

Independent auditor's report to the general meeting of Etn. Fr. Colruyt NV for the year ended 31 March 2018

As required by law and the Company's articles of association, we report to you as statutory auditor of Etn. Fr. Colruyt NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 31 March 2018, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2018 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 28 September 2016, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on recommendation of the workers council. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 March 2019. We performed the audit of the Consolidated Financial Statements of the Group during two consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Etn. Fr. Colruyt NV, which consists of the consolidated statement of the financial position as at 31 March 2018, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2018 and the disclosures, which show a consolidated balance sheet total of € 4.054,1 million and of which the consolidated income statement shows a profit for the year of € 374,4 million.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 March 2018, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Compensations received from suppliers

Description of the matter

The Group receives significant amounts of discounts and compensations from its suppliers, mainly for promotions in the stores, joint publicity, introduction of new products, and volume based incentives. The determination of such discounts from suppliers is largely based on the actual supplier purchases of the related period, which are also confirmed by the Group with the suppliers concerned.

However, for new cooperation models or for periods that have not yet been completely settled, estimates are required regarding specific purchase or sales volumes as well as the discount percentages to be applied. In order to be able to determine these accurately and completely, management needs to have a detailed insight into the contractual arrangements and to the extent to which any conditions of certain promotional programs are fulfilled. A change in these estimates could have a material impact on the Consolidated Financial Statements. For these reasons and also because of the size of the related amounts, the recognition of the compensations from suppliers is a key audit matter.

We refer to note 1 of the Consolidated Financial Statements for the valuation rules in this respect.

Procedures performed

Our audit work included, among others, the following:

- Substantive procedures on settled compensations from suppliers; this work consisted of a reconciliation, for a sample, to supplier contracts and/or equivalent supporting documentation such as invoices, credit notes, receipts or supplier confirmations of the compensations from suppliers.
- Substantive procedures with regard to the correctness and completeness of the outstanding compensations from suppliers; these tests include evaluating the appropriateness of management's estimates

regarding specific purchase or sales volumes and discount percentages applied, as well as reconciling, for a sample, these data with the Group's underlying supplier agreements and accounting records.

- An assessment of management's historical estimation accuracy by testing the extent to which outstanding receivables in previous period with regard to compensations from suppliers to be collected were paid after the end of the financial year.
- Evaluation of the presentation of the compensations from suppliers in accordance with the valuation rules included in note 1 of the Consolidated Financial Statements.

Impairment of goodwill and property, plant and equipment

Description of the matter

The Group operates stores in Belgium, France and Luxembourg. The carrying amount of the property, plant and equipment mainly relates to the stores and related assets as detailed in note 11 of the Consolidated Financial Statements. The total net book value amounts to € 2.131,8 million as at 31 March 2018. In addition, as a result of various acquisitions in the past, the Group has booked goodwill. The book value of this goodwill amounts to € 58,1 million as at 31 March 2018. The valuation of goodwill is described in note 9 of the Consolidated Financial Statements; the valuation of property, plant and equipment in note 11.

In accordance with IAS36 'Impairment of assets', these assets are reviewed by management at least once a year by cash-generating unit and examined for any indications of impairment. This review is strongly influenced by, the future expectations of the management with regard to the expected growth, in particular the turnover and the operating result, and by other assumptions, such as the discount rate and long-term growth rate. A change in these assumptions or the use of inappropriate future expectations could have a material impact on the Consolidated Financial Statements. For these reasons, the impairment of goodwill and property, plant and equipment are a key audit matter.

Procedures performed

Our audit work included, among others, the following:

- Evaluation of the mathematical accuracy and conformity with IAS36 of the valuation model used by the Group with the support of a valuation expert from our firm.
- Evaluation of the most important assumptions used (long-term growth rate and discount rate) with the support of a valuation expert from our firm.
- Evaluation of the reasonableness of the projected cash flows as well as the estimated future revenue growth and growth of the operating result by comparing with, and an evaluation of, the budget approved by the Board of Directors, and an assessment of the Group's historical forecasting accuracy.
- Verification of the existence of any additional indications for impairment, by reading of minutes of the Board of Directors, by an independent evaluation of publicly available market data, and by having regular discussions with the management.
- Evaluation of the adequacy and completeness of notes 9 and 11 of the Consolidated Financial Statements.

Valuation of transformation programs with a long-term character

Description of the matter

The Group invests significant amounts in transformation programs with a long-term character, which are developed internally. The book value of the capitalized transformation programs with a long-term character amounts to € 78,1 million as at 31 March 2018. The valuation is described in note 10 of the Consolidated Financial Statements.

Development costs are only capitalized in accordance with IAS38 if a number of conditions are met, including the capacity of the transformation program to generate future economic benefits which exceed the costs incurred. Management's estimates with respect to these expected future economic benefits are inherently complex. Changes in these estimates or the use of inappropriate future expectations could have a material impact on the Consolidated Financial Statements. For these reasons, the

valuation of change programs with a long-term character is a key audit matter.

Procedures performed

Our audit work included, among others, the following:

- Substantive testing, on a sample basis, for each of these programs regarding the determination and allocation of the relevant development expenditure to the asset.
- Evaluation of the model used by the Group to determine the future economic benefits of these programs, in accordance with the conditions of IAS38, and of the main underlying assumptions.
- Periodical discussion with management of the estimated future economic benefits as set out in the individual business cases of the relevant change programs, and comparison of earlier estimates with historical achievements afterwards.
- Verification of the existence of any indications for impairment, among others by reading minutes of the Board of Directors and by having regular discussions with management.
- Evaluation of the adequacy and completeness of note 10 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium as well as internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company

or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- ▶ Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- ▶ Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group'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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- ▶ Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors 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 Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

- ▶ Management report (page 10-13)
- ▶ Key figures (page 14-15)

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of assurance regarding the Board of Director's report and the other information included in the annual report.

The non-financial information required by article 119 §2 of the Belgian Companies Code has been prepared as a separate report and is not included in the Board of Director's report on the Consolidated Financial Statements. The report on the non-financial information has been prepared in accordance with article 119 of the Belgian Companies Code and is consistent with the Consolidated Financial Statements for the same financial year. The Group has prepared this non-financial information on Sustainable Development Goals (hereafter "SDGs"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the SDG's. We do not express any form of assurance regarding the individual elements included in this non-financial information.

Independence matters

Our auditor's office and our network has not performed any services that are not compatible with the statutory audit of the Consolidated Financial Statements and has remained independent of the Company during the course of our mandate.

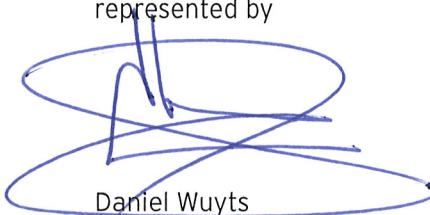
The fees related to additional services which are compatible with the statutory audit of the Consolidated Financial Statements as referred to in article 134 of the Belgian Companies Code were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications

- ▶ This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 13 July 2018

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by



Daniel Wuyts
Partner*

*Acting on behalf of a BVBA/SPRL

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