



KAMUYU AYDINLATMA PLATFORMU

ARÇELİK A.Ş.

Non-current Financial Asset Acquisition

Summary

Signing share purchase agreement with Hitachi Global Life Solutions, Inc.



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	14/12/2020
Postponed Notification Flag	Evet (Yes)
Announcement Content	
Board Decision Date for Acquisition	16/12/2020
Were Majority of Independent Board Members' Approved the Board Decision for Acquisition	Yes
Title of Non-current Financial Asset Acquired	The shares of the Company which will be incorporated in Netherlands by Hitachi Global Life Solutions, Inc. (Hitachi GLS) would be acquired hence the title of the company is not clear at this stage.
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Manufacturing, sales and distribution of home appliances mainly in Asia Pacific, excluding the Japanese market.
Capital of Noncurrent Financial Asset	As the company to be acquired is not incorporated yet, the capital is not clear.
Acquirement Way	Satin Alma (Purchase)
Date on which the Transaction was/will be Completed	The transaction is planned to be closed by April 1, 2021.
Acquisition Conditions	Peşin (Cash)
Detailed Conditions if it is a Timed Payment	-
Nominal Value of Shares Acquired	As the company to be acquired is not incorporated yet, nominal value of the shares is not decided.
Purchase Price Per Share	As the company to be acquired is not incorporated yet, price per share cannot be calculated.
Total Purchasing Value	Transaction value is calculated as USD 300 million on a cash-free and debt-free basis for 60% of the business, including all the minority interests. The transaction value is subject to customary adjustments based on the balance of net debt and net working capital of the Company as of closing date. Hitachi GLS may acquire some of the minority interests until the closing. There will be minority shares adjustment for the outstanding minority shares as of the closing date.

Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	60%
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	60%
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	60%
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	5.2%
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	7.4%
Effects on Company Operations	We expect this transaction to contribute to our growth plan in Asia-Pacific region
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	Hitachi Global Life Solutions, Inc.
Is Counter Party a Related Party According to CMB Regulations?	Hayır (No)
Relation with Counter Party if any	-
Agreement Signing Date if Exists	16/12/2020
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	Preparation of a valuation report is 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 our growth strategy in emerging markets, a Share Purchase Agreement has been signed between Arçelik A.Ş. and Hitachi Global Life Solutions, Inc. ("Hitachi GLS"), in order to establish a joint venture that Arçelik A.Ş. will control with the majority interest to operate in the global home appliances market outside the Japanese market.

When the closing conditions stated in the said agreement are fulfilled, Joint Venture Agreement, Master Brand Agreement and other related agreements will be signed between the parties. In this context, Hitachi GLS will incorporate a new company in the Netherlands and transfer all the assets and home appliances business lines owned by its 12 subsidiaries to the new company. Arçelik A.Ş. will buy 60% of the shares of this company (the "Company"). The transaction includes 2 subsidiaries of Hitachi GLS with manufacturing facilities in Thailand and China, and 10 sales companies in the region (Thailand, China, Hong Kong, Taiwan, Singapore, Malaysia, Indonesia, the Middle East, Vietnam and Myanmar). Aforementioned companies mainly sell refrigerators, washing machines, vacuum cleaners, rice cooker, water pumps and air conditioners. The annual production capacity of Thai and Chinese manufacturing companies is 3 million units of refrigerators and washing machines in total.

According to the Master Branding Agreement, the Company will pay royalty to Hitachi GLS for the right to use the "Hitachi" brand worldwide excluding Japan, it will be possible to use the trademark at least for 15 years, and possible to renew up to 40 years, subject to the agreement of the parties on license terms in every 10 years. In addition, according to the Technology and Product Mark License Agreement envisaged to be signed at the Closing, the Company will pay technology

license fees to its partners who will provide technology for the use of certain technologies, intellectual property and technical information.

Transaction value is calculated as USD 300 million on a cash-free and debt-free basis for 60% of the business, including all the minority interests. The transaction value is subject to customary adjustments based on the balance of net debt and net working capital of the Company as of closing date. Hitachi GLS may acquire some of the minority interests until the closing. There will be minority shares adjustment for the outstanding minority shares as of the closing date.

In the Joint Venture Agreement, the principles such as; the election of the board of directors and senior executives, veto rights of a party on certain issues, mechanisms for share transfer and put / call options under certain conditions, and termination conditions of the contract are defined. The Company's Board of Directors will consist of 5 people and 3 members of the Board, which will be nominated by Arçelik, will have a majority (60%) of the voting rights in total to resolve corporate matters except for the said certain issues. In this context the Company to be jointly owned by Arçelik and Hitachi GLS will be fully consolidated as a subsidiary in Arçelik financial reports, due to being the majority shareholder with control.

The consolidated net turnover of the Hitachi home appliances business line (excluding Japan) to be acquired was around USD 1 billion and EBITDA was approximately USD 70 million for the fiscal year ended March 31, 2020 (FY2019). The Company and its subsidiaries have nearly 3,800 employees. After the transfer, the product range is expected to be expanded with dryers, dishwashers, stoves, hoods, ovens and other small household appliances.

The transaction is subject to fulfilment of the closing conditions in the SPAs including the approvals to be granted by the Regulatory Authorities. The transaction is expected to be closed by April 1, 2021.

The information related to the Hitachi GLS who is a counter-party to the Share Purchase Agreement, Joint Venture Agreement and Master Branding Agreement is as follows;

Headquartered in Tokyo, Japan, Hitachi Global Life Solutions, Inc., is a wholly owned subsidiary of Hitachi, Ltd., which provides engineering and maintenance services for home appliances, air conditioning equipment and other equipment and devices; as well as solutions utilizing digital technologies for the sale of home appliances. Consolidated revenue of Hitachi GLS was JPY 465.3 billion in the fiscal year ended March 31, 2020 (FY2019).

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.