

Arçelik Announces Contribution Agreement to Form a New Standalone European Home Appliance Business with Whirlpool

- The newly formed standalone business will combine both companies' European manufacturing expertise, strong supply chains, effective distribution and sales networks and innovative product pipelines to create additional value for European consumers
- The new company will draw together approximately 20,000 employees across multiple European countries and many of the sector's best-known brands
- The combined net revenue is approximately EUR 6 billion, based on the net sales of the companies' European operations in 2021.
- Innovation and sustainability leadership will be at the centre of the new entity's strategy

Istanbul, Turkey [17th January 2023] - Arçelik's wholly owned subsidiary Ardutch B.V and Whirlpool Corporation's wholly owned subsidiary Whirlpool EMEA Holdings LLC have signed a definitive Contribution Agreement for the creation of a new standalone business in the European home appliances sector.

The agreement will see both Ardutch and Whirlpool transfer their European subsidiaries to the new company. After these transfers, it is expected that 75 per cent of the newly formed company will be allocated to Ardutch B.V. and 25 per cent to Whirlpool. The final post-closing ownership ratio will be determined after taking into account respective 2022 EBITDA, net asset values, net indebtedness and net working capital of the parties.

The new standalone business will combine both companies' manufacturing expertise, European appliance brands, strong supply chains, effective distribution and sales networks, and innovative product pipelines to create additional value for their consumers by positioning the new company for growth.

The new business will also build upon both companies' strong track record in, and commitment to, sustainability and innovation, providing European consumers with better access to high quality, energy- efficient and trusted lifestyle products and solutions.

Levent Çakiroğlu, CEO of Koç Holding (Arçelik's parent company), commented, "As the largest industrial conglomerate of Turkey, we continue to strengthen our impact with global success stories ranging from the UK to India, from South Africa to the USA. Today, Koç Group companies export to more than 150 countries. Arçelik, as a respected player in its industry, is carrying its vision and ambitions much further with this new standalone business. The opportunity for this business to deliver value to European consumers with market-leading products via trusted brands and a commitment to sustainability in the home is significant."

Fatih Kemal Ebiçlioğlu, Consumer Durables Group President of Koç Holding, stated, "Koç Holding aims to be a global leader across all operational areas. Arçelik, a business at the forefront of its industry, is an outstanding example of a company pursuing a clear global vision within our group. I am confident that we will continue to create value for consumers, investors, and employees."

Hakan Bulgurlu, CEO of Arçelik, said: "This is a unique opportunity for two exceptional companies to come together with a focus on synergies, combined innovation, retail distribution, and sustainability and is consistent with our stated strategy. With today's agreement, we are creating a strong foundation to drive value creation for employees, shareholders, and European consumers of white goods, extending Arçelik's footprint with new growth opportunities in an important region."

The agreement includes Whirlpool's 38 European subsidiaries and 9 production sites located in Italy, Poland, Slovakia, and the UK, as well as Arçelik's 2 production facilities in Romania and 25 European subsidiaries. Together, this will result in a production capacity of approximately 24 million white good products per year.

The new business is expected to have more than 20,000 employees across multiple European countries. The combined net revenue of Arçelik and Whirlpool's aforementioned subsidiaries is approximately EUR 6 billion, based on the net sales of the companies' European operations in 2021.

The new company will manufacture, sell, and provide after-sales services for branded home appliances (including refrigerators, washing machines, vacuum cleaners, etc.) offering broad choice to consumers through a range of Arçelik's brands, including *Grundig*, *Arctic*, *Elektrabregenz*, *Flavel*, and *Leisure*, alongside Whirlpool's existing brands of *Indesit*, *Hotpoint**, *Ignis*, *Privileg*, and *Bauknecht*. The company will have regional brand rights for the *Beko*, *Blomberg* and *Altus* brands of Arçelik and for the *Whirlpool* brand of Whirlpool Corporation for a period of 40 years.

Both companies are expected to benefit from their complementary geographic coverage of sales channels and product portfolio, as well as from synergies arising from the combination of their European businesses. In addition, Arçelik and Whirlpool's combined European innovation and R&D facilities, procurement, and production systems, are expected to deliver an optimized supply chain and position it for growth in the market.

The transaction is expected to close in the second half of 2023 and is subject to additional requirements for closing, including obtaining regulatory approval and other customary closing conditions.

Separately, the parties also agreed to sign a share purchase and sale agreement within six weeks for Whirlpool to divest its Middle East & North Africa portion (MENA) of the EMEA region to Ardutch B.V., for a cash amount of EUR 20 million, pursuant to a separate transaction. The transaction, once completed, would result in Ardutch acquiring full ownership of two further Whirlpool subsidiaries established in the United Arab Emirates and Morocco.

About Arçelik

With 45,000 employees throughout the world, Arçelik's global operations include subsidiaries in 53 countries, and 30 production facilities in 9 countries and 12 brands (Arçelik, Beko, Grundig, Blomberg, ElektraBregenz, Arctic, Leisure, Flavel, Defy, Altus, Dawlance, Voltas Beko). Arçelik, which is among the three largest white goods companies in Europe with its market share (based on volumes), reached a consolidated turnover of 6.5 billion Euros in 2021. Arçelik's 29 R&D and Design Centers & Offices across the globe are home to over 2,300 researchers and hold up to 3,000 international registered patent applications to date. For the 4th consecutive year, Arçelik achieved the highest score in the DHP Household Durables industry (based on the results dated 16 December 2022) in the Dow Jones Sustainability Index of the S&P Global Corporate Sustainability Assessment. Through its leadership position in sustainability and credible decarbonization roadmap for achieving net zero, Arçelik became the first and only company from its industry to receive the Terra Carta Seal from the former Prince of Wales. Arçelik's vision is 'Respecting the World, Respected Worldwide.'

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**Whirlpool Corporation's ownership of the Hotpoint brand in EMEA and Asia Pacific regions is not affiliated with the Hotpoint brand sold in the Americas.*