaranteed benefits for the participants. FELRA and all other similar funds paid annual insurance premiums to the PBGC for such benefit insurance. Upon the insolvency of FELRA, the collective bargaining agreements to which Giant Food is a party may require Giant Food to pay certain supplemental contributions to FELRA and / or MAP that are attributable to certain of the benefits reduced by FELRA as a result of its insolvency. The specific amount of any such contributions remains subject to a number of variables, including the actions of third parties, and cannot be precisely estimated at this time. In addition, as noted below, this supplemental contribution obligation may be modified through the collective bargaining process.

FELRA reported in its 2018 Form 5500 that it projects it will become insolvent in approximately the first quarter of 2021 and reported in its Form 5500 a year-end funding ratio of 20.8%. Its Board of Trustees adopted an ERISA "all reasonable measures" rehabilitation plan intended to forestall insolvency. This specific ERISA rehabilitation plan allows FELRA to satisfy the applicable minimum funding standards. The current collective bargaining agreements were scheduled to expire on October 26, 2019. However, Giant Food and the union locals have agreed to indefinitely extend the existing collective agreements, provided that either side may cancel the extension at any time upon 72 hours' advance notice. The negotiations on a new collective bargaining agreement are ongoing. Retirement benefits and funding are just one aspect of these negotiations, which concern all of the terms and conditions of employment for the relevant bargaining units. If FELRA becomes insolvent before new collective bargaining agreements are negotiated, Ahold Delhaize may be required to increase its contributions or, in certain circumstances to fund the payment of benefits that go unpaid by FELRA. A wide variety of potential scenarios could unfold, all of which are conditional and dependent on uncertain future events, and the outcome of which cannot be reasonably predicted but which could have a material impact on Ahold Delhaize's financial position and results.

Defined contribution plans

Ahold Delhaize also participates in 39 multi-employer plans that are defined contribution plans on the basis of the terms of the benefits provided. The majority of these plans provide health and welfare benefits. The Company contributed €299 million and €280 million to multi-employer defined contribution plans during 2019 and 2018, respectively. These contributions are recognized as an expense in the consolidated income statement and related entirely to continuing operations in 2019 and 2018. These plans vary significantly in size, with contributions to the three largest plans representing 50% of total contributions.

25 Provisions

The table below specifies the changes in total provisions (current and non-current):

€ million	Self-insurance program	Claims and legal disputes	Severance and termination benefits	Onerous contracts	Other	Total
As of December 30, 2018, restated						
Current portion	221	36	36	7	12	312
Non-current portion	589	44	18	45	55	751
Carrying amount	**810**	**80**	**54**	**52**	**67**	**1,063**
Year ended December 29, 2019						
Additions charged to income	188	9	51	11	20	279
Used during the year	(185)	(9)	(48)	(21)	(19)	(282)
Released to income	(15)	(28)	(7)	(3)	(4)	(57)
Interest accretion	21	–	–	1	1	23
Effect of changes in discount rates	28	–	–	–	–	29
Other movements	–	–	–	(1)	–	(1)
Exchange rate differences	19	1	–	1	–	22
Closing carrying amount	**866**	**52**	**51**	**40**	**65**	**1,074**
As of December 29, 2019						
Current portion	267	23	39	8	13	349
Non-current portion	599	29	12	32	52	724
Carrying amount	**866**	**52**	**51**	**40**	**65**	**1,074**

Maturities of total provisions as of December 29, 2019, are as follows:

€ million	Self-insurance program	Claims and legal disputes	Severance and termination benefits	Onerous contracts	Other	Total
Amount due within one year	267	23	39	8	13	349
Amount due between one and five years	364	25	12	15	20	437
Amount due after five years	235	4	–	16	32	288
Total	**866**	**52**	**51**	**40**	**65**	**1,074**

Self-insurance program

Ahold Delhaize is self-insured for certain potential losses, mainly relating to general liability, vehicle liability, workers' compensation and property losses incurred by its subsidiaries. Some of Ahold Delhaize's self-insured losses are retained at its captive insurance companies. The maximum self-insurance retention per occurrence, including defense costs, is $2 million (€2 million) for general liability, $10 million (€9 million) for commercial vehicle liability, $5 million (€4 million) for workers' compensation and $5 million (€4 million) for property losses in Europe. Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies; see *Note 16*.

The measurement of the self-insurance provisions involves estimates and judgments to be made regarding future claim patterns, which include estimates on the number of future claims, timing and amount of payment of damages and costs associated with the settlement of future claims.

Claims and legal disputes

The Company is party to a number of legal proceedings arising out of its business operations. Such legal proceedings are subject to inherent uncertainties. Management, supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

Severance and termination benefits

This provision relates to payments to employees whose employment with the Company has ended, either as part of a restructuring or a voluntary separation plan. The measurement of the provision involves estimates and judgments about the population and number of employees that will ultimately be affected by the plans, estimates of salary ranges used to measure future cash flows, and assumptions of periods of service, if relevant.

Onerous contracts

Onerous contract provisions relate to unfavorable contracts where the unavoidable costs of meeting the obligations under the contracts exceed the benefits expected to be received. The judgments and estimates made in the measurement of onerous contracts relate to unavoidable future costs anticipated to be incurred.

Other

Other provisions include loyalty programs, long-term incentives, jubilee payments, asset retirement obligations, provisions for environmental risks and supplemental medical benefits. The judgments and estimates made in the measurement of these provisions relate to the estimated costs to be incurred at an unknown future date.

The loyalty program provision of €15 million as of December 29, 2019 (December 30, 2018: €14 million) relates to a third-party customer loyalty program in the Netherlands and reflects the estimated cost of benefits to which customers participating in the loyalty program are entitled. When measuring the provision for loyalty programs, management estimates the expected timing of the redemptions by customers and the expected breakage (benefits granted but never redeemed).

26 Other non-current liabilities

€ million	December 29, 2019	December 30, 2018 restated
Deferred income	**63**	78
Other	**11**	10
Total other non-current liabilities	**74**	88

27 Other current financial liabilities

€ million	December 29, 2019	December 30, 2018 restated
Lease liabilities – current portion[1]	**1,211**	1,162
Interest payable	**37**	38
Short-term borrowings	**60**	58
Bank overdrafts	**1,395**	695
Dividend cumulative preferred financing shares	**–**	17
Reinsurance liabilities – current portion (see *Notes 16* and *23*)	**76**	74
Loans – current portion (see *Note 22*)	**453**	162
Deposit liablities[1]	**15**	12
Derivative financial instruments	**1**	–
Other[1]	**8**	9
Total other current financial liabilities	**3,257**	2,227

1 As presented in the IFRS 16 Restatement booklet dated March 25, 2019, as a result of the adoption of IFRS 16, the other current financial liabilities balance as previously reported in 2018 increased by €983 million from €1,232 million to €2,215 million. Subsequently, the deposit liabilities (2018: €12 million) were reclassified from Other current liabilities (*Note 28*) to Other current financial liabilities (*Note 27*) to properly reflect the nature of the underlying item.

Bank overdrafts includes an amount of €1,391 million (December 30, 2018: €695 million) which relates to the overdraft position of a notional cash pooling arrangement. This bank overdraft is fully offset by an identical amount included under Cash and cash equivalents (see *Notes 20* and *31*).

For more information on lease liabilities see *Note 34*.

28 Other current liabilities

€ million	December 29, 2019	December 30, 2018 restated
Accrued expenses	**1,342**	1,261
Compensated absences	**493**	477
Payroll taxes, social security and VAT	**503**	508
Deferred income	**74**	77
Gift card liabilities	**172**	146
Other	**6**	10
Total other current liabilities[1]	**2,591**	2,479

1 As presented in the IFRS 16 Restatement booklet dated March 25, 2019, as a result of the adoption of IFRS 16 the other current liabilities balance as previously reported in 2018 decreased by €46 million from €2,537 million to €2,491 million. Subsequently, the deposit liabilities (2018: €12 million) were reclassified from Other current liabilities (*Note 28*) to Other current financial liabilities (*Note 27*) to properly reflect the nature of the underlying item.

29 Cash flow

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	December 29, 2019	December 30, 2018 restated
Cash and cash equivalents as presented in the statement of cash flows	**3,701**	3,110
Restricted cash	**17**	12
Cash and cash equivalents as presented on the balance sheet	**3,717**	3,122

The following tables present additional cash flow information:

€ million	2019	2018 restated
Non-cash investing activities		
Accounts payable at year-end related to purchased non-current assets	**321**	309
Assets acquired under leases[1]	**481**	387
Reassessments and modifications to leases	**781**	436
Assets acquired under mortgages payable net of financing obligations terminated	**–**	53
Acquisition of businesses (see Note 4)		
Total purchase consideration	**(43)**	(31)
Cash acquired	**–**	1
Acquisition of businesses, net of cash acquired	**(43)**	(30)
Divestments of businesses		
Net cash flows related to Tops Markets	**(11)**	–
Net cash flows related to BI-LO / Bruno's	**–**	(3)
Divestment of businesses	**(11)**	(3)
Cash divested	**–**	–
Divestment of businesses, net of cash divested	**(11)**	(3)
Reconciliation between results on divestments of discontinued operations and cash (paid) received		
Result on divestments of discontinued operations before income taxes	**(1)**	(23)
Changes in provisions and other financial liabilities – net	**(10)**	20
Divestment of businesses	**(11)**	(3)
Cash divested	**–**	–
Divestment of businesses, net of cash divested	**(11)**	(3)

1 In 2019, the additions to right-of-use assets (see *Notes 12* and *13*) include €33 million of additions through sale and leaseback transactions and initial direct costs, which are excluded from the amount of non-cash investing activities.

29 Cash flow continued

Changes in liabilities arising from financing activities for the years ended December 29, 2019, and December 30, 2018:

€ million	Loans	Lease liabilities	Cumulative preferred financing shares	Short-term borrowings and bank overdrafts	Derivative assets	Derivative liabilities	Total
As of December 30, 2018, restated	**3,845**	**9,432**	**455**	**753**	**(1)**	**–**	**14,484**
Proceeds from long-term debt[1]	**593**	**–**	**–**	**–**	**–**	**–**	**593**
Acquisitions through business combinations	**–**	**45**	**–**	**–**	**–**	**–**	**45**
Repayments of loans, lease liabilities and cumulative preferred financing shares[2,3]	**(166)**	**(1,535)**	**(455)**	**–**	**–**	**–**	**(2,156)**
Changes in short-term borrowings and overdrafts	**–**	**–**	**–**	**689**	**–**	**–**	**689**
Other cash flows from derivatives	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Fair value changes	**–**	**–**	**–**	**–**	**1**	**6**	**7**
Additions to lease liabilities	**–**	**513**	**–**	**–**	**–**	**–**	**513**
Reassessments and modifications to leases	**–**	**781**	**–**	**–**	**–**	**–**	**781**
Termination of leases	**–**	**(60)**	**–**	**–**	**–**	**–**	**(60)**
Amortization of fair value adjustments and interest accretion to lease liability	**(19)**	**366**	**–**	**–**	**–**	**–**	**347**
Exchange rate differences	**41**	**153**	**–**	**13**	**–**	**–**	**207**
As of December 29, 2019	**4,294**	**9,695**	**–**	**1,455**	**–**	**1**	**15,445**

1 The amount is net of deferred financing costs of €7 million, of which €3 million is included in "Other" within financing cash flows from continuing operations in the statement of cash flows.
2 Repayments of loans and cumulative preferred financing shares as presented in the statement of cash flows include €35 million premium paid for the settlement of part of the mortgage payables and cumulative preferred financing shares (see *Note 23*).
3 Repayment of lease liabilities as presented in the statement of cash flows excludes €4 million of lease payments classified as divestment of business, net of cash divested.

€ million	Loans	Lease liabilities	Cumulative preferred financing shares	Short-term borrowings and bank overdrafts	Derivative assets	Derivative liabilities	Total
As of January 1, 2018, as previously reported	3,757	1,607	455	1,432	–	18	7,269
Impact of implementation of IFRS 16	–	7,735	–	–	–	–	7,735
As of January 1, 2018, restated	3,757	9,342	455	1,432	–	18	15,004
Proceeds from long-term debt[1]	793	–	–	–	–	–	793
Acquisitions through business combinations	–	36	–	–	–	–	36
Repayments of loans and lease liabilities[2,3]	(749)	(1,398)	–	–	–	–	(2,147)
Changes in short-term borrowings and overdrafts	–	–	–	(733)	–	–	(733)
Other cash flows from derivatives	–	–	–	–	–	(29)	(29)
Fair value changes	–	–	–	–	(1)	11	10
Additions to mortgages payable net of financing obligations terminated	53	–	–	–	–	–	53
Additions to lease liabilities	–	387	–	–	–	–	387
Reassessments and modifications to leases	–	438	–	–	–	–	438
Termination of leases	–	(34)	–	–	–	–	(34)
Amortization of fair value adjustments and interest accretion to lease liability[4]	(100)	355	–	–	–	–	255
Other non-cash movements	(15)	10	–	–	–	–	(5)
Exchange rate differences	106	296	–	54	–	–	456
As of December 30, 2018, restated	3,845	9,432	455	753	(1)	–	14,484

1 The amount is net of deferred financing costs of €7 million, of which €5 million is included in "Other" within financing cash flows from continuing operations in the statement of cash flows.
2 Repayments of loans as presented in the statement of cash flows include a €34 million premium paid for the settlement of a part of the USD 827 million notes (see *Note 22*).
3 Repayment of lease liabilities as presented in the statement of cash flows excludes €4 million of lease payments classified as financing cash flows from discontinued operations.
4 The amount related to loans includes €64 million accelerated amortization of the fair value adjustment allocated to the USD 827 million notes due to settlement of a part of the notes (see *Note 22*).

30 Earnings per share

The calculation of basic and diluted net income per share attributable to common shareholders is based on the following data:

	2019	2018 restated
Earnings (€ million)		
Net income attributable to common shareholders for the purposes of basic earnings per share	**1,766**	1,780
Effect of dilutive potential common shares – reversal of preferred dividend	**–**	17
Net income attributable to common shareholders for the purposes of diluted earnings per share	**1,766**	1,797
Number of shares (in millions)		
Weighted average number of common shares for the purposes of basic earnings per share	**1,107**	1,176
Effect of dilutive potential common shares:		
Conditional shares from share-based compensation programs	**5**	6
Cumulative preferred financing shares	**–**	21
Weighted average number of common shares for the purposes of diluted earnings per share	**1,112**	1,203

In 2019, the Company acquired and cancelled all the cumulative preferred financing shares. For disclosures regarding Ahold Delhaize's cumulative preferred financing shares, see *Note 23*.

The calculation of the basic and diluted income from continuing operations per share attributable to common shareholders is based on the same number of shares as detailed above and the following earnings data:

€ million	2019	2018 restated
Income from continuing operations, attributable to common shareholders for the purposes of basic earnings per share	**1,767**	1,797
Effect of dilutive potential common shares – reversal of preferred dividend	**–**	17
Income from continuing operations, attributable to common shareholders for the purposes of diluted earnings per share	**1,767**	1,814

Both basic and diluted income per share from discontinued operations attributable to common shareholders amounted to €0.00 (2018: €(0.02)). They are based on the loss from discontinued operations attributable to common shareholders of €1 million (2018: €17 million) and the denominators detailed above.

31 Financial risk management and financial instruments

Financial risk management

Ahold Delhaize is exposed to a variety of financial risks, including currency, interest rate, funding, liquidity and counterparty risks. The Company's financial risk management is centralized through its Treasury function, which operates within a regularly reviewed framework of policies and procedures. Ahold Delhaize's Management Board has overall responsibility for the establishment and oversight of the Treasury risk management framework. Ahold Delhaize's management reviews material changes to Treasury policies and receives information related to Treasury activities. The Treasury function does not operate as a profit center and manages the financial risks that arise in relation to underlying business needs.

In accordance with its Treasury policies, Ahold Delhaize uses derivative instruments solely for the purpose of hedging exposures. These exposures are mainly the result of interest rate and currency risks arising from the Company's operations and its sources of financing. Ahold Delhaize does not enter into derivative financial instruments for speculative purposes. The transaction of derivative instruments is restricted to Treasury personnel only and Ahold Delhaize's Internal Control department reviews the Treasury internal control environment regularly.

Relationships with credit rating agencies and monitoring of key credit ratios are also managed by the Treasury department.

Currency risk

Ahold Delhaize operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the U.S. dollar. Since Ahold Delhaize's subsidiaries primarily purchase and sell in local currencies, the Company's exposure to exchange rate movements in its commercial operations is limited. The Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets and liabilities into euros for inclusion in its consolidated financial statements. Translation risk related to Ahold Delhaize's foreign subsidiaries, joint ventures and associates is not actively hedged; however, the Company aims to minimize this exposure by funding its foreign operations in their functional currency wherever feasible.

To protect the value of future foreign currency cash flows, including loan and interest payments, lease payments, dividends and firm purchase commitments, and the value of assets and liabilities denominated in foreign currency, Ahold Delhaize seeks to mitigate its foreign currency exchange exposure by borrowing in local currency and entering into various financial instruments, including forward contracts and currency swaps. It is Ahold Delhaize's policy to cover foreign exchange transaction exposure in relation to existing assets, liabilities and firm purchase commitments.

Foreign currency sensitivity analysis

As of December 29, 2019, Ahold Delhaize carried out a sensitivity analysis with regard to changes in foreign exchange rates to revalue dollar-denominated cash, cash equivalents and debt in its balance sheet at year-end. Assuming the euro had strengthened (weakened) by 10% against the U.S. dollar compared to the actual 2019 rate, with all other variables held constant, the hypothetical result on income before income taxes would have been a decrease (increase) of €2 million (2018 restated: a decrease (increase) of €1 million), as a result of foreign exchange revaluation of U.S. dollar-denominated monetary assets and liabilities held by non-U.S. dollar functional currency subsidiaries.

31 Financial risk management and financial instruments continued

The loss on foreign exchange recognized in the 2019 income statement related to the revaluation of unhedged leases reported in the balance sheet as a result of the implementation of IFRS16 amounted to €8 million. The strengthening (weakening) of the euro by 10% against the other currencies, with all other variables held constant, would result in a loss (gain) of €63 million.

Interest rate risk

Ahold Delhaize's outstanding debt and investment position is exposed to changes in interest rates. To manage interest rate risk, Ahold Delhaize has an interest rate management policy aimed at reducing volatility in its interest expense and maintaining a target percentage of its debt in fixed-rate instruments. As of December 29, 2019, 92% of Ahold Delhaize's long-term bonds was at fixed rates of interest (2018 restated: 91%).

Interest rate sensitivity analysis

The total interest expense recognized in the 2019 income statement related to the variable rates of short and long-term debt amounted to nil (2018: nil). An increase (decrease) in market interest rates by 25 basis points, with all other variables (including foreign exchange rates) held constant, would have resulted in a loss (gain) of €1 million (2018: nil).

The total interest income recognized in the 2019 income statement amounted to €65 million (2018: €85 million), mainly related to variable rate money market fund investments and deposits. The Company estimates that with a possible increase (decrease) of euro and U.S. dollar market interest rates of 25 basis points with all other variables (including foreign exchange rates) held constant, this would have resulted in a gain of €5 million or a loss of €5 million, respectively (2018: gain of €7 million or a loss of €7 million).

The above sensitivity analyses are for illustrative purposes only as, in practice, market rates rarely change in isolation from other factors that also affect Ahold Delhaize's financial position and results.

Supply chain financing

Our accounting policy for amounts due under supply chain finance arrangements with banks is to classify these arrangements as trade payables. In accordance with our accounting policy, trade payables are presented as operating activities within our cash flow statements. Suppliers choose to enter into these arrangements, which provide them with the option of access to earlier payment at favorable interest rates from our bank based on Ahold Delhaize's investment grade credit rating. If suppliers do not choose early payment under these arrangements, their invoices are settled by our bank under the originally agreed payment terms. The arrangements do not expose Ahold Delhaize to additional credit risk nor provide Ahold Delhaize with a significant benefit of additional financing and accordingly it is Ahold Delhaize's policy to classify the amounts due under supply chain finance arrangements with banks as trade payables. The amounts due under the supply chain finance arrangements classified as trade payables as of December 29, 2019, and December 30, 2018, were not significant compared to the total outstanding trade payables.

Credit risk

Ahold Delhaize has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience. As a result, management believes there is no further credit risk provision required over the normal individual and collective impairment, based on an aging analysis performed as of December 29, 2019. For further discussion on Ahold Delhaize's receivables, see *Notes 16* and *18.*

Financial transactions are predominantly entered into with investment grade financial institutions. The Company requires a minimum short-term rating of A1/P1 and a minimum long-term rating of A3/A- for its deposit and investment products. The Company may deviate from this requirement from time to time for operational reasons. Regarding credit risk, derivative contracts with counterparties are entered into primarily under the standard terms and conditions of the International Swaps and Derivatives Association (ISDA). With certain counterparties, Ahold Delhaize has credit support annexes in place that materially reduce the counterparty risk exposure because of a contractual exchange of cash collateral. Ahold Delhaize has policies that limit the amount of counterparty credit exposure to any single financial institution or investment vehicle and actively monitors these exposures.

Counterparty risk is measured by adding the nominal value of cash, short-term deposits and marketable securities, and the mark-to-market of derivative instruments, netted with the collateral posted, if any. As a result, the highest exposure to a single financial counterparty, excluding AAA-rated money market funds, on December 29, 2019, amounted to €240 million (December 30, 2018: €418 million).

Offsetting of financial instruments

Ahold Delhaize has several financial assets and financial liabilities that are subject to offsetting or enforceable master netting arrangements and similar agreements.

Cash pool

The Company has implemented a cash pool system, allowing a more efficient management of the daily working capital needs of the participating operating entities. The settlement mechanism of the cash pool is provided by an external financial counterparty. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances with multiple financial counterparties. From an operational perspective, the balances in the cash pool are netted. However, under the guidance of IAS 32 regarding the offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis on the balance sheet (see *Notes 20* and *27*).

31 Financial risk management and financial instruments continued

ISDA master agreements for derivatives

The Company has entered into several ISDA master agreements in connection with its derivative transactions. In general, under such agreements, the amounts owed by each counterparty to another on the same day in respect of the same transaction payable in the same currency are aggregated into a single net amount payable by one party to the other.

Under certain circumstances, if all transactions under the ISDA master agreement are terminated, e.g., when a credit event such as payment default occurs, the termination value is assessed and only a single net amount is payable in the settlement of all transactions governed by the ISDA master agreement.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Company does not currently have a legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of a future event such as a default. ISDAs are considered to be master netting arrangements for IFRS 7 disclosure purposes.

The following table shows the maximum exposure of the Company's financial assets and financial liabilities that are subject to offset or enforceable master netting arrangements and similar agreements for the year ended December 29, 2019.

€ million	Gross and net amounts in the balance sheet	Cash collateral received / pledged[1]	Net exposure
Assets			
Cash and cash equivalents	1,486	1,391	95
Total	1,486	1,391	95
Liabilities			
Derivative financial liabilities	1	–	1
Bank overdrafts	1,391	1,391	–
Total	1,392	1,391	1

1 Amounts not offset in the balance sheet but subject to master netting arrangements (or similar).

Liquidity risk

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented with access to external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of December 29, 2019, the Company's liquidity position primarily comprised of €2,472 million of cash (including short-term deposits and similar instruments and the current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the €1 billion revolving credit facility of which €148 million is drawn.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends, the announced €1 billion share buyback program and scheduled debt repayments for the next 12 months. In addition, the Company has access to the amount available on its revolving credit facility and to the debt capital markets based on its current credit ratings.

The following tables summarize the expected maturity profile of the Company's financial liabilities (including derivatives) as of December 29, 2019, and December 30, 2018, respectively, based on contractual undiscounted payments.

All financial liabilities held at the reporting date, for which payments are already contractually agreed, have been included. Amounts in foreign currency have been translated using the reporting date closing rate. Cash flows arising from financial instruments carrying variable interest payments have been calculated using the forward curve interest rates as of December 29, 2019, and December 30, 2018, respectively. See *Note 35* for the liquidity risk related to guarantees.

Year ended December 29, 2019

		Contractual cash flows			
€ million	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities[1]					
Notes	**(3,962)**	**(533)**	**(1,486)**	**(2,976)**	**(4,995)**
Other loans	**(3)**	**–**	**–**	**(3)**	**(3)**
Financing obligations	**(263)**	**(40)**	**(136)**	**(68)**	**(244)**
Mortgages payable	**(66)**	**(7)**	**(73)**	**–**	**(80)**
Accounts payable	**(6,311)**	**(6,311)**	**–**	**–**	**(6,311)**
Short-term borrowings	**(1,455)**	**(1,455)**	**–**	**–**	**(1,455)**
Reinsurance liabilities	**(238)**	**(81)**	**(108)**	**(65)**	**(254)**
Other	**(92)**	**(21)**	**(20)**	**(49)**	**(90)**
Derivative financial liabilities					
Cross-currency swaps and foreign currency derivatives	**(1)**	**(1)**	**–**	**–**	**(1)**

1 The maturity analysis for lease liabilities is included in *Note 34 Leases*.

31 Financial risk management and financial instruments continued

Year ended December 30, 2018, restated

€ million	Net carrying amount	Contractual cash flows: Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities[1]					
Notes	(3,476)	(234)	(1,143)	(3,189)	(4,566)
Other loans	(3)	–	–	(3)	(3)
Financing obligations	(277)	(39)	(144)	(93)	(276)
Mortgages payable	(89)	(11)	(114)	–	(125)
Cumulative preferred financing shares[2]	(455)	(17)	(35)	(8)	(60)
Accounts payable	(5,815)	(5,815)	–	–	(5,815)
Short-term borrowings	(753)	(753)	–	–	(753)
Reinsurance liabilities	(223)	(78)	(134)	(24)	(236)
Other	(93)	(18)	(20)	(52)	(90)
Derivative financial liabilities					
Cross-currency swaps and foreign currency derivatives	–	–	–	–	–

1 The maturity analysis for lease liabilities is included in *Note 34 Leases*.
2 Cumulative preferred financing shares have no maturity. For the purposes of the table above, the future dividend cash flows were calculated until the coupon reset date of each of the four share-series (2020, 2023, 2026 and 2028). No liability redemption was assumed.

Credit ratings

Maintaining investment grade credit ratings is a cornerstone of Ahold Delhaize's financial strategy because such ratings lower the cost of funds and facilitate access to a variety of lenders and markets. Ahold Delhaize's current credit ratings from the solicited rating agencies are:

- Standard & Poor's: corporate credit rating BBB, with a stable outlook as of June 2009 (previous rating BBB- assigned in 2007).
- Moody's: issuer credit rating Baa1, with a stable outlook as of February 2018 (previous rating Baa2 assigned in August 2015).

Capital risk management

The Company's primary objective to manage capital is the optimization of its debt and equity balances to sustain the future development of the business, maintain its investment grade credit rating and maximize shareholder value.

Ahold Delhaize may balance its capital structure in several ways, including through the payment of dividends, capital repayment, new share issues, share buybacks and the issuance or redemption of debt.

Financial instruments

Accounting classification and 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	December 29, 2019 Carrying amount	December 29, 2019 Fair value	December 30, 2018 restated Carrying amount	December 30, 2018 restated Fair value
Financial assets at amortized cost				
Loans receivable	**59**	**65**	69	72
Trade and other (non-)current receivables	**1,914**	**1,914**	1,756	1,756
Lease receivable	**444**	**473**	453	454
Cash and cash equivalents	**3,717**	**3,717**	3,122	3,122
Short-term deposits and similar instruments	**15**	**15**	266	266
	6,150	**6,185**	5,666	5,670
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	**236**	**236**	218	218
Investments in debt instruments	**141**	**141**	128	128
	377	**377**	346	346
Derivative financial instruments				
Derivatives	**–**	**–**	1	1
Total financial assets	**6,527**	**6,562**	6,014	6,017

31 Financial risk management and financial instruments continued

€ million	December 29, 2019 Carrying amount	December 29, 2019 Fair value	December 30, 2018 restated Carrying amount	December 30, 2018 restated Fair value
Financial liabilities at amortized cost				
Notes	**(3,962)**	**(4,246)**	(3,476)	(3,500)
Other loans	**(3)**	**(3)**	(3)	(3)
Financing obligations	**(263)**	**(216)**	(277)	(235)
Mortgages payable	**(66)**	**(65)**	(89)	(103)
Cumulative preferred financing shares	**–**	**–**	(455)	(481)
Dividend cumulative preferred financing shares	**–**	**–**	(17)	(17)
Accounts payable	**(6,311)**	**(6,311)**	(5,815)	(5,815)
Short-term borrowings	**(1,455)**	**(1,455)**	(753)	(753)
Interest payable	**(37)**	**(37)**	(38)	(38)
Other	**(92)**	**(97)**	(93)	(95)
	(12,190)	**(12,430)**	(11,016)	(11,040)
Financial liabilities at fair value through profit or loss				
Reinsurance liabilities	**(238)**	**(238)**	(223)	(223)
Derivative financial instruments				
Derivatives	**(1)**	**(1)**	–	–
Total financial liabilities excluding lease liabilities	**(12,429)**	**(12,669)**	(11,239)	(11,263)
Lease liabilities	**(9,696)**	**N/A**	(9,432)	N/A
Total financial liabilities	**(22,125)**	**N/A**	(20,671)	N/A

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 December 29, 2019, is nil (December 30, 2018: 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 year-end quoted prices. 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 market rates prevailing at year-end.

As of December 29, 2019, short-term deposits and similar instruments (€15 million) contain short-term liquid investments that are considered part of Ahold Delhaize's cash management financial assets.

31 Financial risk management and financial instruments continued

Derivatives

Fair values, notional amounts, maturities and the qualification of derivative financial instruments for accounting purposes are presented in the table below:

		December 29, 2019		
		Fair value		
€ million	Maturity	Assets	Liabilities	Notional amount
Forward foreign currency contracts	Within 1 year	–	–	9
Total cash flow hedges		–	–	9
Forward foreign currency contracts	Within 1 year	–	–	6
Total fair value hedges		–	–	6
Forward foreign currency contracts	Within 1 year	–	(1)	310
Total derivatives – no hedge accounting treatment		–	(1)	310
Total derivative financial instruments		–	(1)	325

		December 30, 2018 restated		
		Fair value		
€ million	Maturity	Assets	Liabilities	Notional amount
Forward foreign currency contracts	Within 1 year	–	–	12
Total cash flow hedges		–	–	12
Forward foreign currency contracts	Within 1 year	–	–	4
Total fair value hedges		–	–	4
Forward foreign currency contracts	Within 1 year	–	–	139
Forward foreign currency contracts	Between 1 and 5 years	1	–	27
Total derivatives – no hedge accounting treatment		1	–	166
Total derivative financial instruments		1	–	182

32 Related party transactions

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company considers all members of the Executive Committee (ExCo) and the Supervisory Board to be key management personnel as defined in IAS 24 "Related Party Disclosures." At the end of 2019, the ExCo consisted of the Management Board and four other members.

The total compensation of key management personnel in 2019 amounted to €25,077 thousand (2018: €35,209 thousand). This includes an estimate of additional wage tax relating to key management personnel leaving the Company due in accordance with Dutch tax laws of €1.0 million (2018: nil).

(Service) Agreements with individual Management Board members

Frans Muller

In 2019, the Company provided Frans Muller with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see *Note 33*). The annual base salary of €1,053 thousand was increased by 3% to €1,085 thousand, effective January 1, 2019. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 235% of base salary. Unless Frans' service agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2023. If the Company terminates his service agreement for reasons other than cause, Frans is entitled to a severance payment equal to one year's base salary or retirement treatment on his unvested shares in case of termination in 2019 through 2023. His service agreement may be terminated by the Company with a notice period of 12 months and by Frans with a notice period of six months. Frans participates in the Company's Dutch pension plan.

Jeff Carr

In 2019, the Company provided Jeff Carr with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see *Note 33*). The annual base salary of €747 thousand was increased by 3% to €769 thousand, effective January 1, 2019. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 175% of base salary. Furthermore, Jeff receives a housing allowance. Effective July 23, 2019, the housing allowance of €3,500 net per month was reduced to €1,750. Jeff participates in the Company's Dutch pension plan. On September 9, 2019, the Company announced that Jeff will step down from the Management Board after his current term expires per the annual General Meeting of Shareholders in April 2020. His employment relationship with Ahold Delhaize will terminate as of April 9, 2020, without any severance payment due. Shares awarded under the GRO plan will vest at the regular vesting dates.

32 Related party transactions continued

Kevin Holt

In 2019, the Company provided Kevin Holt with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see *Note 33*). The annual base salary of $1,010 thousand was increased by 6% to $1,070 thousand, effective January 1, 2019. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 200% of base salary. Furthermore, Kevin receives a housing allowance of up to $7,500 net per month. The Company intends to reappoint Kevin as a member of the Management Board for a term ending on the day of the annual General Meeting of Shareholders to be held in 2024. This reappointment will be brought forward for shareholder approval at the annual General Meeting of Shareholders on April 8, 2020. If the Company terminates his employment agreement for reasons other than cause, Kevin is entitled to a severance payment equal to one year's base salary, unless he is eligible for retirement. His employment agreement may be terminated by the Company with a notice period of 12 months and by Kevin with a notice period of six months. Kevin participates in the Company's U.S. pension plan.

Wouter Kolk

In 2019, the Company provided Wouter Kolk with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see *Note 33*). The annual base salary of €630 thousand was increased by 3% to €649 thousand, effective January 1, 2019. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 150% of base salary. Unless Wouter's service agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2022. If the Company terminates his service agreement for reasons other than cause, Wouter is entitled to a severance payment equal to one year's base salary. His service agreement may be terminated by the Company with a notice period of 12 months and by Wouter with a notice period of six months. Wouter participates in the Company's Dutch pension plan.

Dick Boer

Dick Boer, CEO Ahold Delhaize and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of July 1, 2018, and his employment relationship with Ahold Delhaize terminated as of July 1, 2019, at which time he retired. Until mid-2019, he remained available to provide specific services as an advisor to the Company. In 2019, the Company provided Dick with an annual base salary of €1,037 thousand, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see *Note 33*). Dick participates in the Company's Dutch pension plan. His employment relationship with Ahold Delhaize terminated as of July 1, 2019, without any severance payment due. The shares awarded under the GRO plan were settled on an accelerated basis upon the termination of his employment relationship in 2019.

Remuneration of the Management Board by member

	Direct remuneration				Deferred remuneration		
€ thousand	Base salary	EIP[1]	Other[2]	Total direct remuneration	Share-based compensation[5]	Pensions[6]	Total remuneration
Frans Muller							
2019	**1,085**	**965**	**248**	**2,298**	**1,971**	**87**	**4,356**
2018	1,040	1,196	220	2,456	2,324	209	4,989
Jeff Carr[7]							
2019	**769**	**685**	**244**	**1,698**	**1,732**	**33**	**3,463**
2018	747	830	268	1,845	976	36	2,857
Kevin Holt							
2019	**955**	**851**	**429**	**2,235**	**1,270**	**209**	**3,714**
2018	856	972	363	2,191	1,211	196	3,598
Wouter Kolk[8]							
2019	**649**	**578**	**168**	**1,395**	**400**	**32**	**1,827**
2018	457	508	119	1,084	215	24	1,323
Total 2019	**3,458**	**3,079**	**1,089**	**7,626**	**5,373**	**361**	**13,360**
Total 2018	3,100	3,506	970	7,576	4,726	465	12,767

Remuneration of the former members of the Management Board

	Direct remuneration				Deferred remuneration		
€ thousand	Base salary	EIP[1]	Other[2]	Total direct remuneration	Share-based compensation[5]	Pensions[6]	Total remuneration
Dick Boer[3]							
2019	**–**	**–**	**28**	**28**	**2,311**	**27**	**2,366**
2018	519	576	2,559	3,654	4,910	13	8,577
Pierre Bouchut[4]							
2019	**–**	**–**	**–**	**–**	**79**	**–**	**79**
2018	356	363	698	1,417	1,739	130	3,286
James Mc Cann							
2019	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2018	–	–	(287)	(287)	–	–	(287)
Total 2019	**–**	**–**	**28**	**28**	**2,390**	**27**	**2,445**
Total 2018	875	939	2,970	4,784	6,649	143	11,576

32 Related party transactions continued

Remuneration of the Executive Committee including Management Board

The table below specifies the remuneration of the ExCo, comprising the Management Board members and the former members of the Management Board as listed above, and the additional ExCo members who were not part of the Management Board.

€ thousand	2019	2018
Base salary	**5,328**	5,872
EIP[1]	**4,744**	6,508
Other[2,3,4]	**2,461**	7,181
Share-based compensation[5]	**9,681**	13,227
Pensions[6]	**506**	856
Total remuneration[7,8]	**22,720**	33,644

1 The ExCo Incentive Plan (EIP) represents accrued annual cash incentives to be paid in the following year based on an overall weighted EIP performance. For an explanation of the Company's remuneration policy, see *Remuneration* under the *Governance* section of this report. The overall 2019 financial performance multiplier was 89% (2018: 111%). The individual 2018 EIP amounts also include the component linked to individual performance.
2 "Other" mainly includes gross allowances for net pension, tax compensation (tax equalization charges or refunds for expatriates), allowances for housing expenses, relocation costs, international school fees, employer's contributions to social security plans, benefits in kind such as company cars, tax advice, medical expenses and the associated tax gross up.
3 Dick Boer, President and CEO Ahold Delhaize and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of July 1, 2018, and remained available as an advisor to the Company until mid-2019. His employment relationship with Ahold Delhaize terminated as of July 1, 2019, after which he retired. The shares awarded under the GRO plan were settled on an accelerated basis upon the termination of his employment relationship in 2019. Adjustments to the estimate of the remuneration costs as a result of actual payments were included in "Other" and the expenses related to the equity-based long-term incentive were included in "Share-based compensation."
4 Pierre Bouchut, Chief Operating Officer Europe and Indonesia and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of January 1, 2018, and remained available as an advisor and for specific initiatives until July 1, 2018. His employment relationship with Ahold Delhaize terminated as of August 31, 2018, after which he retired. Shares awarded under the GRO plan will vest at the regular vesting dates. In 2018, adjustments to the estimate of the remuneration costs as a result of the actual payments were included in "Other."
5 The fair value of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The expense for 2019 reflects this year's portion of the share grants over the previous four years (plans 2016 to 2019). For more information on the share-based compensation expenses see *Note 33*.
6 Pension costs are the total net periodic pension costs of the applicable pension plans.
7 Jeff Carr's employment relationship with Ahold Delhaize will terminate as of April 9, 2020, without any severance payment due. Shares awarded under the GRO plan will vest at the regular vesting dates. An estimate of these costs in the amount of €921 thousand was recognized in 2019. The total remuneration as presented in the tables above excludes the 2019 accrual of €979 thousand for estimated additional wage tax payable by the Company in accordance with Dutch tax laws.
8 Wouter Kolk was appointed as member of the Management Board effective April 11, 2018. His 2018 remuneration reported as member of the Management Board reflects a partial year. The table "Remuneration of the Executive Committee including Management Board" reflects the full year 2018, including the period that he was a member of the Executive Committee, but not a member of the Management Board. Marc Croonen, Chief Sustainability, Transformation and Communications Officer and member of the Executive Committee, stepped down from the Executive Committee as of November 1, 2018, and remained available as an advisor until October 31, 2019. His employment relationship with Ahold Delhaize terminated as of October 31, 2019. Shares awarded under the GRO plan will vest in accordance with the applicable plan rules. An estimate of the remuneration costs relating to the period from November 1, 2018, until October 31, 2019, is recognized in 2018 in "Other." In 2019, adjustments to the estimate of the remuneration costs as a result of actual payments were included in "Other".

Remuneration of the members of the Supervisory Board

The table below specifies the remuneration of the members of the Supervisory Board. The annual remuneration of the members of the Supervisory Board was determined by the extraordinary General Meeting of Shareholders on March 14, 2016. Remuneration is subject to annual review by the Supervisory Board.

€ thousand	2019	2018
Jan Hommen (reappointed in 2017)[1]	**243**	249
Jacques de Vaucleroy (appointed in 2016)[2]	**120**	144
René Hooft Graafland (reappointed in 2018)	**143**	145
Ben Noteboom (reappointed in 2017)	**125**	135
Bill McEwan (appointed in 2016)[3]	**208**	209
Mary Anne Citrino (appointed in 2016)	**130**	130
Dominique Leroy (appointed in 2016)	**118**	123
Katie Doyle (appointed in 2019)	**104**	–
Peter Agnefjäll (appointed in 2019)	**104**	–
Rob van den Bergh (resigned in 2019)	**39**	148
Mark McGrath (resigned in 2019)	**44**	136
Mats Jansson (retired in 2018)	**–**	68
Johnny Thijs (resigned in 2018)	**–**	31
Patrick De Maeseneire (resigned in 2018)	**–**	32
Total[4,5]	**1,378**	1,550

1 Jan Hommen was appointed Chairman of the Supervisory Board effective April 11, 2018. He also became Chairman of the Governance and Nomination Committee as of July 1, 2018 and refrained from any remuneration for this role.
2 As of July 1, 2018, Jacques de Vaucleroy refrained from any additional remuneration for his role as Vice Chairman.
3 Bill McEwan succeeded Jan Hommen as Vice Chairman of the Supervisory Board effective April 11, 2018 and received the Vice Chairman remuneration (formerly referred to as Vice Chairman and member of the presidium) from that date. He refrained from any remuneration for his role as Chairman of the Remuneration Committee as per July 1, 2018.
4 All members of the Supervisory Board were members of the Sustainability and Innovation Committee as of July 1, 2018, and refrained from any remuneration for this membership, except for the Chairman of the Committee, who is entitled to remuneration or this role. Rob van den Bergh was Chairman of the Sustainability and Innovation Committee until April 10. He was succeeded by Katie Doyle and Peter Agnefjäll, who co-chair the Committee and each receive half of the remuneration for this role.
5 For the members who were appointed or resigned in 2018 or 2019, the remuneration for the respective year reflects a partial year.

32 Related party transactions continued

Shares and other interests in Ahold Delhaize

As of December 29, 2019, Management Board members (excluding the former Management Board members) held the following shares and other interests in Ahold Delhaize:

Number of shares	Common shares subject to additional holding requirement[1]	Other common shares	Total common shares
Frans Muller[2]	42,422	165,359	207,781
Jeff Carr	70,591	53,576	124,167
Kevin Holt	30,644	–	30,644
Wouter Kolk	–	28,557	28,557
Total	**143,657**	**247,492**	**391,149**

1 In line with best practice 3.1.2 VI of the Dutch Corporate Governance Code 2016 and the Management Board remuneration policy, shares granted and vested under the GRO program to Management Board members should be retained for a period of at least five years after grant, except to finance tax payable at the vesting date, or at least until the date of resignation from the Management Board, if this period is shorter.
2 Additionally, 9,579 shares are held by Frans Muller in the form of American Depository Receipts.

As of December 29, 2019, Jan Hommen held 15,000 Ahold Delhaize common shares, Jacques de Vaucleroy held 429,023 Ahold Delhaize common shares, Ben Noteboom held 15,637 Ahold Delhaize common shares, Bill McEwan held 7,125 Ahold Delhaize American Depository Receipts, and Peter Agnefjäll held 7,200 Ahold Delhaize common shares. None of the other Supervisory Board members held Ahold Delhaize shares.

Ahold Delhaize does not provide loans or advances to members of the Management Board or the Supervisory Board. There are no loans or advances outstanding. Ahold Delhaize does not issue guarantees to the benefit of members of the Management Board or the Supervisory Board. No such guarantees are outstanding.

Trading 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. Transactions were conducted at market prices. During 2019 and 2018, the Company entered into the following transactions with unconsolidated related parties:

For the year ended December 29, 2019

€ million	**Sales to related parties**	**Purchases from related parties**	**Amounts receivable from related parties**	**Amounts payable to related parties**	**Commitments to related parties**
JMR	**2**	**–**	**2**	**–**	**–**
Cathedral Commons	**–**	**1**	**–**	**–**	**24**
Other	**–**	**3**	**3**	**3**	**12**
Total	**2**	**4**	**5**	**3**	**36**

For the year ended December 30, 2018

€ million	Sales to related parties	Purchases from related parties	Amounts receivable from related parties	Amounts payable to related parties	Commitments to related parties
Stationsdrogisterijen	5	–	–	–	–
JMR	2	–	2	–	–
Cathedral Commons	–	1	–	–	21
Other	1	2	4	–	13
Total	8	3	6	–	34

These unconsolidated related parties consist of:

- Stationsdrogisterijen C.V. was a joint venture of Ahold Delhaize in the health and beauty care retail business. Stationsdrogisterijen C.V. was dissolved on April 2, 2018.
- JMR, a joint venture of Ahold Delhaize in the retail business (see *Note 15*).
- Cathedral Commons Partners, LLC, a real estate joint venture of Ahold Delhaize.
- Super Indo, a joint venture of Ahold Delhaize in the retail business (see *Note 15*), included in “Other.”
- “Other,” which includes mainly real estate joint ventures in which Ahold Delhaize has an interest and holding properties operated by Ahold Delhaize and Loyalty Management Nederland B.V., an associate of Ahold Delhaize that renders services relating to the management of customer loyalty programs to certain Ahold Delhaize subsidiaries in the Netherlands.
- Ahold Delhaize participates in Coopernic and AMS, which are cooperative European purchase alliances towards third-party vendors. Receivable and payable positions occur with these buying alliances. These transactions are considered to reflect the results of the negotiated purchasing terms with the third-party vendors. As such, these transactions are not shown in the table above of related party transactions.

Furthermore, the Company’s post-employment benefit plans in the Netherlands and the United States are considered related parties. For more information on these plans, see *Note 24*.

33 Share-based compensation

In 2019, Ahold Delhaize's share-based compensation program consisted of a share grant program called Global Reward Opportunity (GRO). Total 2019 GRO share-based compensation expenses were €51 million (2018: €60 million). Ahold Delhaize's share-based compensation programs are equity-settled.

The fair value of the shares granted under the GRO program in 2019 at grant date was €49 million, of which €8 million related to current and former Management Board members. The fair value is expensed over the vesting period of the grants, adjusted for expected annual forfeitures of 5% (2018: 6%) excluding Management Board members. For the share-based compensation expenses allocable to the individual Management Board members, see *Note 32*.

GRO program

Main characteristics of shares granted in 2019

A revised GRO program was introduced in 2019. The performance shares granted under this program vest on the day after the annual General Meeting of Shareholders in the third year after the grant, subject to certain performance conditions being met. The revised GRO program employs three financial measures: Return on Capital (RoC), underlying Earnings Per Share growth (EPS) and Total Shareholder Return (TSR), as well as non-financial performance measures related to Sustainable Retailing targets.

The total GRO award is comprised of four portions of shares. The first 35% is linked to a three-year RoC target. Depending on performance, the number of shares that eventually vest may range between zero and a maximum of 150% of the number of shares granted.

Of the total GRO award, 35% is linked to a three-year EPS growth target. The number of shares that vest may range between zero and a maximum of 150% of the number of shares granted, depending on the performance.

Another 15% of the total GRO award is linked to TSR (share price growth and dividends paid over the performance period), with performance at vesting benchmarked against the TSR performance of a peer group comprised of 12 companies (see the *Remuneration* section for the composition of the peer group). The number of shares that vest depends on the Company's relative ranking in the peer group and may range between zero and a maximum of 150% of the number of shares granted (see table below for the vesting percentages based on Ahold Delhaize's ranking within the peer group).

For the remaining 15% of the total GRO share award, the performance at vesting is measured using Sustainable Retailing targets. This measure relates to the Company's Sustainable Retailing strategic ambitions. Depending on performance, the number of shares that eventually vest can range between zero and a maximum of 150% of the number of shares granted.

The table below indicates the percentage of shares that could vest based on Ahold Delhaize's TSR ranking within the peer group, for the shares granted in 2019:

2019 GRO program rank	All participants
1	150%
2	125%
3	110%
4	100%
5	75%
6	50%
7-12	0%

Main characteristics of shares granted in 2016 through 2018

The performance shares granted in 2016, 2017 and 2018 under the GRO program introduced in 2016 vest on the day after the annual General Meeting of Shareholders in the third year after the grant, subject to certain performance conditions being met. The 2016 GRO program employs two financial measures: RoC and TSR, as well as non-financial performance measures related to Sustainable Retailing targets.

The total GRO award is comprised of three portions of shares. The first 40% is linked to a three-year RoC target. Depending on performance, the number of shares that eventually vest may range between zero and a maximum of 150% of the number of shares granted.

Another 40% is linked to TSR (share price growth and dividends paid over the performance period), with performance at vesting benchmarked against the TSR performance of a peer group comprised of 14 companies (see table below for the composition of the TSR peer group). The number of shares that vest depends on the Company's relative ranking in the peer group and may range between zero and a maximum of 175% of the number of shares granted (see table below for the vesting percentages based on Ahold Delhaize's ranking within the peer group).

For the remaining 20% of the total GRO share award, the performance at vesting is measured using Sustainable Retailing targets. This measure relates to the Company's Sustainable Retailing strategic ambitions. The targets set under this non-financial performance measure are both qualitative and quantitative. Depending on performance, the number of shares that eventually vest can range between zero and a maximum of 150% of the number of shares granted.

The table below shows the composition of the TSR peer group for the shares granted between 2016 and 2018:

TSR performance peer group for shares granted in 2016 through 2018	
Tesco	Costco
Carrefour	Target
Metro Cash & Carry	Walgreens Boots Alliance
Casino Guichard Perrachon	Best Buy
J Sainsbury	Lowe's Companies
W M Morrison	Walmart
Kroger	

The table below indicates the percentage of shares that could vest based on Ahold Delhaize's TSR ranking within the peer group, for the shares granted between 2016 and 2018:

2016–2018 GRO program rank	All participants
1	175%
2	150%
3	125%
4	110%
5	100%
6	80%
7	50%
8-14	0%

33 Share-based compensation continued

Shares vesting in 2020

In 2020, the GRO shares granted in 2017 will vest. The GRO shares vesting will comprise performance shares based on the Company's TSR, RoC and Sustainable Retailing performance. As of the end of 2019, Ahold Delhaize ranked seventh in the TSR peer group with respect to the 2017 grant. Based on this TSR ranking, the vesting percentage for the portion of the 2017 shares dependent on Ahold Delhaize's TSR performance was 50%.

At the end of each reporting period, Ahold Delhaize revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions (RoC, EPS and Sustainable Retailing performance). Ahold Delhaize recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The final vesting percentage for the portion of the 2017 shares dependent on Ahold Delhaize's RoC and Sustainable Retailing performance is 65% and 110% respectively.

On April 9, 2020, a maximum of 0.3 million shares granted in 2017 to current and former 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 9, 2020, a maximum of 2.7 million shares granted in 2017 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 shares vested, subject to insider trading restrictions as applicable from time to time.

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

The following table summarizes the status of the GRO program during 2019 for the individual Management Board members and for all other employees in the aggregate.

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2019	Granted	Performance adjustment[1]	Vested[2]	Forfeited	**Outstanding at the end of 2019**	Maximum number of shares[3]	Fair value per share at the grant date (€)
Frans Muller											
2016 Performance (TSR)	March 15, 2016	March 15, 2019	N/A	30,162	–	(15,081)	15,081	–	**–**	–	20.44
2016 Performance (RoC)				30,162	–	(2,715)	27,447	–	**–**	–	20.21
2016 Performance (Sustainability)				15,082	–	3,167	18,249	–	**–**	–	20.21
2016 TSR grant	September 1, 2016	April 11, 2019	September 1, 2021	41,035	–	(20,518)	20,517	–	**–**	–	20.46
2016 RoC grant				41,035	–	(3,694)	37,341	–	**–**	–	20.15
2016 Sustainable Retailing grant				20,518	–	4,308	24,826	–	**–**	–	20.15
2017 TSR grant	April 13, 2017	April 9, 2020	April 13, 2022	41,152	–	–	–	–	**41,152**	72,016	9.57
2017 RoC grant				41,152	–	–	–	–	**41,152**	61,728	17.07
2017 Sustainable Retailing grant				20,576	–	–	–	–	**20,576**	30,864	17.07
2018 TSR grant	April 12, 2018	2021 AGM + 1 day	April 12, 2023	51,408	–	–	–	–	**51,408**	89,963	16.58
2018 RoC grant				51,408	–	–	–	–	**51,408**	77,112	17.89
2018 Sustainable Retailing grant				25,704	–	–	–	–	**25,704**	38,555	17.89
2019 TSR grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	–	17,304	–	–	–	**17,304**	25,956	14.47
2019 RoC grant				–	40,374	–	–	–	**40,374**	60,561	20.01
2019 EPS grant				–	40,374	–	–	–	**40,374**	60,561	20.01
2019 Sustainable Retailing grant				–	17,304	–	–	–	**17,304**	25,956	20.01

33 Share-based compensation continued

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2019	Granted	Performance adjustment[1]	Vested[2]	Forfeited	**Outstanding at the end of 2019**	Maximum number of shares[3]	Fair value per share at the grant date (€)
Jeff Carr											
2016 TSR grant	September 1, 2016	April 11, 2019	September 1, 2021	24,168	–	(12,084)	12,084	–	**–**	–	20.46
2016 RoC grant				24,168	–	(2,176)	21,992	–	**–**	–	20.15
2016 Sustainable Retailing grant				12,084	–	2,537	14,621	–	**–**	–	20.15
2017 TSR grant	April 13, 2017	April 9, 2020	April 13, 2022	25,662	–	–	–	–	**25,662**	44,908	9.57
2017 RoC grant				25,662	–	–	–	–	**25,662**	38,493	17.07
2017 Sustainable Retailing grant				12,831	–	–	–	–	**12,831**	19,246	17.07
2018 TSR grant	April 12, 2018	2021 AGM + 1 day	April 12, 2023	29,644	–	–	–	–	**29,644**	51,877	16.58
2018 RoC grant				29,644	–	–	–	–	**29,644**	44,466	17.89
2018 Sustainable Retailing grant				14,822	–	–	–	–	**14,822**	22,233	17.89
2019 TSR grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	–	9,139	–	–	–	**9,139**	13,708	14.47
2019 RoC grant				–	21,323	–	–	–	**21,323**	31,984	20.01
2019 EPS grant				–	21,323	–	–	–	**21,323**	31,984	20.01
2019 Sustainable Retailing grant				–	9,139	–	–	–	**9,139**	13,708	20.01
Kevin Holt											
2016 TSR grant	September 1, 2016	April 11, 2019	September 1, 2021	27,416	–	(13,708)	13,708	–	**–**	–	20.46
2016 RoC grant				27,416	–	(2,468)	24,948	–	**–**	–	20.15
2016 Sustainable Retailing grant				13,708	–	2,878	16,586	–	**–**	–	20.15
2017 TSR grant	April 13, 2017	April 9, 2020	April 13, 2022	34,563	–	–	–	–	**34,563**	60,485	9.57
2017 RoC grant				34,563	–	–	–	–	**34,563**	51,844	17.07
2017 Sustainable Retailing grant				17,282	–	–	–	–	**17,282**	25,923	17.07
2018 TSR grant	April 12, 2018	2021 AGM + 1 day	April 12, 2023	38,066	–	–	–	–	**38,066**	66,615	16.58
2018 RoC grant				38,066	–	–	–	–	**38,066**	57,099	17.89
2018 Sustainable Retailing grant				19,033	–	–	–	–	**19,033**	28,549	17.89
2019 TSR grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	–	12,766	–	–	–	**12,766**	19,149	14.47
2019 RoC grant				–	29,787	–	–	–	**29,787**	44,680	20.01
2019 EPS grant				–	29,787	–	–	–	**29,787**	44,680	20.01
2019 Sustainable Retailing grant				–	12,766	–	–	–	**12,766**	19,149	20.01

33 Share-based compensation continued

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2019	Granted	Performance adjustment[1]	Vested[2]	Forfeited	**Outstanding at the end of 2019**	Maximum number of shares[3]	Fair value per share at the grant date (€)
Wouter Kolk[4]											
2016 TSR grant	September 1, 2016	April 11, 2019	N/A	17,059	–	(8,530)	8,529	–	**–**	–	20.46
2016 RoC grant				17,059	–	(1,536)	15,523	–	**–**	–	20.15
2016 Sustainable Retailing grant				8,530	–	1,791	10,321	–	**–**	–	20.15
2017 TSR grant	April 13, 2017	April 9, 2020	N/A	15,020	–	–	–	–	**15,020**	26,285	9.57
2017 RoC grant				15,020	–	–	–	–	**15,020**	22,530	17.07
2017 Sustainable Retailing grant				7,510	–	–	–	–	**7,510**	11,265	17.07
2018 TSR grant	April 12, 2018	2021 AGM + 1 day	April 12, 2023	21,433	–	–	–	–	**21,433**	37,507	16.58
2018 RoC grant				21,433	–	–	–	–	**21,433**	32,149	17.89
2018 Sustainable Retailing grant				10,717	–	–	–	–	**10,717**	16,075	17.89
2019 TSR grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	–	6,607	–	–	–	**6,607**	9,910	14.47
2019 RoC grant				–	15,416	–	–	–	**15,416**	23,124	20.01
2019 EPS grant				–	15,416	–	–	–	**15,416**	23,124	20.01
2019 Sustainable Retailing grant				–	6,607	–	–	–	**6,607**	9,910	20.01
Dick Boer[5]											
2016 TSR grant	September 1, 2016	April 11, 2019	N/A	48,680	–	(24,340)	24,340	–	**–**	–	20.46
2016 RoC grant				48,680	–	(4,382)	44,298	–	**–**	–	20.15
2016 Sustainable Retailing grant				24,340	–	5,111	29,451	–	**–**	–	20.15
2017 TSR grant	April 13, 2017	April 9, 2020	N/A	48,819	–	(26,865)	21,954	–	**–**	–	9.57
2017 RoC grant				48,819	–	(13,903)	34,916	–	**–**	–	17.07
2017 Sustainable Retailing grant				24,410	–	–	24,410	–	**–**	–	17.07
2018 TSR grant	April 12, 2018	2021 AGM + 1 day	N/A	55,289	–	(4,478)	50,811	–	**–**	–	16.58
2018 RoC grant				55,289	–	(6,142)	49,147	–	**–**	–	17.89
2018 Sustainable Retailing grant				27,645	–	–	27,645	–	**–**	–	17.89
2019 TSR grant	April 11, 2019	2022 AGM + 1 day	N/A	–	16,548	(6,222)	10,326	–	**–**	–	14.47
2019 RoC grant				–	38,610	128	38,738	–	**–**	–	20.01
2019 EPS grant				–	38,610	(6,382)	32,228	–	**–**	–	20.01
2019 Sustainable Retailing grant				–	16,548	–	16,548	–	**–**	–	20.01

33 Share-based compensation continued

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2019	Granted	Performance adjustment[1]	Vested[2]	Forfeited	**Outstanding at the end of 2019**	Maximum number of shares[3]	Fair value per share at the grant date (€)
Pierre Bouchut[6]											
2016 TSR grant	September 1, 2016	April 11, 2019	N/A	19,585	–	(9,793)	9,792	–	**–**	–	20.46
2016 RoC grant				19,585	–	(1,763)	17,822	–	**–**	–	20.15
2016 Sustainable Retailing grant				9,793	–	2,056	11,849	–	**–**	–	20.15
2017 TSR grant	April 13, 2017	April 9, 2020	N/A	19,641	–	–	–	–	**19,641**	34,371	9.57
2017 RoC grant				19,641	–	–	–	–	**19,641**	29,461	17.07
2017 Sustainable Retailing grant				9,821	–	–	–	–	**9,821**	14,731	17.07
2018 TSR grant	April 12, 2018	2021 AGM + 1 day	N/A	22,244	–	–	–	–	**22,244**	38,927	16.58
2018 RoC grant				22,244	–	–	–	–	**22,244**	33,366	17.89
2018 Sustainable Retailing grant				11,122	–	–	–	–	**11,122**	16,683	17.89
Subtotal Management Board members				1,527,620	415,748	(164,804)	726,048	–	**1,052,516**	1,653,470	

1 Represents the adjustment to the number of shares granted resulting from the TSR, RoC and Sustainable Retailing performance.
2 The vesting date of the 2016 grant was March 15, 2019, for a former Delhaize board member. The share price was €22.66 on March 15, 2019. The vesting date of the 2016 grant was April 11, 2019. The share price was €23.06 on April 11, 2019. The 2017 – 2019 awards granted to Dick Boer were settled on an accelerated basis upon the termination of his employment relationship in 2019 (see *Note 32*). The share price on the settlement date was €20.10.
3 For the TSR performance grants, the maximum number of shares that could potentially vest equals 175% of outstanding shares, for the awards granted in 2017 and 2018, if Ahold Delhaize's ranking is one. For the TSR performance grant awarded in 2019, the maximum number of shares that could potentially vest equals 150% of the outstanding shares if the Company's ranking is one.
For the RoC performance grants, the EPS performance grants and the Sustainable Retailing performance grants the maximum number of shares that could potentially vest equals 150% of outstanding shares (as explained in the sections *Main characteristics of shares granted in 2019* and *Main characteristics of shares granted in 2016 through 2018* above).
The minimum number of shares that could potentially vest would be nil (as explained in the sections *Main characteristics of shares granted in 2019* and *Main characteristics of shares granted in 2016 through 2018* above).
4 Wouter Kolk, Chief Executive Officer Ahold Delhaize Europe and Indonesia has been a member of the Management Board since April 11, 2018.
5 Dick Boer, CEO Ahold Delhaize and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of July 1, 2018. His employment relationship with Ahold Delhaize was terminated as of July 1, 2019, after which he retired. The shares awarded under the GRO plan were settled on an accelerated basis upon the termination of his employment relationship in 2019 (see *Note 32*).
6 Pierre Bouchut, Chief Operating Officer of Europe and Indonesia and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of January 1, 2018. His employment relationship with Ahold Delhaize was terminated as of August 31, 2018, after which he retired. Shares awarded under the GRO plan will vest in accordance with the applicable plan rules.

	Outstanding at the beginning of 2019	Granted	Performance adjustment[1]	Vested[2]	Forfeited	**Outstanding at the end of 2019**
Other employees						
2016 grant	3,712,470	–	(718,954)	2,946,520	46,996	**–**
2017 grant	3,518,140	39,710	–	6,062	180,219	**3,371,569**
2018 grant	2,334,206	78,462	–	4,398	208,722	**2,199,548**
2019 grant	–	2,148,126	–	538	138,468	**2,009,120**
Subtotal Management Board members	1,527,620	415,748	(164,804)	726,048	–	**1,052,516**
Total number of shares	11,092,436	2,682,046	(883,758)	3,683,566	574,405	**8,632,753**

1 Represents the adjustment to the number of shares granted resulting from the TSR, RoC and Sustainable Retailing performance.
2 The vesting date of the 2016 grant was April 11, 2019. The share price was €23.06 on April 11, 2019.

33 Share-based compensation continued

Valuation model and input variables

The weighted average fair value of the shares granted in 2019, for all eligible participants including Management Board members, amounted to €14.43 per share for TSR performance shares and €19.96 per share for RoC performance shares, EPS performance shares and Sustainable Retailing performance shares, respectively (2018: €16.59 per share for TSR performance shares and €17.90 per share for RoC performance shares and Sustainable Retailing performance shares, respectively). The fair values of the RoC, EPS and Sustainable Retailing performance shares are based on the Black-Scholes model. The fair values of the TSR performance shares are determined using a Monte Carlo simulation model, which considers the likelihood of Ahold Delhaize's TSR ending at various ranks as well as the expected share price at each rank. The most important assumptions used in the valuations of the fair values were as follows:

	2019	2018
Closing share price at grant date (€)	**22.94**	19.72
Risk-free interest rate	**(0.6)%**	(0.3)%
Volatility	**19.7%**	22.9%
Assumed dividend yield	**4.2%**	3.3%

Expected volatility has been determined based on historical volatilities for a period of three years.

34 Leases

Ahold Delhaize as lessee

Ahold Delhaize leases a significant number of its stores, as well as distribution centers, warehouses, offices and other assets, under lease arrangements. Leases of retail stores typically run for periods of 10 to 20 years, and warehouses and distribution centers for 10 years.

The Company also leases equipment, mainly IT equipment, with average contract terms of four years. The majority of these are short-term leases and / or leases of low-value assets and the Company has elected not to recognize right-of-use assets and lease liabilities for these leases. The Company expects the amount of expenses incurred for short-term leases and leases of low-value assets to remain broadly consistent in future years.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From December 31, 2018, each lease is recognized as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Company. See *Note 36* for further information on the change in accounting policy for leases.

Right-of-use assets

See *Note 12* for more information on the right-of-use assets.

Lease liabilities

The following table summarizes the expected maturity profile of the Company's lease liabilities as presented in *Note 23* (non-current portion) and *Note 27* (current portion) as of December 29, 2019, and December 30, 2018, respectively, based on the undiscounted payments.

€ million	December 29, 2019	December 30, 2018 restated
Less than one year	**1,541**	1,491
One to five years	**5,029**	4,827
Five to ten years	**3,272**	3,159
Ten to fifteen years	**1,422**	1,401
More than fifteen years	**1,115**	1,189
Total undiscounted lease payments	**12,379**	12,067
Lease liabilities included in the Balance sheet	**9,695**	9,432
Current portion (*Note 27*)	**1,211**	1,162
Non-current portion (*Note 23*)	**8,484**	8,270

General

Leases are managed by local management and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The terms and conditions of real estate leases include, among others, extension and termination options as well as (additional) variable payments. A large part of the real estate leases also provide for lease payment increases that are based on changes in local price indices, which are generally determined annually. Lease liabilities are remeasured to reflect those revised lease payments only when there is a change in the cash flows.

The Company does not have leases with significant guaranteed residual values or purchase options.

None of Ahold Delhaize's leases impose restrictions on the Company's ability to pay dividends, incur additional debt or enter into additional leasing arrangements.

Extension and termination options

Extension and termination options are included in a large number of real estate leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

As at December 29, 2019, potential uncommitted future cash outflows of an estimated €35 billion (undiscounted) (2018: €35 billion) have not been included in the lease liability (and right-of-use asset) because it is not reasonably certain that the leases will be extended (or not terminated).

During the current financial year, an amount of €781 million (2018: €436 million) has been recorded as a net increase in the right-of-use assets due to reassessments and modifications of leases, which include, among others, the effect of exercising extension and termination options and changes in lease payments due to inflation-related increases.

34 Leases continued

The table below summarizes the rate of exercise of termination options.

	Number of contracts with termination options exercisable as of December 29, 2019	Number of contracts with termination options not exercised or not considered reasonably certain to be exercised as of December 29, 2019	Number of contracts with terminations options exercised or considered reasonably certain to be exercised as of December 29, 2019
	Number of leases	Number of leases	Number of leases
Total Ahold Delhaize	2,240	1,990	250

In countries like Greece, Romania and Serbia, it is general practice to be able to terminate contracts, subject to a notice period. A large portion of the termination options listed above relates to vehicle leases in Greece, Romania and Serbia.

In Belgium, real estate leases normally have an initial term of 27 years, but the lessee has the right, by law, to terminate the lease every three years. In practice, contracts are therefore recorded in the real estate system as having a 27-year term with termination options every three years. These termination options are then assessed as part of the determination of the lease term, which is normally established as nine to 12 years. In other countries, limited to no termination options are in place.

In other countries, limited to no termination options are in place.

Variable payments

Variable payment terms are used for a variety of reasons, including minimizing the fixed cost base for newly established stores or for reasons of margin control and operational flexibility. Variable lease payment terms vary widely across the Company:

- The majority of variable payment terms are based on a range of percentages of store sales. Percentages vary per contract and range between 1% and 6% of net sales of the applicable store.
- Some variable payment terms include minimum rent clauses.

Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales.

The Company expects the amount of variable rental payments to remain broadly consistent in future years.

Commitment for leases not yet commenced

In addition to the leases included on the balance sheet, Ahold Delhaize has signed lease agreements for properties under development of which it has not yet taken possession. The future undiscounted lease payments for these agreements amount to approximately €294 million (2018: €320 million). The 2018 figure included a lease for a meat facility in the United States that commenced in January 2019. The 2019 figure mainly relates to signed leases related to stores under development.

Sale and leaseback transactions

There have been no significant sale and leaseback transactions in 2019 or 2018.

Amounts recognized in the income statement

€ million	2019	2018 restated
Variable lease payments not included in the measurement of lease liabilities	**(21)**	(26)
Expenses related to short-term leases	**(26)**	(20)
Expenses relating to leases of low-value assets that are not shown above as short-term leases	**(18)**	(16)
Total rent expense	**(66)**	(64)
Depreciation charge for right-of-use assets	**(1,052)**	(1,000)
Interest accretion to lease liability	**(366)**	(355)
Gains (losses) on sale and leaseback transactions	**1**	–
Income from subleasing right-of-use assets	**102**	116

During 2019, impairments of €8 million (2018: nil) on right-of-use assets (excluding investment properties) and €9 million (2018: nil) on investment property right-of-use assets were recorded. These impairments mainly relate to buildings leased.

Amounts recognized in the cash flow statement

€ million	2019	2018 restated
Total cash outflow for leases	**(1,600)**	(1,460)

The total cash outflow for leases consists of repayment of lease liabilities (both the principal and interest portion of lease payments) and the cash outflows from short-term and low-value leases and variable lease payments not included in the measurement of lease liabilities.

Ahold Delhaize as lessor

Ahold Delhaize rents out its investment properties (mainly retail units in shopping centers containing an Ahold Delhaize store) and also (partially) subleases various other properties that are leased by Ahold Delhaize. Ahold Delhaize classifies these leases as operating or finance leases.

Operating leases

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

€ million	December 29, 2019	December 30, 2018 restated
Less than one year	**154**	151
One to two years	**135**	135
Two to three years	**95**	114
Three to four years	**64**	76
Four to five years	**43**	48
More than five years	**105**	115
Total undiscounted lease payments	**596**	640

34 Leases continued

Finance leases

Net investment in leases

€ million	2019	2018 restated
As of the beginning of the year		
Current portion	**81**	74
Non-current portion	**398**	404
Carrying amount at the beginning of the year	**479**	479
Additions	**–**	1
Interest accretion	**14**	15
Repayments	**(95)**	(87)
Terminations	**(7)**	(3)
Reassessments and modifications	**6**	8
Reclassifications (to) from right-of-use assets	**72**	57
Exchange rate differences	**5**	10
Closing carrying amount	**474**	479
As of the end of the year		
Current portion	**78**	81
Non-current portion	**396**	398
Carrying amount at the end of the year	**474**	479

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

€ million	December 29, 2019	December 30, 2018 restated
Less than one year	**93**	98
One to two years	**81**	79
Two to three years	**75**	69
Three to four years	**65**	63
Four to five years	**54**	53
More than five years	**132**	151
Total undiscounted lease payments receivable	**500**	513
Unearned finance income	**(53)**	(57)
Total discounted lease payments receivable	**447**	456
Cumulative impairment losses	**(3)**	(3)
Lease receivable	**444**	453
Unguaranteed residual value	**30**	26
Net investment in leases	**474**	479

Lease receivables are principally for real estate. Terms range primarily from five to 12 years.

There are no significant changes in the provision for impairment.

The Company, as lessor, manages risks associated with rights retained in the underlying assets mainly by screening of lessees for credit worthiness prior to entering into the lease agreement and following up on outstanding lease payments as part of debtor management. In addition, lease contracts generally include terms about rights in case of delinquency and default. Lease contracts rarely include residual value guarantees.

Amounts recognized in the income statement

€ million	2019	2018 restated
Operating leases		
Rent income relating to fixed payments on operating leases	**183**	182
Rent income relating to variable payments on operating leases	**4**	6
Finance leases		
Rent income relating to variable payments not included in the measurement of the net investment in leases	**–**	2
Total rent income	**187**	189
Interest income on net investment in leases	**14**	15

35 Commitments and contingencies

Capital investment commitments

As of December 29, 2019, Ahold Delhaize had outstanding capital investment commitments for property, plant and equipment and investment property, and for intangible assets of approximately €593 million and €11 million, respectively (December 30, 2018: €447 million and €7 million, respectively). Ahold Delhaize's share in the capital investment commitments of its unconsolidated joint ventures JMR and Super Indo amounted to €1 million as of December 29, 2019 (December 30, 2018: €1 million).

On December 10, 2019, Ahold Delhaize announced that it is investing $480 million to transform and expand its supply chain operations on the U.S. East Coast. This investment supports the new three-year strategy to move the U.S. supply chain to a fully integrated, self-distribution model. The $480 million capital outlay will cover a three-year transition period, which will support the acquisition of three distribution facilities by Ahold Delhaize USA from C&S Wholesale Grocers and leases on two additional facilities. It also includes investment in two new fully automated Ahold Delhaize USA frozen facilities to be constructed in the U.S. Northeast and Mid-Atlantic regions. This transaction will be accounted for as asset acquisition.

On February 12, 2020, Ahold Delhaize USA closed the acquisition of the three C&S Wholesale Grocers distribution centers in York, Pennsylvania, and Chester, New York.

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 December 29, 2019, the Company's purchase commitments were approximately €1,194 million (December 30, 2018: €1,000 million). Not included in the purchase commitments are those purchase contracts for which Ahold Delhaize has received advance vendor allowances, such as upfront signing payments in consideration of its purchase commitments. These contracts generally may be terminated without satisfying the purchase commitments upon the repayment of the unearned portions of the advance vendor allowances. The unearned portion of these advance vendor allowances is recorded as a liability on the balance sheet.

Contingent liabilities

Guarantees

Guarantees to third parties issued by Ahold Delhaize can be summarized as follows:

€ million	December 29, 2019	December 30, 2018
Lease guarantees	**833**	911
Lease guarantees backed by letters of credit	**33**	40
Corporate and buyback guarantees	**24**	32
Total	**891**	983

The amounts included in the table above are the maximum undiscounted amounts the Group could be forced to settle under the arrangement for the full guaranteed amount, if that amount is claimed by the counterparty to the guarantee. For lease guarantees, this is based on the committed lease terms as communicated to Ahold Delhaize. Specifics to the guarantees are discussed below.

Lease guarantees

Ahold Delhaize may be contingently liable for leases that have been assigned and / or transferred to third parties in connection with facility closings and disposals. Ahold Delhaize could be required to assume the financial obligations under these leases if any of the third parties are unable to fulfill their lease obligations. The lease guarantees are based on the nominal value of future minimum lease payments of the relevant leases, which extend through 2041 and are based on the committed lease terms as communicated to Ahold Delhaize. The amounts of the lease guarantees exclude the cost of common area maintenance and real estate taxes; such amounts may vary in time, per region and per property. Certain amounts related to these leases are recognized as a provision or a financial liability; for more information see *Notes 23* and *25*.

Lease guarantees related to divestments

As of December 29, 2019, the €833 million in the undiscounted lease guarantees as presented in the table above completely relates to divestments. Of this amount, €342 million relates to the various Tops divestments, €127 million to the BI-LO / Bruno's divestment, €109 million to the Sweetbay, Harveys, and Reid's divestment, €105 million to the Bottom Dollar Food divestment and €150 million to other, including the divestment of remedy stores in the U.S. and the divestment of Bradlees.

On a discounted basis, these lease guarantees amount to €674 million and €742 million as of December 29, 2019, and December 30, 2018, respectively. If Ahold Delhaize is called upon to satisfy its obligations under the outstanding lease guarantees, it has several options to reduce the Company's gross exposure. Further details on the guarantees related to divestments are discussed below.

Lease guarantees related to the Tops Markets divestments

In connection with the divestment of Tops Markets in 2007, Ahold Delhaize retained a contingent liability for 45 leases that carry Ahold Delhaize guarantees. Additionally, Ahold Delhaize retained liabilities related to stores previously divested, including guarantees on five Tops stores in eastern New York state, as well as liabilities related to the Tops convenience stores and the stores in northeast Ohio as outlined under *Lease guarantees related to the divestment of Tops convenience stores: Wilson Farms and Sugarcreek*.

On February 21, 2018, Tops Markets filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. These actions resulted in Ahold Delhaize recognizing €24 million partly as a financial liability and partly as an onerous contract provision (see *Notes 23* and *25*), which was presented as an after-tax loss from discontinued operations of €17 million in 2018.

Lease guarantees related to the divestment of Tops convenience stores: Wilson Farms and Sugarcreek

Tops may be contingently liable to landlords under 186 leases assigned in connection with the divestment of the Tops' Wilson Farms and Sugarcreek convenience stores in 2005, in the event of a future default by the tenant under such leases. In addition, Ahold Delhaize may be contingently liable to landlords under the guarantees of 77 of these leases in the same event.

Lease guarantees related to divestment of the Tops northeast Ohio stores

Prior to Ahold Delhaize's divestment of Tops in 2007, Tops closed all of its locations in northeast Ohio before year-end 2006. As of December 29, 2019, 32 of the total 55 closed locations in northeast Ohio have been divested or are now subleased or partially subleased. An additional 19 leases have been terminated. Four stores continue to be marketed. Ahold Delhaize may be contingently liable to landlords under guarantees of 13 of these leases in the event of a future default by the tenant under the leases.

35 Commitments and contingencies continued

Lease guarantees related to BI-LO / Bruno's divestment

In 2005, Ahold Delhaize divested its U.S. retail subsidiaries BI-LO and Bruno's. On February 5, 2009, and March 23, 2009, Bruno's Supermarkets, LLC and BI-LO, LLC, respectively, filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the "2009 BI-LO Bankruptcy Filing"). As a result of the 2009 BI-LO Bankruptcy Filing, Ahold Delhaize made an assessment of its potential obligations under existing lease guarantees. Consequently, in 2009, Ahold Delhaize recognized provisions of €109 million (see *Note 25*) and related tax benefit offsets of €47 million within results on divestments.

During the 2009 BI-LO bankruptcy, BI-LO rejected a total of 16 leases that were guaranteed by Ahold Delhaize and Ahold Delhaize took assignment of 12 other BI-LO leases with Ahold Delhaize guarantees. On May 12, 2010, the then reorganized BI-LO ("BI-LO II") exited bankruptcy protection and BI-LO II assumed 149 operating locations that were guaranteed by Ahold Delhaize. Based on the foregoing developments, Ahold Delhaize recognized a reduction of €23 million in its provision, after tax, within results on divestments in the first half of 2010. Since the end of the second quarter of 2010, Ahold Delhaize has entered into settlements with a number of landlords relating to leases of former BI-LO or Bruno's stores that were guaranteed by Ahold Delhaize.

On March 27, 2018, BI-LO II and its parent, Southeastern Grocers, Inc., filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code (the "2018 BI-LO Bankruptcy Filing"). As a result of the 2018 BI-LO Bankruptcy Filing, Ahold Delhaize has reassessed its potential obligations under the lease guarantees based upon: (i) the remaining initial term of each lease, (ii) an assessment of the possibility that Ahold Delhaize would have to pay under a guarantee and (iii) any potential remedies that Ahold Delhaize may have to limit future lease payments.

At the end of 2019, the undiscounted lease guarantees relating to BI-LO and Bruno's totaled €127 million. As of December 29, 2019, the remaining provision was €2 million (December 30, 2018 restated: €2 million) with a related tax benefit offset of €1 million (2018 restated: €1 million); see *Note 25*. This amount represents Ahold Delhaize's best estimate of the discounted aggregate amount of the remaining lease obligations and associated charges, net of known mitigation offsets, which could result in cash outflows for Ahold Delhaize under the various lease guarantees. Ahold Delhaize continues to monitor any developments and pursues its mitigation efforts with respect to these potential lease guarantee liabilities.

Lease guarantees related to Sweetbay, Harveys and Reid's and Bottom Dollar Food divestments

Ahold Delhaize divested its U.S. retail subsidiaries Sweetbay, Harveys and Reid's to BI-LO II in 2014 and its U.S. retail subsidiary Bottom Dollar Food to Aldi in 2015. Ahold Delhaize had provided guarantees for a number of existing lease contracts, which extend through 2037. Ahold Delhaize has made an assessment of its potential obligations under lease guarantees, considering: (i) the remaining term of each lease, (ii) the re-let potential of the property if the acquirer were to default on the lease and (iii) the credit position of the counterparty. At the end of 2019, the undiscounted lease guarantees were €109 million for Sweetbay, Harveys and Reid's and €105 million for Bottom Dollar Food. As of December 29, 2019, the on-balance sheet financial liability representing the fair value of the lease guarantees was €10 million (2018: €12 million); see *Note 23*.

In connection with the 2018 BI-LO Bankruptcy filing described above, BI-LO II has rejected a number of leases for which Ahold Delhaize recognized a provision for lease guarantees in the amount of €22 million in 2018. As of December 29, 2019, the remaining provision for these lease guarantees was €11 million (2018: €15 million); see *Note 25*.

Lease guarantees related to the divestment of U.S. remedy stores

In July 2016, as a condition of receiving regulatory clearance for their merger from the United States Federal Trade Commission ("FTC"), Ahold and Delhaize entered into a consent agreement ("Consent Agreement") with the FTC that required Ahold and Delhaize to divest certain stores in seven states in order to prevent the merger from being anti-competitive. Ahold Delhaize subsidiaries may be contingently liable for 73 divested locations.

Lease guarantees related to the divestment of Bradlees

In 1992, Stop & Shop spun-off Bradlees Stores, Inc. ("Bradlees") as a public company (the "Bradlees Spin-off"). In connection with the Bradlees Spin-off, Stop & Shop assigned to Bradlees certain commercial real property leases. Pursuant to a 1995 reorganization of Bradlees and a subsequent wind-down and liquidation of Bradlees following a bankruptcy protection filing in 2000 (collectively, the "Bradlees Bankruptcies"), a number of such real property leases were assumed and assigned to third parties. Pursuant to applicable law, Stop & Shop may be contingently liable, subject to applicable defenses, to landlords under certain of the leases assigned in connection with the Bradlees Spin-off and subsequently assumed and assigned to third parties in connection with the Bradlees Bankruptcies.

Lease guarantees backed up by letters of credit

As part of the divestment of U.S. Foodservice in 2007, Ahold Delhaize received an irrevocable standby letter of credit for $216 million (€163 million), which was reduced to $37 million (€33 million) as of December 29, 2019 (2018: $46 million (€40 million)).

Corporate and buyback guarantees

Ahold Delhaize has provided corporate guarantees to certain suppliers of its franchisees or non-consolidated entities. Ahold Delhaize would be required to perform under the guarantee if the franchisee or non-consolidated entity failed to meet its financial obligations, as described in the guarantee. Buyback guarantees relate to Ahold Delhaize's commitment to repurchase stores or inventory from certain franchisees at predetermined prices. The buyback guarantees reflect the maximum committed repurchase value under the guarantees. The last of the corporate and buyback guarantees expire in 2022.

35 Commitments and contingencies continued

Indemnifications as part of divestments of Ahold Delhaize's operations

In the relevant sales agreements, Ahold Delhaize has provided customary indemnifications, including for potential breach of representations and warranties, that often include, but are not limited to, completeness of books and records, title to assets, schedule of material contracts and arrangements, litigation, permits, labor matters, and employee benefits and taxes. These representations and warranties will generally terminate, depending on their specific features, a number of years after the date of the relevant transaction completion date.

The most significant divestments of operations are, to the extent not already covered in the guarantee section above, described below. In addition, specific, limited indemnifications exist for a number of Ahold Delhaize's smaller divestments. The aggregate impact of claims, if any, under such indemnification provisions is not expected to be material.

Disco divestment

As part of the divestment of Disco S.A. ("Disco") in 2004, Ahold Delhaize is required to indemnify Disco and its buyers for the outcome of the Uruguayan litigation described in the *Legal proceedings* section of this Note. Ahold Delhaize's indemnification obligation relating to this litigation is not capped at a certain amount nor restricted to a certain time period.

Tom & Co divestment

In 2016, Ahold Delhaize divested the pet specialist shop chain Tom & Co. As part of the transaction, Ahold Delhaize granted indemnities to the purchaser of all divested stores, which Ahold Delhaize believes are customary for transactions of this nature.

Income tax

Because Ahold Delhaize operates in a number of countries, its income is subject to taxation in differing jurisdictions and at differing tax rates. Significant judgment is required in determining the consolidated income tax position. We seek to organize our affairs in a sustainable manner, taking into account the applicable regulations of the jurisdictions in which we operate. As a result of Ahold Delhaize's multi-jurisdictional operations, it is exposed to a number of different tax risks including, but not limited to, changes in tax laws or interpretations of such tax laws. The authorities in the jurisdictions where Ahold Delhaize operates may review the Company's tax returns and may disagree with the positions taken in those returns. While the ultimate outcome of such reviews is not certain, Ahold Delhaize has considered the merits of its filing positions in its overall evaluation of potential tax liabilities and believes it has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Based on its evaluation of the potential tax liabilities and the merits of Ahold Delhaize's filing positions, it is unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in its consolidated financial statements will be material to its financial condition or future results of operations.

Legal proceedings

Ahold Delhaize and certain of its former or current subsidiaries are involved in a number of legal proceedings, which include litigation as a result of divestments, tax and employment, as well as other litigation and inquiries. The legal proceedings discussed below, whether pending, threatened or unasserted, if decided adversely or settled, may result in liability material to Ahold Delhaize's financial condition, results of operations or cash flows. Ahold Delhaize may enter into discussions regarding the settlement of these and other proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of Ahold Delhaize's shareholders. In accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets," Ahold Delhaize has recognized provisions with respect to these proceedings, where appropriate, which are reflected on its balance sheet.

Albert Heijn Franchising

In 2014, the Vereniging Albert Heijn Franchisenemers (an association of Albert Heijn franchisees or "VAHFR") has asserted claims against Albert Heijn Franchising BV (an Ahold Delhaize subsidiary or "AHF"), for the years 2008 through 2012, the alleged value of which exceeds €200 million in aggregate. AHF and the VAHFR have had ongoing discussions for a number of years about the resolution of certain cost items under individual franchise agreements. On December 24, 2014, AHF and other legal entities within the Ahold Delhaize group of companies received a writ in which VAHFR and 242 individual claimants would initiate proceedings as of April 15, 2015, before the District Court of Haarlem with respect to these discussions. On November 16, 2016, the court issued a judgment rejecting all claims of the VAHFR and the claimants. On February 13, 2017, VAHFR and 240 individual claimants filed a formal appeal against the judgment.

In September 2017, the claimants filed their grounds for appeal in which they asserted unquantified claims for the years 2008 until 2016.

On July 23, 2019, the Court of Appeal issued a judgment rejecting, except for one, all the claims of VAHFR and the claimants. On October 23, 2019, the VAHFR and the claimants filed an appeal in cassation to the Supreme Court. Albert Heijn Franchising BV and its affiliates will continue to vigorously defend their interest in the legal proceedings.

Uruguayan litigation

Ahold Delhaize, together with Disco and Disco Ahold International Holdings N.V. ("DAIH"), is party to one lawsuit in Uruguay related to Ahold Delhaize's 2002 acquisition of Velox Retail Holdings' shares in the capital of DAIH. The two other related lawsuits in Uruguay were decided in favor of Ahold Delhaize without any further right to appeal of the plaintiffs in 2013. The damages alleged by the plaintiffs, alleged creditors of certain Uruguayan and other banks, amount to approximately $62 million (€55 million) plus interest and costs. As part of the divestment of Disco to Cencosud in 2004, Ahold Delhaize indemnified Cencosud and Disco against the outcome of these legal proceedings. The one remaining lawsuit is ongoing. Ahold Delhaize continues to believe that the plaintiffs' claims are without merit and will continue to vigorously oppose such claims.

35 Commitments and contingencies continued

Greek litigation

In a shareholders' matter related to Alfa Beta Vassilopoulos S.A. ("Alfa Beta"), Ahold Delhaize's wholly-owned subsidiary in Greece, Ahold Delhaize was notified in 2011 that five former shareholders of Alfa Beta, who together held 7% of Alfa Beta's shares, filed a claim with the Court of First Instance of Athens challenging the price paid by Ahold Delhaize during the squeeze-out process that was approved by the Hellenic Capital Markets Commission. Claimants had filed a separate claim for compound interest as well, which they withdrew in 2018. On January 11, 2019, the Court of First Instance delivered a decision on the merits pursuant to which Ahold Delhaize was held to pay an additional consideration of approximately €11.9 million plus interest and costs. On April 3, 2019, claimants re-filed their separate claim for compound interest. A provision was taken for this matter by Ahold Delhaize. At the end of 2019 and beginning of 2020, Ahold Delhaize fully and finally settled this Greek litigation with four of the five plaintiffs, representing 66.5% of the total plaintiff base, within the amount of the provision, while all five plaintiffs have withdrawn from their claim for compound interest. For the remainder, Ahold Delhaize expects to reach a full and final settlement as well, within the amount of the provision, and otherwise has the right to launch an appeal against the Court of First Instance decision, on the basis that the squeeze-out transaction had been executed and completed in compliance with all legal and regulatory requirements and against a fair price.

National prescription opiate litigation

Several U.S. brands and subsidiaries of Ahold Delhaize have been sued in a number of lawsuits included in *In re: National Prescription Opiate Litigation* (MDL No. 2804), a multi-district litigation (MDL) matter pending in the United States District Court in the Northern District of Ohio. The MDL contains cases filed against hundreds of defendants by counties, cities, hospitals and others concerning the impact of opioid abuse. The suits name Ahold Delhaize as a defendant, as well as various subsidiaries, including American Sales Company, LLC, which ceased operations prior to being named as a defendant in any MDL-related case. All of the matters in which Ahold Delhaize or its subsidiaries have been named have been stayed by the court and, therefore, are not being actively litigated at this time. Ahold Delhaize and its affected subsidiaries believe that the plaintiffs' claims are without merit and we will defend ourselves against the claims in all these matters, if and when the stay is lifted. Ahold Delhaize is not currently able to predict the outcome of these claims.

Pharmacy regulatory investigation

The Ahold Delhaize USA brands are responding to a civil investigative demand (CID) from the U.S. Department of Justice (DOJ), working together with several state Attorneys General, concerning pharmacy customer-retention programs. The brands are cooperating with this investigation and communicating with the DOJ regarding the CID. Ahold Delhaize is not currently able to predict the timing or outcome of the investigation.

Other legal proceedings

In addition to the legal proceedings described previously in this Note, Ahold Delhaize and its former or current subsidiaries are parties to a number of other legal proceedings arising out of their business operations. Ahold Delhaize believes that the ultimate resolution of these other proceedings will not, in the aggregate, have a material adverse effect on Ahold Delhaize's financial position, results of operations or cash flows. Such other legal proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that Ahold Delhaize could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

36 Changes in accounting policies – effect of IFRS 16 adoption

A new accounting standard, IFRS 16 "Leases" ("IFRS 16") has been published by the International Accounting Standards Board. IFRS 16 replaces existing lease guidance, including IAS 17, "Leases"; IFRIC 4, "Determining whether an Arrangement Contains a Lease"; SIC-15, "Operating Leases – Incentives"; and SIC-27, "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" ("the former lease accounting standard").

The IFRS 16 standard is effective for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 on December 31, 2018, and applied the full retrospective transition approach, and, therefore, the comparative figures for the 2018 financial year have been restated, as presented below.

IFRS 16 introduced a single, on-balance-sheet lease accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets, representing its rights to use the underlying assets, and lease liabilities, representing its obligation to make lease payments.

On the income statement, there are changes to the nature of expenses related to leases in which the Company leases an asset (lessee), because IFRS 16 replaces the operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

At the time of the transition to IFRS 16, the Company determined whether an arrangement contains a lease. When performing this assessment, the Company could choose whether to apply the IFRS 16 definition of a lease to all its contracts or apply the practical expedient allowed under IFRS 16 and not reassess whether a contract is, or contains, a lease. The Company chose to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it applied IFRS 16 to all contracts entered into before December 31, 2018, and identified as leases in accordance with IAS 17 and IFRIC 4.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, subleases under IFRS 16 are classified with reference to the right-of-use asset, not with reference to the underlying asset, as per IAS 17. As a result, more leases have been classified as finance leases.

See *Note 3* for the accounting policy selected for lease accounting.

36 Changes in accounting policies – effect of IFRS 16 adoption continued

Consolidated income statement

€ million, except per share data	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Net sales	62,791	–	62,791
Cost of sales	(45,839)	1	(45,838)
Gross profit	**16,952**	**1**	**16,953**
Selling expenses	(12,236)	206	(12,030)
General and administrative expenses	(2,321)	21	(2,300)
Total operating expenses	(14,557)	227	(14,330)
Operating income	**2,395**	**228**	**2,623**
Interest income	70	15	85
Interest expense	(310)	99	(211)
Net interest expense on defined benefit pension plans	(19)	–	(19)
Interest accretion to lease liability	–	(355)	(355)
Other financial income (expense)	13	–	13
Net financial expenses	(246)	(241)	(487)
Income before income taxes	**2,149**	**(13)**	**2,136**
Income taxes	(372)	(1)	(373)
Share in income of joint ventures	32	2	34
Income from continuing operations	**1,809**	**(12)**	**1,797**
Income (loss) from discontinued operations	(16)	(1)	(17)
Net income attributable to common shareholders	**1,793**	**(13)**	**1,780**
Net income per share attributable to common shareholders			
Basic	1.52	(0.01)	1.51
Diluted	1.50	(0.01)	1.49
Income from continuing operations per share attributable to common shareholders			
Basic	1.54	(0.01)	1.53
Diluted	1.52	(0.01)	1.51
Weighted average number of common shares outstanding (in millions)			
Basic	1,176		1,176
Diluted	1,203		1,203

Consolidated statement of comprehensive income

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Net income	**1,793**	**(13)**	**1,780**
Remeasurements of defined benefit pension plans			
Remeasurements before taxes – income (loss)	66	–	66
Income taxes	(18)	–	(18)
Other comprehensive income (loss) that will not be reclassified to profit or loss	**48**	**–**	**48**
Currency translation differences in foreign interests:			
Currency translation differences before taxes from continuing operations	495	(20)	475
Cash flow hedges:			
Fair value result for the period	1	–	1
Transfers to net income	1	–	1
Other comprehensive income (loss) reclassifiable to profit or loss	497	(20)	477
Total other comprehensive income (loss)	545	(20)	525
Total comprehensive income attributable to common shareholders	**2,338**	**(33)**	**2,305**
Attributable to:			
Continuing operations	2,354	(32)	2,322
Discontinued operations	(16)	(1)	(17)
Total comprehensive income attributable to common shareholders	**2,338**	**(33)**	**2,305**

36 Changes in accounting policies – effect of IFRS 16 adoption continued

Consolidated balance sheet

€ million	December 30, 2018, as reported	Effect of IFRS 16 adoption	December 30, 2018, restated
Assets			
Property, plant and equipment	11,147	(1,101)	10,046
Right-of-use asset	–	7,027	7,027
Investment property	629	334	963
Intangible assets	12,013	(200)	11,813
Investments in joint ventures and associates	236	(23)	213
Other non-current financial assets	238	398	636
Deferred tax assets	149	17	166
Other non-current assets	77	(29)	48
Total non-current assets	**24,489**	**6,423**	**30,912**
Assets held for sale	23	–	23
Inventories	3,196	–	3,196
Receivables[1]	1,759	(11)	1,748
Other current financial assets[1]	461	98	559
Income taxes receivable	53	–	53
Prepaid expenses and other current assets	228	(11)	217
Cash and cash equivalents	3,122	–	3,122
Total current assets	**8,842**	**76**	**8,918**
Total assets	**33,331**	**6,499**	**39,830**
Equity and liabilities			
Equity attributable to common shareholders	**14,816**	**(611)**	**14,205**
Loans	3,683	–	3,683
Other non-current financial liabilities	2,055	6,891	8,946
Pensions and other post-employment benefits	532	–	532
Deferred tax liabilities	864	(182)	682
Provisions	794	(43)	751
Other non-current liabilities	566	(478)	88
Total non-current liabilities	**8,494**	**6,188**	**14,682**
Accounts payable	5,816	(1)	5,815
Other current financial liabilities[2]	1,232	995	2,227
Income taxes payable	110	–	110
Provisions	326	(14)	312
Other current liabilities[2]	2,537	(58)	2,479
Total current liabilities	**10,021**	**922**	**10,943**
Total equity and liabilities	**33,331**	**6,499**	**39,830**

1 Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of the current portion of the net investment in leases of €81 million and short-term loans receivables of €17 million from Receivables (see *Note 18)* to Other current financial assets *(see Note 19).*

2 Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of deposit liabilities of €12 million from Other current liabilities (see *Note 28*) to Other current financial liabilities (see *Note 27*), to properly reflect the nature of the underlying item.

36 Changes in accounting policies – effect of IFRS 16 adoption continued

Consolidated balance sheet on transition (Opening balance sheet)

€ million	January 1, 2018, as reported	Effect of IFRS 16 adoption	January 1, 2018, as restated
Assets			
Property, plant and equipment	10,689	(1,132)	9,557
Right-of-use asset	–	6,970	6,970
Investment property	650	366	1,016
Intangible assets	11,634	(224)	11,410
Investments in joint ventures and associates	230	(25)	205
Other non-current financial assets	192	404	596
Deferred tax assets	436	31	467
Other non-current assets	70	(26)	44
Total non-current assets	**23,901**	**6,364**	**30,265**
Assets held for sale	14	–	14
Inventories	3,077	–	3,077
Receivables[1]	1,605	–	1,605
Other current financial assets[1]	238	78	316
Income taxes receivable	154	–	154
Prepaid expenses and other current assets	300	(43)	257
Cash and cash equivalents	4,581	–	4,581
Total current assets	**9,969**	**35**	**10,004**
Total assets	**33,870**	**6,399**	**40,269**
Equity and liabilities			
Equity attributable to common shareholders	**15,169**	**(578)**	**14,591**
Loans	3,289	–	3,289
Other non-current financial liabilities	2,098	6,823	8,921
Pensions and other post-employment benefits	567	–	567
Deferred tax liabilities	1,105	(162)	943
Provisions	808	(60)	748
Other non-current liabilities	529	(472)	57
Total non-current liabilities	**8,396**	**6,129**	**14,525**
Accounts payable	5,277	(1)	5,276
Other current financial liabilities[2]	2,210	922	3,132
Income taxes payable	136	–	136
Provisions	355	(18)	337
Other current liabilities[2]	2,327	(55)	2,272
Total current liabilities	**10,305**	**848**	**11,153**
Total equity and liabilities	**33,870**	**6,399**	**40,269**

1 Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of the current portion of the net investment in leases of €74 million and short-term loans receivables of €4 million from Receivables to Other current financial assets.
2 Compared to the IFRS 16 Restatement booklet dated March 25, 2019, the restated amounts include the reclassification of deposit liabilities of €10 million from Other current liabilities to Other current financial liabilities, to properly reflect the nature of the underlying item.

Consolidated statement of changes in equity

€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings	Equity attributable to common shareholders
Balance as of January 1, 2018, as previously reported	**12**	**15,175**	**(555)**	**(4)**	**541**	**15,169**
Effect of change in accounting policy – IFRS 16	–	–	–	–	(578)	(578)
Balance as of January 1, 2018, restated	**12**	**15,175**	**(555)**	**(4)**	**(37)**	**14,591**
Net income attributable to common shareholders – restated	–	–	–	–	1,780	1,780
Other comprehensive income – restated	–	–	475	2	48	525
Total comprehensive income attributable to common shareholders – restated	–	–	475	2	1,828	2,305
Dividends	–	–	–	–	(757)	(757)
Share buyback	–	–	–	–	(1,997)	(1,997)
Cancellation of treasury shares	–	(1,176)	–	–	1,176	–
Share-based payments	–	–	–	–	63	63
Balance as of December 30, 2018, restated	**12**	**13,999**	**(80)**	**(2)**	**276**	**14,205**

36 Changes in accounting policies – effect of IFRS 16 adoption continued

Consolidated statement of cash flow

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Income from continuing operations	1,809	(12)	1,797
Adjustments for:			
Net financial expenses	246	241	487
Income taxes	372	1	373
Share in income of joint ventures	(32)	(2)	(34)
Depreciation, amortization and impairments	1,816	844	2,660
Gains (losses) on leases and the sale of assets / disposal groups held for sale	(11)	(17)	(28)
Share-based compensation expenses	60	–	60
Operating cash flows before changes in operating assets and liabilities	4,260	1,055	5,315
Changes in working capital:			
Changes in inventories	(35)	–	(35)
Changes in receivables and other current assets	(6)	(36)	(42)
Changes in payables and other current liabilities	525	3	528
Changes in other non-current assets, other non-current liabilities and provisions	(136)	10	(126)
Cash generated from operations	4,608	1,032	5,640
Income taxes paid – net	(280)	–	(280)
Operating cash flows from continuing operations	4,328	1,032	5,360
Operating cash flows from discontinued operations	(5)	3	(2)
Net cash from operating activities	**4,323**	**1,035**	**5,358**
Purchase of non-current assets	(1,780)	–	(1,780)
Divestments of assets / disposal groups held for sale	27	–	27
Acquisition of businesses, net of cash acquired	(30)	–	(30)
Divestment of businesses, net of cash divested	(3)	–	(3)
Changes in short-term deposits and similar instruments	(242)	–	(242)
Dividends received from joint ventures	17	–	17
Interest received	74	–	74
Lease payments received on lease receivables	–	86	86
Other	38	–	38
Investing cash flows from continuing operations	(1,899)	86	(1,813)
Investing cash flows from discontinued operations	–	1	1
Net cash from investing activities	**(1,899)**	**87**	**(1,812)**

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Proceeds from long-term debt	798	–	798
Interest paid	(324)	97	(227)
Repayments of loans	(783)	–	(783)
Changes in short-term loans	(733)	–	(733)
Repayment of lease liabilities	(177)	(1,215)	(1,392)
Dividends paid on common shares	(757)	–	(757)
Share buyback	(2,003)	–	(2,003)
Other cash flows from derivatives	(29)	–	(29)
Other	(3)	–	(3)
Financing cash flows from continuing operations	(4,011)	(1,118)	(5,129)
Financing cash flows from discontinued operations	–	(4)	(4)
Net cash from financing activities	**(4,011)**	**(1,122)**	**(5,133)**
Net cash from operating, investing and financing activities	**(1,587)**	**–**	**(1,587)**
Cash and cash equivalents at the beginning of the year (excluding restricted cash)	4,542	–	4,542
Effect of exchange rates on cash and cash equivalents	155	–	155
Cash and cash equivalents at the end of the year (excluding restricted cash)	**3,110**	**–**	**3,110**

37 List of subsidiaries, joint ventures and associates

The following are Ahold Delhaize's significant subsidiaries, joint ventures and associates as of December 29, 2019:

Consolidated significant subsidiaries

The following subsidiaries are, directly or indirectly, wholly owned by Ahold Delhaize. Subsidiaries not important to providing an insight into the Ahold Delhaize Group as required under Dutch law are omitted from this list.

Retail trade Europe

Albert Heijn B.V., Zaandam, the Netherlands*
Albert Heijn Franchising B.V., Zaandam, the Netherlands*
Gall & Gall B.V., Zaandam, the Netherlands*
Etos B.V., Zaandam, the Netherlands*
bol.com B.V., Utrecht, the Netherlands*
Alfa-Beta Vassilopoulos S.A., Athens, Greece
Delhaize Le Lion / De Leeuw Comm. VA, Brussels, Belgium
Delhaize Serbia d.o.o. Beograd, Belgrade, Serbia
Mega Image S.R.L., Bucharest, Romania
Albert Česká republika, s.r.o., Prague, Czech Republic
Albert Heijn België NV / SA, Antwerp, Belgium
Delhaize Luxembourg S.A., Pommerloch, Grand-Duchy of Luxembourg

Retail trade United States

The Stop & Shop Supermarket Company LLC, Quincy, Massachusetts, United States
Food Lion LLC, Salisbury, North Carolina, United States
Giant Food Stores LLC, Carlisle, Pennsylvania, United States
Giant of Maryland LLC, Landover, Maryland, United States
Hannaford Bros. Co., LLC, Scarborough, Maine, United States
Peapod LLC, Skokie, Illinois, United States

Other

Ahold Delhaize Coffee Company B.V., Zaandam, the Netherlands*
Ahold Europe Real Estate & Construction B.V., Zaandam, the Netherlands*
Ahold Delhaize Finance Company N.V., Zug, Switzerland
Ahold Finance U.S.A., LLC, Zaandam, the Netherlands*
Ahold Insurance N.V., Willemstad, Curaçao
Ahold Delhaize International Sàrl, Zug, Switzerland
Ahold Information Services Inc., Greenville, South Carolina, United States
Ahold Lease U.S.A. Inc., Quincy, Massachusetts, United States
Ahold Delhaize Licensing Sàrl, Geneva, Switzerland
Ahold Nederland B.V., Zaandam, the Netherlands*
Ahold U.S.A. Inc., Quincy, Massachusetts, United States
American Sales Company LLC, Lancaster, New York, United States
CUW B.V., Willemstad, Curaçao
Delhaize America LLC, Salisbury, North Carolina, United States
Delhaize "The Lion" Nederland B.V., Zaandam, the Netherlands
Delhaize US Holding Inc., Salisbury, North Carolina, United States
DZA Brands LLC, Salisbury, North Carolina, United States
Lion Lux Finance Sàrl, Pommerloch, Grand-Duchy of Luxembourg
Lion Retail Holding Sàrl, Pommerloch, Grand-Duchy of Luxembourg
MAC Risk Management Inc., Quincy, Massachusetts, United States
The MollyAnna Company, Montpelier, Vermont, United States
Retail Business Services LLC, Delaware, United States

With respect to the separate financial statements of the Dutch legal entities included in the consolidation, a number of subsidiaries availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, Ahold Delhaize has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries. The determination of which Dutch subsidiaries of Ahold Delhaize, whether significant in the context of this Note or not, make use of the 403 exemption follows from the Dutch trade register. Each of these subsidiaries has filed Ahold Delhaize's 403 declaration with the Dutch trade register. The above significant subsidiaries that make use of the 403 exemption are marked by *.

Significant joint ventures and associates (unconsolidated)

JMR – Gestão de Empresas de Retalho, SGPS, S.A., Lisbon, Portugal (49% owned by Ahold Delhaize's subsidiary Ahold Delhaize International Sàrl)

P.T. Lion Super Indo, Jakarta, Indonesia (51% owned by Ahold Delhaize's subsidiary Delhaize "The Lion" Nederland B.V.)

38 Subsequent events

Closure of Midwest online grocery sales operations

On February 11, 2020, Ahold Delhaize USA announced plans to close the Midwest division of its Peapod online grocery sales business. The Company expects no significant impact to reported operating profits from the closure.

Tentative collective bargaining agreement Giant Food

Giant Food announced on February 19, 2020 that it reached a tentative agreement with UFCW Locals 27 and 400 (the "Union Locals") on new four-year collective bargaining agreements. The current collective bargaining agreements were originally scheduled to expire on October 26, 2019. However, Giant Food and the Union Locals agreed to indefinitely extend the existing collective agreements, provided that either side may cancel the extension at any time upon 72 hours' advance notice. The applicable bargaining unit members are scheduled to vote on whether to ratify the new collective bargaining agreements on March 5, 2020.

Giant Food's negotiations with the Union Locals covered all terms and conditions of employment for the applicable bargaining unit members. Retirement benefits were one aspect of the negotiations. Giant Food and the Union Locals also reached a general agreement on Giant's funding obligations with respect to the FELRA and UFCW Pension Plan and the Mid-Atlantic UFCW and Participating Employers Pension Plan (the "Plans"). The implementation of the tentative agreement with respect to the Plans remains also subject to further discussions with various stakeholders, including the U.S. Pension Benefit Guaranty Corporation and the other significant contributing employer to the Plans. See *Note 24* to the consolidated financial statements for more information on the Plans.

Parent company financial statements

Income statement

€ million	Note	2019	2018 restated
Intercompany head office and other recharges		**75**	77
General and administrative expenses		**(65)**	(77)
Total operating expenses	2	**(65)**	(77)
Operating income		**10**	–
Interest expense		**(47)**	(34)
Other financial income (expense)		**(59)**	(24)
Net financial expenses		**(106)**	(58)
Loss before income taxes		**(96)**	(58)
Income taxes	5	**26**	44
Income from subsidiaries and investments in joint ventures after income taxes	7	**1,835**	1,794
Net result after tax		**1,766**	1,780

The accompanying notes are an integral part of these parent company financial statements.

See *Note 1* to the parent company financial statements for details about the restatement of the 2018 figures due to changes in accounting policies.

Parent company financial statements

Balance sheet

Before appropriation of current year result

€ million	Note	December 29, 2019	December 30, 2018 restated	January 1, 2018 restated
Assets				
Property, plant and equipment		**–**	1	1
Right-of-use asset		**1**	–	1
Intangible assets	*6*	**49**	37	21
Deferred tax assets	*5*	**11**	14	2
Financial assets	*7*	**21,009**	25,854	20,437
Total non-current assets		**21,071**	25,906	20,461
Receivables	*8*	**41**	57	28
Other current financial assets	*9*	**12**	1	1
Cash and cash equivalents		**157**	110	318
Total current assets		**210**	168	347
Total assets		**21,281**	26,074	20,808
Liabilities and shareholders' equity				
Issued and paid-in share capital		**11**	12	12
Additional paid-in capital		**12,246**	13,999	15,175
Currency translation reserve		**159**	(80)	(555)
Cash flow hedging reserve		**(3)**	(2)	(4)
Reserve participations		**420**	385	310
Accumulated deficit		**(516)**	(1,889)	(347)
Net income		**1,766**	1,780	–
Shareholders' equity	*10*	**14,083**	14,205	14,591
Provisions	*11*	**1**	3	7
Loans	*12*	**5,440**	3,744	2,188
Cumulative preferred financing shares		**–**	455	455
Other non-current liabilities		**1**	2	–
Total non-current liabilities		**5,441**	4,201	2,643
Current liabilities	*13*	**1,756**	7,665	3,566
Total liabilities and shareholders' equity		**21,281**	26,074	20,808

The accompanying notes are an integral part of these parent company financial statements.

See *Note 1* to the parent company financial statements for details about the restatement of the 2018 figures due to changes in accounting policies.

Notes to the parent company financial statements

1 Significant accounting policies

Basis of preparation

Ahold Delhaize's parent company financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see *Note 3* to the consolidated financial statements).

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are measured at net asset value (equity method of accounting). Net asset value is based on the measurement of assets (including goodwill), provisions and liabilities, and determination of profit as described in *Note 3* to the consolidated financial statements for investments in joint arrangements and associates. Goodwill is subsumed in the carrying amount of the net asset value if an investment in a subsidiary is acquired through the Company's intermediate subsidiary.

Changes in accounting policies – effect of IFRS 16 adoption

The Company adopted IFRS 16 on December 31, 2018, and applied the full retrospective transition approach, and, therefore, the comparative figures for the 2018 financial year have been restated, as presented below.

Income statement

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Income from subsidiaries and investments in joint ventures after income taxes	1,807	(13)	1,794
Net result after tax	1,793	(13)	1,780

Balance sheet

€ million	2018 as reported	Effect of IFRS 16 adoption	2018 restated
Financial assets	26,465	(611)	25,854
Total assets	26,685	(611)	26,074
Currency translation reserve	(60)	(20)	(80)
Reserve participations	407	(22)	385
Accumulated deficit	(1,333)	(556)	(1,889)
Net income	1,793	(13)	1,780
Shareholders' equity	14,816	(611)	14,205
Total liabilities and shareholders' equity	26,685	(611)	26,074

1 Significant accounting policies continued

Balance sheet on transition

€ million, except per share data	January 1, 2018	Effect of IFRS 16 adoption	January 1, 2018 restated
Financial assets	21,015	(578)	20,437
Total assets	21,386	(578)	20,808
Reserve participations	334	(24)	310
Accumulated deficit	207	(554)	(347)
Shareholders' equity	15,169	(578)	14,591
Total liabilities and shareholders' equity	21,386	(578)	20,808

See *Note 36* to the consolidated financial statements for more information.

2 Expenses by nature

The operating expenses are specified by nature as follows:

€ million	2019	2018 restated
Labor costs	**(27)**	(31)
Other operational expenses	**(31)**	(42)
Depreciation and amortization	**(7)**	(4)
Total expenses by nature	**(65)**	(77)

Labor costs consists of employee expenses of €20 million (2018: €23 million), other related employee costs of €5 million (2018: €1 million) and other contracted personnel expenses of €2 million (2018: €7 million).

3 Employees

The average number of employees of Koninklijke Ahold Delhaize N.V. in full-time equivalents during 2019 was eight (2018: seven), of whom none were employed outside of the Netherlands. One Management Board member serves as board member outside of the Netherlands via an assignment agreement, but is not employed by Koninklijke Ahold Delhaize N.V.

The current number of employees of Koninklijke Ahold Delhaize N.V. consists primarily of members of the Executive Committee, including the Management Board. Salaries, social security charges and pension expenses amounted to €20 million, €3 million and €0.1 million, respectively, for 2019 (2018: expenses of €23 million, €0.1 million and €0.4 million, respectively).

For information on the parent company's defined benefit pension plan, the remuneration of the Management Board and the Supervisory Board and the parent company's share-based compensation plans, see *Notes 24*, *32* and *33*, respectively, to the consolidated financial statements.

The net pension liability and the net pension expense are calculated on the basis of the parent company's active employees only.

4 Auditor fees

Expenses for services provided by the parent company's independent auditor, PricewaterhouseCoopers Accountants N.V. (PwC) and its member firms and affiliates to Ahold Delhaize and its subsidiaries in 2019 and in 2018, are specified as follows:

2019

€ thousand	PwC	Member firms / affiliates	Total 2019
Audit fees	**2,250**	**4,147**	**6,397**
Audit-related fees	**399**	**159**	**558**
Tax advisory fees	**–**	**–**	**–**
Total	**2,649**	**4,306**	**6,955**

2018

€ thousand	PwC	Member firms / affiliates	Total 2018
Audit fees	2,722	4,310	7,032
Audit-related fees	431	167	598
Tax advisory fees	–	–	–
Total	3,153	4,477	7,630

The audit fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties – Wta") as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

Audit fees primarily relate to the audit of the consolidated financial statements as included in *Financial performance: Financial statements* as set out in this Annual Report, certain procedures on our quarterly results and services related to the statutory and regulatory filings of our subsidiaries. Other audit-related fees mainly relate to assurance services on non-financial information and other assurance services.

5 Income taxes

The following table specifies the current and deferred tax components of income taxes in the income statement:

€ million	2019	2018 restated
Current income taxes – the Netherlands	**28**	32
Deferred income taxes – the Netherlands	**(2)**	12
Total income taxes	**26**	44

Effective income tax rate

The following table reconciles the statutory income tax rate with the effective income tax rate in the income statement:

	2019	
	€ million	**Tax rate**
Loss before income taxes	**(96)**	
Income tax (expense) benefit at statutory tax rate	**24**	**25.0%**
Adjustments to arrive at effective income tax rate:		
Reserves, (non-)deductibles and discrete items	**2**	**2.1%**
Total income taxes (expense) benefit	**26**	**27.1%**

	2018 restated	
	€ million	Tax rate
Loss before income taxes	(58)	
Income tax (expense) benefit at statutory tax rate	15	25.0%
Adjustments to arrive at effective income tax rate:		
Reserves, (non-)deductibles and discrete items	29	50.9%
Total income taxes (expense) benefit	44	75.9%

The line "Reserves, (non-)deductibles and discrete items" includes one-time deferred tax movements related to the change of the Dutch corporate income tax rate. In 2018, this line also included tax impact related to restructuring.

5 Income taxes continued

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of December 29, 2019, and December 30, 2018, are as follows:

€ million	January 1, 2018 restated	Recognized in income statement	Other	December 30, 2018 restated	**Recognized in income statement**	**Other**	**December 29, 2019**
Derivatives and loans	1	11	–	12	**(1)**	**–**	**11**
Blended rate deferred tax fiscal unity	1	1	–	2	**(2)**	**–**	**–**
Total gross deductible temporary differences	2	12	–	14	**(3)**	**–**	**11**
Tax losses and tax credits	–	–	–	–	**–**	**–**	**–**
Total net deferred tax asset position	2	12	–	14	**(3)**	**(1)**	**11**
Total deferred tax liabilities	–	–	–	–	**–**	**–**	**–**
Net deferred tax assets	2	12	–	14	**(2)**	**(1)**	**11**

The column "Other" in the table above includes amounts recorded in equity.

Income taxes in equity and comprehensive income

Current and deferred income taxes recognized in and transferred from equity and comprehensive income are as follows:

€ million	**2019**	2018 restated
Cash flow hedges	**1**	–
Total	**1**	–

6 Intangible assets

€ million	**Software**
As of December 30, 2018, restated	
At cost	51
Accumulated amortization and impairment losses	(14)
Carrying amount	**37**
Year ended December 29, 2019	
Additions	19
Amortization	(6)
Closing carrying amount	**49**
As of December 29, 2019	
At cost	70
Accumulated amortization and impairment losses	(20)
Carrying amount	**49**

7 Financial assets

€ million	December 29, 2019	December 30, 2018 restated
Investments in subsidiaries	**19,943**	24,620
Loans receivable from subsidiaries	**1,066**	1,232
Other derivatives external	**–**	1
Deferred financing cost	**1**	1
Total financial assets	**21,009**	25,854

The changes in the Investment in subsidiaries were as follows:

€ million	2019	2018 restated
Beginning of year	**24,620**	20,074
Share in income	**1,835**	1,794
Dividends	**(6,657)**	(6,525)
Intercompany transfers	**–**	7,196
Share of other comprehensive income (loss) and other changes in equity	**(96)**	1,618
Transfers (to) / from loans receivable	**–**	(6)
Transfers (to) / from provisions	**–**	(6)
Exchange rate differences	**241**	475
End of year	**19,943**	24,620

Intercompany transfers include capital contributions and capital repayments. In 2018, the dividends and intercompany transfers were mainly related to an internal restructuring. For a list of subsidiaries, joint ventures and associates, see *Note 37* to the consolidated financial statements.

Loans receivable

€ million	2019	2018 restated
Beginning of year	**1,232**	360
Intercompany transfers	**(165)**	866
Transfers from / (to) investments	**–**	6
End of year	**1,066**	1,232
Current portion	**–**	–
Non-current portion of loans	**1,066**	1,232

The loans receivable are related to loans with subsidiaries.

8 Receivables

€ million	December 29, 2019	December 30, 2018 restated
Receivables from subsidiaries	**19**	28
Receivables from joint ventures	**1**	2
Prepaid expenses	**13**	12
Income tax receivable	**7**	13
Other receivables	**1**	2
Total receivables	**41**	57

9 Other current financial assets

€ million	December 29, 2019	December 30, 2018 restated
Other derivatives external	**12**	–
Other	**1**	1
Total other current financial assets	**12**	1

For more information on derivatives, see *Note 14* to these parent company financial statements.

10 Shareholders' equity

The shareholders' equity in the parent company financial statements equals the equity attributable to common shareholders presented in the consolidated financial statements, except that legal reserve participations and accumulated earnings (deficit) are presented separately.

The currency translation reserve, cash flow hedging reserve and reserve participations are legal reserves that are required by Dutch law. The reserve participations include the increases in net asset value of joint ventures and associates since their first inclusion, less any amounts that can be distributed without legal or other restrictions.

If the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions to the Company's shareholders are restricted to the extent of the negative balance. Of the total equity as of December 29, 2019, €14,083 million, an amount of €590 million is non-distributable (December 30, 2018, restated: €397 million out of total equity of €14,205 million). For more information on the dividends on common shares, see *Note 21* to the consolidated financial statements.

The movements in equity can be specified as follows:

			Legal reserves				
€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Reserve participations	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 1, 2018	**12**	**15,175**	**(555)**	**(4)**	**334**	**207**	**15,169**
Effect of change in accounting policy – IFRS 16[2]	–	–	–	–	(24)	(554)	(578)
Balance as of January 1, 2018, restated	**12**	**15,175**	**(555)**	**(4)**	**310**	**(347)**	**14,591**
Net income attributable to common shareholders – restated	–	–	–	–	–	1,780	1,780
Other comprehensive income – restated	–	–	475	2	–	48	525
Total comprehensive income attributable to common shareholders – restated	–	–	475	2	–	1,828	2,305
Dividends	–	–	–	–	–	(757)	(757)
Share buyback	–	–	–	–	–	(1,997)	(1,997)
Cancellation of treasury shares	–	(1,176)	–	–	–	1,176	–
Share-based payments	–	–	–	–	–	63	63
Other changes in reserves	–	–	–	–	75	(75)	–
Balance as of December 30, 2018, restated	**12**	**13,999**	**(80)**	**(2)**	**385**	**(109)**	**14,205**
Net income attributable to common shareholders	–	–	–	–	–	1,766	1,766
Other comprehensive income (loss)	–	–	239	(1)	–	(58)	180
Total comprehensive income (loss) attributable to common shareholders	–	–	239	(1)	–	1,708	1,945
Dividends	–	–	–	–	–	(1,114)	(1,114)
Share buyback	–	–	–	–	–	(1,002)	(1,002)
Cancellation of treasury shares	(1)	(1,753)	–	–	–	1,753	–
Share-based payments	–	–	–	–	–	47	47
Other items	–	–	–	–	–	1	1
Other changes in reserves	–	–	–	–	35	(35)	–
Balance as of December 29, 2019	**11**	**12,246**	**159**	**(3)**	**420**	**1,250**	**14,083**

1 Other reserves includes the remeasurements of defined benefit plans.
2 See *Note 1* for details about the restatement of the 2018 figures due to changes in accounting policies.

11 Provisions

€ million	December 29, 2019	December 30, 2018 restated
Provision for negative equity subsidiaries	**–**	–
Other provisions	**1**	3
Total provisions	**1**	3

As of December 29, 2019, no provisions are expected to be utilized within one year (December 30, 2018: €1.8 million).

12 Loans

	December 29, 2019	
€ million	**Non-current portion**	**Current portion**
EUR 300 notes EURIBOR + 18 bps, due 2021	**300**	**–**
EUR 750 notes 0.875%, due 2024	**750**	**–**
EUR 600 notes 0.250%, due 2025	**600**	**–**
EUR 500 notes 1.125%, due 2026	**500**	**–**
USD 827 notes 5.70%, due 2040[1]	**510**	**3**
Long-term loans from subsidiaries	**2,794**	**–**
Deferred financing costs	**(14)**	**(3)**
Total loans	**5,440**	**–**

	December 30, 2018 restated	
€ million	Non-current portion	Current portion
USD 300 notes 4.125%, due 2019[1]	–	114
EUR 300 notes EURIBOR + 18 bps, due 2021	300	–
EUR 750 notes 0.875%, due 2024	750	–
EUR 500 notes 1.125%, due 2026	500	–
USD 827 notes 5.70%, due 2040[1]	501	3
Long-term loans from subsidiaries	1,704	1,641
Deferred financing costs	(11)	(2)
Total loans	3,744	1,756

1 In 2018, the USD 827 notes and USD 300 notes were transferred internally to the parent company.

The long-term loans from subsidiaries mature in 2021 (€650 million), 2022 (€596 million), 2026 (€391 million), 2028 (€700 million) and 2029 (€458 million). For more information on the external loans, see *Note 22* to the consolidated financial statements.

13 Current liabilities

€ million	December 29, 2019	December 30, 2018 restated
Short-term borrowings from subsidiaries	**1,493**	5,431
Loans – current portion	**–**	1,756
Bank debt and lines of credit	**186**	398
Dividend cumulative preferred financing shares	**–**	17
Payables to subsidiaries	**17**	10
Interest payable	**13**	14
Other current liabilities	**47**	39
Total current liabilities	**1,756**	7,665

The current liabilities are liabilities that mature within one year.

For more information on the cumulative preferred financing shares, see *Note 23* to the consolidated financial statements and on derivatives, see *Note 14* to these parent company financial statements.

14 Derivatives

The parent company regularly enters into derivative contracts with banks to hedge foreign currency and interest exposures of the parent company or its subsidiaries. Derivative contracts that are entered into to hedge exposures of subsidiaries are generally mirrored with intercompany derivative contracts with the subsidiaries that are exposed to the hedged risks on substantially identical terms as the external derivative contracts. In these parent company financial statements, the external derivative contracts and the intercompany derivative contracts are presented separately on the balance sheet. In situations where the external derivative contract qualifies for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as "Hedging derivatives external" and "Hedging derivatives intercompany," respectively. In situations where the external derivative contract does not qualify for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as "Other derivatives external" and "Other derivatives intercompany," respectively.

Fair value movements of external derivative contracts that were entered into to hedge the exposures of subsidiaries are recorded directly in income, where they effectively offset the fair value movements of the mirroring intercompany derivatives that are also recorded directly in income. Details of these derivative contracts, other financial instruments and the parent company's risk management strategies are included in *Note 31* to the consolidated financial statements and in the tables presented below.

Non-current derivatives – assets

€ million	2019	2018 restated
Beginning of year	**1**	–
Fair value changes	**(1)**	1
End of year	**–**	1

Current derivatives – assets

€ million	2019	2018 restated
Beginning of year	**–**	1
Unwinding of cross-currency swap	**–**	(1)
Fair value changes	**12**	–
End of year	**12**	–

Non-current derivatives – liabilities

€ million	2019	2018 restated
Beginning of year	**2**	–
Fair value changes	**(2)**	2
End of year	**–**	2

Current derivatives – liabilities

There were no current derivative liabilities in 2019 and 2018.

15 Related party transactions

Koninklijke Ahold Delhaize N.V. 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 and were conducted at market prices.

16 Commitments and contingencies

Koninklijke Ahold Delhaize N.V., as the parent company, is party to a cross-guarantee agreement dated May 21, 2007, as amended from time to time, with Delhaize Le Lion/De Leeuw Comm. VA, Delhaize US Holding, Inc. and certain of the subsidiaries of Delhaize US Holding, Inc., under which each party guarantees fully and unconditionally, jointly and severally, the financial indebtedness of the other parties to the agreement.

Notes and loans issued by certain subsidiaries are guaranteed by the parent company, as disclosed in *Note 22* to the consolidated financial statements.

The parent company also guarantees certain lease obligations and other obligations of subsidiaries. Guarantees issued by the parent company regarding the financial obligations of third parties and non-consolidated entities, other than under the cross guarantee mentioned above, amount to €603 million as of December 29, 2019, (December 30, 2018 restated: €673 million).

In addition, the Company has provided a guarantee as of July 30, 2010, for Ahold Finance U.S.A., LLC's outstanding current obligations to third parties.

As part of the divestment of U.S. Foodservice in 2007, Ahold Delhaize received an irrevocable standby letter of credit for $216 million (€163 million), which was reduced to $37 million (€33 million) as of December 29, 2019 (2018: $46 million (€40 million)).

The parent company has provided customary indemnifications, including for potential breach of representations and warranties made in agreements of asset disposals. Guarantees and legal proceedings are further disclosed in *Note 35* to the consolidated financial statements. Under its financing agreement with Stichting Ahold Delhaize Pensioen, Koninklijke Ahold Delhaize N.V. is liable for the pension contributions. The parent company forms a fiscal unity with Ahold Delhaize's major Dutch subsidiaries for Dutch corporate income tax and Dutch VAT purposes and, for that reason, it is jointly and severally liable for the Dutch corporate income tax liabilities and Dutch VAT liabilities of the whole fiscal unity. Assumptions of liability pursuant to section 403, Book 2 of the Dutch Civil Code are disclosed in *Note 37* to the consolidated financial statements.

17 Distribution of profit

If approved by the General Meeting of Shareholders, a final dividend of €0.46 per common share will be paid on April 23, 2020. This is in addition to the interim dividend of €0.30 per share, which was paid on August 29, 2019. The total dividend payment for the full year 2019 would therefore total €0.76 per share (2018: €0.70).

18 Subsequent events

For information regarding subsequent events, see *Note 38* to the consolidated financial statements.

Zaandam, the Netherlands
February 25, 2020

Management Board
Frans Muller
Jeff Carr
Kevin Holt
Wouter Kolk

Supervisory Board
Jan Hommen (Chairman)
Bill McEwan (Vice Chairman)
Jacques de Vaucleroy (Vice Chairman)
René Hooft Graafland
Ben Noteboom
Mary Anne Citrino
Dominique Leroy
Katie Doyle
Peter Agnefjäll

Assurance report on the financial statements

Independent auditor's report

To: the General Meeting and the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Report on the financial statements for the period December 31, 2018 to December 29, 2019

Our opinion

In our opinion:

- Koninklijke Ahold Delhaize N.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at December 29, 2019 and of its result and cash flows for the period from December 31, 2018 to December 29, 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- Koninklijke Ahold Delhaize N.V.'s parent company financial statements give a true and fair view of the financial position of the Company as at December 29, 2019 and of its result for the period from December 31, 2018 to December 29, 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period December 31, 2018 to December 29, 2019 of Koninklijke Ahold Delhaize N.V., Zaandam, The Netherlands. The financial statements include the consolidated financial statements of Koninklijke Ahold Delhaize N.V. together with its subsidiaries ("the Group") and the parent company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at December 29, 2019;
- the following statements for the period from December 31, 2018 to December 29, 2019: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The parent company financial statements comprise:

- the parent company balance sheet as at December 29, 2019;
- the parent company income statement for the period from December 31, 2018 to December 29, 2019;
- the notes, comprising a summary of accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the parent company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section "Our responsibilities for the audit of the financial statements" of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Koninklijke Ahold Delhaize N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

Koninklijke Ahold Delhaize N.V. is an international food retail group operating supermarkets and e-commerce platforms in Belgium, the Czech Republic, Greece, Luxembourg, the Netherlands, Romania, Serbia and the United States and through participating in joint ventures in Indonesia and Portugal. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section "The scope of our group audit". We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Management Board made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In *Note 2* of the financial statements, the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty.

As in 2018, we considered the impairment testing of goodwill and brand names, and the recognition of vendor allowance income as key audit matters, in view of the significant estimation uncertainty and the related higher inherent risks of material misstatement. Furthermore, we continue to consider the employee benefit plan measurement and disclosures as a key audit matter because of the complexity and judgment required in auditing the defined benefit obligation estimates as well as the extensive disclosures required, specifically in the area of the group's participation in US multi-employer plans. In addition, we continue to consider the recognition of leases as a key audit matter, however as for this year this matter relates to the recognition of the right-of-use asset and the lease liability as part of first-year adoption of the leasing standard (IFRS 16). We considered this a key audit matter in view of the magnitude of the amounts involved, the implementation process required to identify and process all

Assurance report on the financial statements

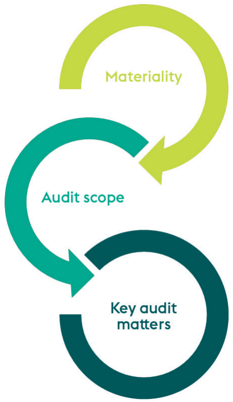
Independent auditor's report

relevant data associated with these leases and management's judgment applied in estimating matters such as discount rates and lease terms. Each of these key audit matters have been set out in the section "Key audit matters" of this report.

Another area of focus, that was not considered a key audit matter, was the risk of fraud in revenue recognition. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Management Board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a retail company. The Group's operations utilize a wide range of different IT systems. The adequacy and effective operation of controls over these systems is an important element of the integrity of financial reporting within the Group. We utilized IT specialists in our audit to evaluate the adequacy and effective operation of these controls considered relevant to our audit. Furthermore, we included specialists in areas requiring financial instruments, tax and actuarial (including pension accounting) expertise and experts in the area of valuation.

The outline of our audit approach was as follows:



Materiality
Overall materiality: €106 million

Audit scope
We conducted audit work at eight components.
Site visits were conducted to five components operating in the United States, the Netherlands, Belgium, Greece and Switzerland.
Audit coverage: 87% of consolidated net sales, 86% of consolidated assets and 92% of consolidated income before income taxes.

Key audit matters
Impairment testing of goodwill and brand names
Recognition of vendor allowance income
Employee benefit plan measurement and disclosures
Recognition of a right-of-use asset and a lease liability as part of first-year adoption of the lease standard (IFRS 16)

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section "Our responsibilities for the audit of the financial statements".

Based on our professional judgment we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€106 million (2018: €107 million).
	We used our professional judgment to determine the overall materiality. As a basis for our judgment, we used 5% of income before income taxes.
	We used income before income taxes as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that income before income taxes is an important metric for the financial performance of the Company.
Component materiality	To each component in our audit scope, we, based on our judgment, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €10 and €100 million.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above €5.3 million (2018: €5.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Koninklijke Ahold Delhaize N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Koninklijke Ahold Delhaize N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

Assurance report on the financial statements

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The group audit primarily focused on the significant components; these components include the retail operations in the Unites States and the Netherlands as well as the Global Support Office activities in the Netherlands (which includes financing activities in Switzerland).

We subjected five components to audits of their complete financial information, of which three components are individually financially significant to the Group, as described in the paragraph above. The other two components, the Belgian and Greek retail operations, are selected to achieve appropriate audit coverage over the consolidated financial statements. Additionally, we selected three components for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements or to build an element of unpredictability in our audit.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Consolidated net sales	87%
Consolidated total assets	86%
Consolidated income before income taxes	92%

None of the remaining components represented more than 4% of consolidated net sales, consolidated income before income taxes nor consolidated total assets. For those remaining components, we attended internal quarterly closing meetings with local and Group management and performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work on the Global Support Office activities in the Netherlands, which includes financing activities in Switzerland, the Group consolidation, the financial statement disclosures and a number of complex items. This included procedures performed over financial instruments such as loans and derivatives, goodwill impairment testing, Board remuneration including share-based payments and compliance of accounting positions taken by the Group in accordance with EU IFRS.

For all other components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

In the current year, the group audit team visited the United States, the Netherlands, Belgium, Greece and Switzerland component audit teams and local management. For each of these components we reviewed relevant parts of the component auditor's audit files.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain, in aggregate, sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Assurance report on the financial statements

Independent auditor's report

Key audit matter	Our audit work and observations
Impairment testing of goodwill and brand names Note 14 As at December 29, 2019, the Group's goodwill and brand names are valued at €10.5 billion. The majority of this balance (€6.7 billion) relates to the former Delhaize business acquired in 2016. As disclosed in *Note 2* and *3* to the consolidated financial statements, the Group tests its CGUs containing goodwill and brand names for impairment annually and if there is a triggering event at an earlier or later reporting date. This is done by comparing the recoverable amounts of the individual CGUs, being the higher of value-in-use and fair value less costs of disposal, to the carrying amounts. The Management Board performed its annual goodwill and brand names impairment test in accordance with IAS36 – Impairment of Assets and concluded that no impairment of goodwill or brand names was necessary. We considered this to be a key audit matter because the assessment process is complex, especially with the effects on the impairment model of the inclusion of the right-of-use assets in the carrying amounts as a result of the implementation of IFRS16, involves significant management judgments and is based on key assumptions on expected future market and economic conditions, revenue growth, margin developments, the discount rates and (terminal) growth rates.	We evaluated management's process and design effectiveness of controls over the impairment assessment including the appropriateness of management's identification of the Group's CGUs, indicators of impairment, discount rates and forecasts. We have challenged management, primarily on their assumptions applied to which the outcome of the impairment test is the most sensitive, in particular, the projected revenue growth, operating margin developments, discount rates and (terminal) growth rates. We benchmarked key market related assumptions (as disclosed in *Note 14*) against external data and challenged management by comparing the assumptions to historic performance of the company and local economic developments, taking into account the sensitivity test of the goodwill balances for any changes in the respective assumptions. We involved our valuation experts to assist us in evaluating the appropriateness of the impairment model (including the changes as a result of the implementation of IFRS16), the discount rates applied and to assess the overall reasonableness of the assumptions. We compared the sum of the future cash flow forecasts of all CGUs to the market capitalization. We also verified the mathematical accuracy of management's valuation models and agreed relevant data, including assumptions on timing of future capital and operating expenditures to the five-year plan as approved by the Management Board. Based on our procedures we did not identify material exceptions and we found management's assumptions to be supported by available evidence.

Assurance report on the financial statements

Independent auditor's report

Key audit matter	Our audit work and observations
Recognition of vendor allowance income Note 2 and 3 The Group receives various types of vendor allowances from its suppliers, as further disclosed in *Note 2* and *3* to the consolidated financial statements. These allowances are a significant component of cost of sales. The vendor allowance receivable at December 29, 2019, amounts to €585 million (*Note 18*). The vendor allowance agreements with suppliers contain volume-related allowances, promotional and marketing allowances and various other fees and discounts received in connection with the purchase of goods for resale from those suppliers. The Group recognizes vendor allowances as a reduction in cost of sales when the performance obligations associated with the allowances have been met, for example when the product has been sold, placed or when the marketing campaign has been held. We considered this to be a key audit matter because of the magnitude of amounts involved and the judgment required from management to determine the nature and level of fulfilment of the Company's obligations under the vendor agreements and to recognize the amounts in the correct period. This requires a detailed understanding of the contractual arrangements in addition to complete and accurate data to estimate purchase and sales volumes and fulfilment of promotional programs.	Our procedures included evaluating the design and testing the operating effectiveness of management's controls around the completeness and accuracy of the contractual agreements recognized in the accounting system. Furthermore, we challenged management's assumptions used in determining the recognized vendor allowances through discussions with management and performing specific substantive audit procedures. For example, on a sample basis we agreed the recorded amounts to the vendor contracts and confirmed the related positions and terms with the vendors. To determine the quality of the estimates made by management we performed a retrospective review of management judgments by testing subsequent collections on prior period vendor allowance receivables. These procedures showed us that the vendor allowances collected versus management's estimates were reasonable. We also tested material write-offs and evaluated the nature to identify possible management bias. Finally we tested whether the allowances were recorded in the correct period through assessing the obligation fulfilment of vendor allowances recorded during a period before and after year-end. Based on our procedures we did not identify material exceptions and we found management's recognition of vendor allowances to be supported by available evidence.

Assurance report on the financial statements

Independent auditor's report

Key audit matter	Our audit work and observations
Employee benefit plan measurement and disclosures Note 24 The Group has defined benefit plans, primarily in the Netherlands and in the United States, giving rise to defined benefit obligations of €5.9 billion and €1.5 billion, respectively. The Group also has a significant number of union employees in the United States whose pension benefits are covered by multi-employer plans (we also refer to the risk factor on pension plan funding on page 100 of the Annual Report). A number of these plans are accounted for as defined contribution plans as there is insufficient information to account for these plans as defined benefit plans. In *Note 24* management has disclosed certain facts and a calculation, which is based on assumptions, and leads to an estimate of the Group's participation in these plans, including, for certain plans, the possible proportionate share of the total net deficit. As disclosed, this estimate does not necessarily reflect the Company's liability, in case of withdrawal or insolvency of such plans. We considered this to be a key audit matter because of the magnitude of the amounts involved, management's significant judgment applied in estimating the actuarial and demographic assumptions (the most relevant being around salary increases, inflation, discount rates and mortality rates) and the technical expertise required to measure the resulting defined benefit pension obligation for the Group. In addition, the US multi-employer plan rules are complex and certain plans are in endangered or critical status for which relevant material facts require adequate disclosure in the financial statements.	Our procedures included understanding and evaluating the design and testing the operating effectiveness of controls related to key inputs (such as payroll data) and key outputs of the Group's pension process. We tested the actuarial and demographic assumptions and valuation methodologies used by management to determine the Group's various defined benefit pension obligations. We evaluated whether the key actuarial assumptions are reasonable (for example by comparing to the published actuarial tables) and consistently applied. We tested payroll data, through a combination of controls testing and test of details and reconciled the membership census data used in the actuarial models to the payroll data. With the support from our valuation experts, we also tested the valuation of the pension assets. Depending on the type of asset, we either reconciled the value to publicly available information or challenged the assumptions used in determining the value by benchmarking assumptions to own expectations. Finally, we assessed the adequacy of disclosures related to the employee defined benefit plans. We evaluated management's disclosures and calculations in relation to the US multi-employer plans. For this purpose, we reconciled the disclosed facts and the related inputs used by management for the calculation to supporting documentation such as the latest available plan information and actuarial calculations. Our procedures did not identify material exceptions, we considered management's key assumptions to be within a reasonable range of our own expectations and we did not identify material exceptions in management's disclosures or accounting conclusions.

Assurance report on the financial statements

Independent auditor's report

Key audit matter	Our audit work and observations
Recognition of a right-of-use asset and a lease liability as part of first-year adoption of the lease standard (IFRS 16) Note 12, 34 and 36 IFRS 16, Leases, became effective for annual reporting periods beginning on or after January 1, 2019. The company applied the full retrospective approach. The application of this new standard as disclosed in *Note 36* gave rise to an increase in total consolidated assets of €6.5 billion, an increase in total consolidated liabilities of €7.1 billion and a corresponding offset in total consolidated equity of approximately €0.6 billion. We considered this to be a key audit matter because of the magnitude of the amounts involved, management's judgment required in estimating matters such as discount rates (incremental borrowing rates) and lease terms as well as the separation of lease and non-lease components.	Our procedures included evaluating the design and testing the operating effectiveness of management's controls around the completeness and accuracy of the contractual lease agreements recognized in the lease accounting system. We have reviewed accounting position papers prepared by the Group to determine whether this has been set up in accordance with the requirements of IFRS 16. We challenged management on their judgments and obtained evidence supporting their judgments. We involved our valuation experts to assist us in evaluating the discount rates applied. On a sample basis, we have agreed key inputs to supporting documentation such as lease agreements. Additionally, we have tested on a sample basis the movements during the year. We have also recalculated the right-of-use asset and lease liability calculated by the system for each material type lease contract. We challenged management assumptions, specifically on the assessment of renewal options and adequate disclosure of the assumptions made. Based on our procedures performed, we did not identify material exceptions in the accounting for leases, management's estimates and disclosure on Leases in *Note 12* and *34* and the implementation in *Note 36* to the financial statements.

Assurance report on the financial statements

Independent auditor's report

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The Management Report as defined on page 105 of the Annual Report;
- The other information included in Strategic report and Governance sections and;
- The other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Management Report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Koninklijke Ahold Delhaize N.V. on April 16, 2013 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on April 16, 2013. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of seven years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in *Note 4* of the notes to the parent company financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- Such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going-concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, February 25, 2020

PricewaterhouseCoopers Accountants N.V.
S. Laurie de Hernandez RA

Assurance report on the financial statements

Independent auditor's report

Appendix to our auditor's report on the financial statements for the period December 31, 2018 to December 29, 2019 of Koninklijke Ahold Delhaize N.V.
In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the Audit, Finance and Risk Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Assurance report on non-financial information

Assurance report of the independent auditor

To: the Management Board and the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Assurance report on the non-financial information 2019

Our conclusion

Based on our procedures performed nothing has come to our attention that causes us to believe that the non-financial information included in the Annual Report 2019 of Koninklijke Ahold Delhaize N.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the period from December 31, 2018 to December 29, 2019

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied reporting criteria as included in the section "reporting criteria".

What we have reviewed

We have reviewed the non-financial information as included in the Annual Report for the period from December 31, 2018 to December 29, 2019, as included in the following sections in the Annual Report (hereafter: "the non-financial information"):

- Our business;
- Group non-financial review;
- Paragraph "Materiality Assessment" of section How we manage risk.

This review is aimed at obtaining a limited level of assurance.

The non-financial information comprises a representation of the policy and business operations of Koninklijke Ahold Delhaize N.V., Zaandam, the Netherlands (hereafter: "Ahold Delhaize") with regard to sustainability and the thereto related business operations, events and achievements for the period from December 31, 2018 to December 29, 2019.

The basis for our conclusion

We have performed our review in accordance with Dutch law, which includes the Dutch Standard 3810N "Assurance-opdrachten inzake maatschappelijke verslagen" ("Assurance engagements on corporate social responsibility reports"), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information". Our responsibilities under this standard are further described in the section "Our responsibilities for the review of the non-financial information" of this assurance report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Ahold Delhaize in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten" (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA – "Dutch Code of Ethics").

We apply the "Nadere voorschriften kwaliteitssystemen" (NVKS – "Regulations for quality systems") and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Reporting criteria

The non-financial information needs to be read and understood in conjunction with the reporting criteria. The Management Board of Ahold Delhaize is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the non-financial information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied reporting criteria, as disclosed in paragraphs "How we manage sustainable retailing" and "Global Reporting Initiative" of section "Group non-financial review" and section "Definitions: Performance measures" of the Annual Report. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The non-financial information includes prospective information such as expectations on ambitions, strategy, plans, estimates and risk assessments. Inherently, the actual results are likely to differ from these expectations and these differences may be material. We do not provide any assurance on the assumptions and the achievability of prospective information in the non-financial information.

The links to external sources or websites in the non-financial information are not part of the non-financial information reviewed by us. We do not provide assurance over information outside of the Annual Report.

Assurance report on non-financial information

Assurance report of the independent auditor

Responsibilities for the non-financial information and the review

Responsibilities of the Management Board and the Supervisory Board

The Management Board of Ahold Delhaize is responsible for the preparation of reliable and adequate non-financial information in accordance with the reporting criteria as included in section "reporting criteria", including the identification of stakeholders and the definition of material matters. The choices made by the Management Board regarding the scope of the non-financial information and the reporting policy are summarized in paragraphs "How we manage sustainable retailing" and "Global Reporting Initiative" of section "*Group non-financial review*" and section "*Definitions: Performance measures*" of the Annual Report. The Management Board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The Management Board is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the company's reporting process on the non-financial information.

Our responsibilities for the review of the non-financial information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements is therefore substantially less than the assurance obtained in audit engagements.

Procedures performed

We have exercised professional judgment and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our procedures included amongst others:

- Performing an analysis of the external environment and obtaining insight into relevant social themes and issues and the characteristics of the Company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Management Board.
- Obtaining an understanding of the reporting processes for the non-financial information, including obtaining a general understanding of the internal control environment relevant to our review.
- Identifying areas of the non-financial information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate and local level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information.
  - Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components and locations to visit. The visits to entities in Belgium, the United States of America and Greece are aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures;
  - Obtaining assurance evidence that the non-financial information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
- Reconciling the financial information, as included in the sections we reviewed, with the financial statements.
- Evaluating the consistency of the non-financial information with the information in the Annual Report, which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the non-financial information.
- To consider whether the non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board on the planned scope and timing of the engagement and on the significant findings that result from our procedures.

Amsterdam, February 25, 2020

PricewaterhouseCoopers Accountants N.V.
S. Laurie de Hernandez RA

Other

Distribution of profit

Articles of Association provisions governing the distribution of profit

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to section 39 of the Articles of Association, a dividend will first be declared out of net income on cumulative preferred shares and cumulative preferred financing shares. Any net income remaining after reservations deemed necessary by the Supervisory Board, in consultation with the Management Board, will then be at the disposal of the General Meeting of Shareholders, who may resolve to distribute it among the common shareholders. The Management Board, with the approval of the Supervisory Board, may propose that the General Meeting of Shareholders make distributions wholly or partly in the form of common shares. Amounts of net income not paid in the form of dividends will be added to the accumulated deficit. In the financial statements, the dividend on cumulative preferred financing shares is included in the income statement. Consequently, net income according to the parent company income statement is fully attributable to common shareholders.

See *Note 21* to the consolidated financial statements and *Note 17* to the parent company financial statements for more information on the dividend on common shares.

Details of special shareholder rights

Ahold Delhaize shareholders have no special rights, see *Governance* section for more information about voting rights.

Details of shares without profit rights and non-voting shares

Ahold Delhaize has no common shares without profit rights and no non-voting shares.