

ARÇELİK A.Ş. Non-current Financial Asset Acquisition

Summary

Agreement to form a new partnership under Arçelik Control for Whirlpool Corporation & Arçelik's European Operations and Acquisition of Whirlpool Corporation's Operations in the MENA region

Noncurrent Financial Asset Acquisition

Related Companies ☐

Related Funds ☐

Noncurrent Financial Asset Acquisition	
Update Notification Flag	Hayır (No)
Correction Notification Flag	Hayır (No)
Date Of The Previous Notification About The Same Subject	-
Postponed Notification Flag	Evet (Yes)
Announcement Content	
Board Decision Date for Acquisition	16/01/2023
Were Majority of Independent Board Members' Approved the Board Decision for Acquisition	Yes
Title of Non-current Financial Asset Acquired	Whirlpool Corporation's manufacturing, sales, marketing subsidiaries in Europe and subsidiaries in the Middle East and North Africa (MENA) (Whirlpool MEEA DMCC and Whirlpool Maroc S.à r.l.)
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Production, sales and marketing of white goods in Europe and sales and marketing of white goods in the MENA.
Capital of Noncurrent Financial Asset	It is not determined at this stage, as the establishment of the company to be acquired from Whirlpool for the Europe region has not yet been completed. The capital of the two companies to be acquired in the MENA region is AED 50,000 (United Arab Emirates Dirham) and MAD 71,500,000 (Moroccan Dirham), respectively.
Acquirement Way	Diğer (Other)
Date on which the Transaction was/will be Completed	It is anticipated that the transactions will be completed in the second half of 2023
Acquisition Conditions	Diğer (Other)
Detailed Conditions if it is a Timed Payment	-
Nominal Value of Shares Acquired	Since the establishment of the company to be acquired from Whirlpool for the Europe region has not been completed, the nominal value of the shares to be acquired is not certain yet. The nominal value of the shares in the two (2) companies to be purchased in the MENA region is AED 50,000 and MAD 71,500,000, respectively.
Purchase Price Per Share	-
The purchasing value has not been calculated, as the parties in Europe Region transfer their subsidiaries	

Total Purchasing Value	by contributing capital in kind. For MENA transaction, the transaction value has been calculated as 20 million Euro. (Subject to adjustment for net indebtedness and net working capital, which will be determined on the closing financial statements.)
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	100% shares of Whirlpool's subsidiaries operating in Europe and the MENA region will be subjected to transaction.
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	100% shares of Whirlpool's subsidiaries operating in Europe and the MENA region will be subjected to transaction.
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	The voting right ratio will be finalized after closing nevertheless Ardutch will have the majority voting right in Beko Europe. Ardutch will have 100% of the voting rights of the subsidiaries operating in the Whirlpool MENA region.
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	-
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	-
Effects on Company Operations	Expected to contribute to our growth target in aforementioned countries.
Did Takeover Bid Obligation Arised?	Hayır (No)
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	Hayır (No)
Title/ Name-Surname of Counter Party	Whirlpool EMEA Holdings LLC and Whirlpool Corporation
Is Counter Party a Related Party According to CMB Regulations?	Hayır (No)
Relation with Counter Party if any	-
Agreement Signing Date if Exists	16/01/2023
Value Determination Method of Non-current Financial Asset	Negotiation Method
Did Valuation Report be Prepared?	Düzenlenmedi (Not Prepared)
Reason for not Preparing Valuation Report if it was not Prepared	Not mandatory.
Date and Number of Valuation Report	-
Title of Valuation Company Prepared Report	-
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-
Explanations	

In line with the growth strategy of Arçelik A.Ş. ("Arçelik"); i) Ardutch B.V. (wholly owned subsidiary of Arçelik A.Ş.), ii) Arçelik as the guarantor, iii) Whirlpool EMEA Holdings LLC. ("Whirlpool EMEA") (a Delaware limited liability company and a wholly owned subsidiary of Whirlpool Corporation) iv) Whirlpool as the guarantor and v) Beko Europe B.V as the buyer signed a Contribution Agreement ("Agreement") in order to merge all of Arçelik and Whirlpool's production, sales and marketing subsidiaries operating in Europe under a structure that Arçelik will control with majority share.

Shareholding Structure:

For this purpose, all shares of Arçelik's subsidiaries operating in Europe, including all Arçelik's shares of %100 owned Beko Balkans and %51 owned Beko PLC operating in Europe will be transferred into Ardutch. Hereupon the aforementioned shares of the subsidiaries will be transferred by Ardutch to Beko Europe which has been incorporated in Netherlands for the purpose of this transaction by contribution of capital in kind. Whirlpool will also contribute its European domestic appliances business operations, the shares of this company will be contributed to Beko Europe by adding capital in kind likewise.

According to the foreseen shareholding structure after the aforementioned transfer, Ardutch will have majority share with 75%, and Whirlpool EMEA Holdings LLC will own 25% shareholder in Beko Europe. The final ownership ratio will be determined by taking into account the EBITDA and net fixed asset value in the 2022 year-end financials for the companies subject to the transaction and will be adjusted based on net debt and net working capital after the closing financial statements are prepared. If there is a need for an adjustment, share proportions may change according to the principles determined in the Agreement.

Closing Conditions, Contracts to be signed and Other Important Provisions:

Once the closing conditions set forth in the aforementioned agreement are fulfilled, Shareholders Agreement, Brand License Agreement, and other relevant Agreements (including other agreements determining the operating and supply principles) will be signed between parties.

The completion of the transaction is subject to the fulfillment of the closing conditions, including the regulatory approvals including competition authorities set forth in the agreements, and the foreign direct investment permits. The employee consultancy process will also need to be completed before closing. Transaction shall be closed within one year as per the agreement and the parties have the right to extend this period for 6 months. If the closing conditions are not fulfilled by the end of this period, the Parties will have the right to terminate the Agreement. The closing of the transactions is expected to be finalized in the second half of 2023.

As per the Agreement, the Parties have an obligation not to compete under certain conditions and exceptions, in the European region, for a period of three (3) years after closing. Besides, except under certain circumstances, the Parties have an undertaking of not selling their shares in Beko Europe (Lock-up) for five (5) years following the closing. Additionally, there are call and put options for the shares of Whirlpool Corporation in Beko Europe, valid under certain circumstances, within 48 months period following the closing.

It is also agreed that a share purchase agreement will be signed within six (6) weeks between the Parties regarding the acquisition of 100% shares of two Whirlpool Corporation's subsidiaries, domiciled in the United Arab Emirates and Morocco and operating in the Middle East and North Africa markets, by Ardutch at the amount of EUR 20 million subject to be net debt and net working capital adjustments based on the closing financials.

Information on Operations:

After the completion of the transaction, it is anticipated that Whirlpool's 14 production facilities and 38 European subsidiaries located in 9 locations (in Italy, Poland, Slovakia and the UK), and Arçelik's 25 European subsidiaries including 2 production facilities located in Romania will be merged under Beko Europe. These companies mainly produce, distribute and sell washing machines, dryers, refrigerators, freezers, cookers and dishwashers. The total production capacity of all the mentioned production facilities will be approximately 24 million units per year after the transaction.

The consolidated net revenue of the Whirlpool's aforementioned European subsidiaries are approximately €3.4 billion and €2.6 billion in year-end 2021 and 9M 2022, respectively. The number of employees is approximately 14,400 at the company. The consolidated net revenue of Arçelik's subsidiaries subject to the transaction is approximately €2.6 billion and €1.9 billion in year-end 2021 and 9M 2022, respectively. After the transaction, the number of employees in various European countries is expected to be approximately 20,000. It is estimated that over €200 million of cost-based synergies can be achieved with this transaction.

The consolidated net revenue of the Whirlpool's subsidiaries to be taken over in the MENA region is approximately €182 million as of year-end 2021.

Brand Uses:

According to the Brand License Agreement the exclusive usage rights of the Blomberg, Altus and Beko brands for third-party products or brands of Arçelik A.Ş. which is produced in Romanian production facility and Whirlpool brand of Whirlpool will be belonging to Beko Europe for a period of 40 years. The exclusive brand usage right shall be subject to a license payment. In addition, Grundig, Arctic, Elekrabregenz, Flavel and Leisure brands of Arçelik's subsidiaries operating in Europe and Hotpoint, Indesit, Bauknecht, Privileg and Ignis brands owned by Whirlpool will be transferred to Beko Europe as a result of the transaction. Whirlpool's Kitchenaid business in the EMEA region, including small appliances, as well as Maytag, InSinkErator and commercial product businesses will remain under Whirlpool.

Management and Financial Reporting Principles:

The Board of Beko Europe shall comprise a maximum of six members (for long as the Whirlpool holds at least 21.5% of the Shares in issue). Arçelik and Whirlpool shall have the right to nominate four and two Board Members respectively. (As so long as that at least one Whirlpool member has a affirmative vote, decisions can be taken with the majority of the members nominated by Arçelik)

As a result of the transactions, 2 subsidiaries acquired in the MENA region and Beko Europe will be fully consolidated as a subsidiary in the financial reports of Arçelik, since Arçelik has a majority share and control right.

Information about Whirlpool Corporation:

It is an American multinational manufacturer and distributor of home appliances, headquartered in Michigan, United States. Whirlpool Corporation trades at the NYSE Chicago and New York Stock Exchange. Whirlpool Corporation's consolidated revenue for the year ended December 31, 2021, was \$22 billion.

Decision on Deferral of Disclosure:

Disclosure regarding the non-binding offer submitted for establishing a partnership through takeover of Whirlpool's operations in Europe and acquisition of Whirlpool's operations in the MENA region was deferred on October 9, 2022, until the negotiations are completed and the contracts are signed. Deferral decision was taken by General Manager with respect to Article 6 of the Communiqué on Material Events and by the authority granted by Board of Directors on November 28, 2017, considering potential impact on Arçelik to ensure the process is not adversely impacted and to protect Company's competitiveness, legitimate interests, legal rights and negotiation power. The disclosure is made as soon as deferral reasons cease their effect.

Further material developments will be shared with our investors.

This statement has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this disclosure statement, the Turkish version shall prevail.

We proclaim that our above disclosure is in conformity with the principles set down in “Material Events Communiqué” of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we’re personally liable for the disclosures.