

Amazon drops \$1.4bn deal to buy iRobot after EU veto reports

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Amazon has abandoned its planned \$1.4bn (£1.1bn) acquisition of the robot vacuum cleaner company iRobot, amid EU opposition to the deal. The e-commerce company will pay a \$94m break fee to iRobot, which immediately announced plans to axe 31% of its workforce – or 350 employees – and the departure of its chief executive. The Wall Street Journal reported on 18 January that the EU's executive arm was preparing to block the acquisition of the Roomba maker and had informed Amazon of its proposed view. Amazon and iRobot said in a joint statement the takeover had "no path to regulatory approval in the European Union, preventing Amazon and iRobot from moving forward together". David Zapolsky, the Amazon general counsel, said: "Undue and disproportionate regulatory hurdles discourage entrepreneurs, who should be able to see acquisition as one path to success, and that hurts both consumers and competition – the very things that regulators say they're trying to protect." The European Commission formally raised concerns about the deal in November, saying it could restrict competition in the robot vacuum cleaner market. The commission's concerns included Amazon reducing the visibility of rival vacuum cleaners on its retail platform. Amazon announced the deal in August 2022. The online retailer, which already owns the Alexa smart speaker and Ring doorbell, was pushing to expand its stable of smart home devices. The UK competition regulator cleared the takeover in June last year. However, the deal had also been under scrutiny by the Federal Trade Commission (FTC), the US competition watchdog, which has separately launched a sweeping lawsuit against the business. Verity Egerton-Doyle, a partner at UK law firm Linklaters, said Amazon's refusal to offer concessions in response to the commission's statement of objections – a formal list of its concerns – had doomed the deal. "This was the inevitable outcome after Amazon declined to offer remedies to the European Commission," she said. Anne Witt, a professor of antitrust law at EDHEC Business School, said the abandonment of the deal was a "fascinating development" because big tech groups had been able historically to resolve EU concerns about takeovers. For instance, last year the EU approved Microsoft's \$69bn takeover of video game maker Activision Blizzard. Witt said the EU's doubts about the deal echoed some of the concerns about Amazon in the FTC's wider September lawsuit, which includes allegations that the company prioritises its own products over others. The Open Markets Institute, which researches the impact of corporate monopolies, said on Monday the commission should be "applauded for standing up to Amazon". "Today's momentous news isn't just about robot vacuums – it's about checking the growing power a handful of giants have over our increasingly digital lives, including the devices we use within the four walls of our homes," said Max von Thun, the OMI's Europe director. Colin Angle, the founder of iRobot, who stepped down as chair and chief executive after the news, said the termination of the deal was "disappointing". He added: "iRobot now turns toward the future with a focus and commitment to continue building thoughtful robots and

intelligent home innovations that make life better, and that our customers around the world love.”