

Disclosure is made regarding the questions asked in Ordinary General Assembly of Pınar Su Sanayi ve Ticaret A.Ş. dated 30.03.2018.

Question: The dividend has not been distributed since about 2011. I kindly request information about the nature of loss and the reason behind that.

Answer: There is a fierce competition in the sector in which we exist. The Company's strategy is not only go on with spring water business but also to become a beverage company and expand the vision with more profitable products. Pınar Su has become a beverage company for the last five years on this purpose. New product categories have launched and we will observe the positive effect of these in the years ahead. We made investment for this purpose. Productivity increases have come true. Especially 2017 was a year that business risks increased and we could not have made desired prices. We will witness the recovery period in 2018 and the next years.

If you look over the Company's balance sheet you can see the logistics expenses are quite substantial and water transportation from İzmir to İstanbul affected the profitability in a negative manner. Of course, considerable depreciation expenses also exist in the loss. In total, the Company has accumulated depreciation as well as its loss. When you compare the Company's real growth and inflation, our Company established a significant improvement.

Question: Did the Company's costs increased?

Answer: Indeed, a considerable increase took place in the costs. Especially, the preform raw material and bottle caps which are petroleum derivative products are extremely exposed to both the exchange rate and petrol prices. A fact that the costs have increased over the years. However, the industry is experiencing a competition in the market due to the product prices do not increase at the same level with cost increases. Because of this reason, we are aiming to balance this with new categories and marketing plans and activities. That's why our strategy is right. Industry is the case. The company is experiencing that prices in the market do not increase as much as costs.