



GAAP RECONCILIATIONS
2020 ANNUAL REPORT

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(Millions of dollars except per share data)
(Unaudited)

We supplement the reporting of our financial information determined under U.S. generally accepted accounting principles (GAAP) with certain non-GAAP financial measures, some of which we refer to as "ongoing" measures, including earnings before interest and taxes (EBIT), EBIT margin, ongoing EBIT, ongoing EBIT margin, ongoing earnings per diluted share, organic net sales, adjusted effective tax rate, sales excluding currency and free cash flow. Ongoing measures exclude items that may not be indicative of, or are unrelated to, results from our ongoing operations and provide a better baseline for analyzing trends in our underlying businesses. Sales excluding foreign currency is calculated by translating the current period net sales, in functional currency, to U.S. dollars using the prior-year period's exchange rate compared to the prior-year period net sales. Management believes that sales excluding foreign currency provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations. Management believes that organic net sales provides stockholders with a clearer basis to assess our results over time, excluding the impact of exchange rate fluctuations and the Embraco divestiture. Management believes that adjusted tax rate provides investors with a meaningful, consistent comparison of the Company's effective tax rate, excluding the pre-tax income and tax effect of certain unique items. Management believes that free cash flow provides investors and stockholders with a relevant measure of liquidity and a useful basis for assessing the company's ability to fund its activities and obligations. The Company provides free cash flow related metrics, such as free cash flow as a percentage of net sales, as long-term management goals, not an element of its annual financial guidance, and as such does not provide a reconciliation of free cash flow to cash provided by (used in) operating activities, the most directly comparable GAAP measure, for these long-term goal metrics. Whirlpool does not provide a non-GAAP reconciliation for its other forward-looking long-term value creation and other goals, such as organic net sales, ongoing EBIT, and gross debt/ongoing EBITDA, as such reconciliation would rely on market factors and certain other conditions and assumptions that are outside of the company's control. We believe that these non-GAAP measures provide meaningful information to assist investors and stockholders in understanding our financial results and assessing our prospects for future performance, and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP financial measures, provide a more complete understanding of our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These ongoing financial measures should not be considered in isolation or as a substitute for reported net earnings available to Whirlpool per diluted share, net earnings, net earnings available to Whirlpool, net earnings margin, net sales, effective tax rate and cash provided by (used in) operating activities, the most directly comparable GAAP financial measures. We also disclose segment EBIT and ongoing segment EBIT as important financial metrics used by the Company's Chief Operating Decision Maker to evaluate performance and allocate resources in accordance with ASC 280 - *Segment Reporting*. GAAP net earnings available to Whirlpool per diluted share and ongoing earnings per diluted share are presented net of tax, while individual adjustments in each reconciliation are presented on a pre-tax basis; the income tax impact line item aggregates the tax impact for these adjustments. The tax impact of individual line

item adjustments may not foot precisely to the aggregate income tax impact amount, as each line item adjustment may include non-taxable components. Historical quarterly earnings per share amounts are presented based on a normalized tax rate adjustment to reconcile quarterly tax rates to full-year tax rate expectations. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

FULL-YEAR ONGOING EARNINGS BEFORE INTEREST AND TAXES

The reconciliation provided below reconciles the non-GAAP financial measure ongoing earnings before interest and taxes, with the most directly comparable GAAP financial measure, net earnings (loss) available to Whirlpool, for the twelve months ended December 31, 2020, 2019 and 2018. Net earnings margin is calculated by dividing net earnings available to Whirlpool by net sales. Ongoing EBIT margin is calculated by dividing ongoing EBIT by net sales. EBIT margin is calculated by dividing EBIT by net sales.

Earnings Before Interest & Taxes Reconciliation:	Twelve Months Ended December 31,		
	2020	2019	2018
Net earnings (loss) available to Whirlpool	\$ 1,081	\$ 1,184	\$ (183)
Net earnings (loss) available to noncontrolling interests	(10)	14	24
Income tax expense (benefit)	384	354	138
Interest expense	189	187	192
Earnings before interest & taxes	\$ 1,644	\$ 1,739	\$ 171
Net sales	\$ 19,456	\$ 20,419	\$ 21,037
Net earnings margin	5.6 %	5.8 %	(0.9)%
Restructuring costs ^(a)	288	188	247
France antitrust settlement ^(b)	—	—	103
Impairment of goodwill and intangibles ^(c)	—	—	747
Trade customer insolvency ^(d)	—	—	30
Divestiture related transition costs ^(e)	—	—	21
Brazil indirect tax credit ^(f)	—	(180)	—
(Gain) loss on sale and disposal of businesses ^(g)	(7)	(437)	—
Product warranty and liability (income) expense ^(h)	(30)	131	—
Sale leaseback, real estate and receivable adjustments ⁽ⁱ⁾	(113)	(86)	—
Trade customer insolvency claim settlement ^(j)	—	59	—
Corrective action recovery ^(k)	(14)	—	—
Ongoing measure	\$ 1,768	\$ 1,414	\$ 1,319
Net sales	\$ 19,456	\$ 20,419	\$ 21,037
Ongoing EBIT margin	9.1 %	6.9 %	6.3 %

FULL-YEAR 2020 ONGOING EARNINGS PER DILUTED SHARE

The reconciliation provided below reconciles the non-GAAP financial measure of ongoing earnings per diluted share with the most directly comparable GAAP financial measure, net earnings per diluted share available to Whirlpool, for the twelve months ended December 31, 2020. The earnings per diluted share GAAP measure and ongoing business measure are presented net of tax, while each adjustment is presented on a pretax basis. The aggregate income tax impact of the taxable components of each adjustment is presented in the income tax impact line item at our full-year adjusted tax rate of approximately 26.3%.

		Twelve Months Ended December 31, 2020
		Earnings (loss) per diluted share
Reported measure	\$	17.07
Restructuring costs ^(a)		4.54
Product warranty and liability (income) expense ^(h)		(0.47)
Sale leaseback, real estate and receivable adjustments ⁽ⁱ⁾		(1.16)
Sale leaseback, real estate and receivable adjustments ⁽ⁱ⁾		(0.61)
Corrective action recovery ^(k)		(0.22)
(Gain) loss on sale and disposal of businesses ^(g)		(0.10)
Income tax impact		(0.53)
Normalized tax rate adjustment ^(l)		0.03
Ongoing measure	\$	<u>18.55</u>

ORGANIC NET SALES

The reconciliation provided below reconciles the non-GAAP financial measure organic net sales with reported net sales, for the twelve months ended December 31, 2020 and December 31, 2019 for Whirlpool Latin America.

	Three Months Ended		Change
	December 31,		
	2020	2019	
Net sales	\$ 2,592	\$ 3,177	(18.4)%
Less: Embraco net sales	—	(635)	
Add-Back: currency	530	—	
Organic net sales	<u>\$ 3,122</u>	<u>\$ 2,542</u>	22.8 %

Note: Numbers may not reconcile due to rounding

FULL-YEAR RETURN ON INVESTED CAPITAL

The reconciliation provided below compares the non-GAAP financial measure Return on Invested Capital (ROIC) with the most directly comparable GAAP financial measure, Return on Assets (ROA), for the twelve months ended December 31, 2020, December 31, 2019 and December 31, 2018. The Company selected ROIC because it represents an important measure of capital efficiency, which is considered a key driver of sustainable stockholder value creation. The Company defines ROIC as ongoing EBIT after taxes divided by total invested capital, defined as total assets less non-interest bearing current liabilities (NIBCLS). NIBCLS is defined as current liabilities less current maturities of long-term debt and notes payable. This ROIC definition may differ from other companies methods and therefore may not be comparable to those used by other companies.

Twelve Months Ended December 31,

	2020	2019	2018
Net earnings (loss) available to Whirlpool	\$ 1,081	\$ 1,184	\$ (183)
Total assets	20,350	18,881	18,347
Return on assets (ROA)	5.3 %	6.3 %	(1.0)%

	2020	2019	2018
Ongoing earnings before interest and taxes*	\$ 1,768	\$ 1,414	\$ 1,319
Taxes @ 24%**	424	339	317
Ongoing EBIT after taxes	\$ 1,344	\$ 1,075	\$ 1,002

	2020	2019	2018
Total assets	\$ 20,350	\$ 18,881	\$ 18,347
Current liabilities	(8,330)	(8,369)	(9,678)
Current maturities of long-term debt	298	559	947
Notes payable	12	294	1,034
Total invested capital	\$ 12,330	\$ 11,365	\$ 10,650

	2020	2019	2018
Return on invested capital (ROIC)	10.9 %	9.5 %	9.4 %

*The reconciliation provided on a previous page reconciles the non-GAAP financial measure ongoing earnings before interest and taxes, with the most directly comparable GAAP financial measure, net earnings (loss) available to Whirlpool.

**Taxes are calculated at a flat 24% tax rate to enable standard, consistent comparisons across years and remove variability of tax credits, allowances, incentives and other tax related items that can fluctuate on an annual basis.

FULL-YEAR 2020 GROSS DEBT TO ONGONING EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION RATIO

The reconciliation provided below reconciles the non-GAAP financial measure ongoing EBITDA to net earnings available to Whirlpool, for the twelve months ended December 31, 2020.

	Twelve Months Ended December 31, 2020	
Ongoing earnings before interest, taxes, depreciation & amortization:		
Net earnings (loss) available to Whirlpool	\$	1,081
Net earnings (loss) available to noncontrolling interests		(10)
Income tax expense (benefit)		384
Interest expense		189
Earnings before interest & taxes	\$	1,644
Restructuring costs ^(a)		288
Product warranty and liability expense ^(c)		(30)
Sale leaseback, real estate and receivable adjustments ^(d)		(114)
Corrective action recovery ^(e)		(14)
(Gain) loss on sale and disposal of businesses ^(g)		(7)
Ongoing earnings before interest & taxes	\$	1,768
Depreciation and amortization		568
Ongoing earnings before interest, taxes, depreciation & amortization	\$	2,336

The reconciliation provided below reconciles Whirlpool's Gross Debt outstanding, for the twelve months ended December 31, 2020.

	Twelve Months Ended December 31, 2020	
Gross debt outstanding:		
Long-term debt	\$	5,059
Current maturities of long-term debt		298
Notes payable		12
Gross debt outstanding	\$	5,369

The reconciliation provided below calculates Whirlpool's Gross Debt to ongoing EBITDA ratio, for the twelve months ended December 31, 2020.

	Twelve Months Ended December 31, 2020	
Gross debt to EBITDA ratio:		
Gross debt outstanding	\$	5,369
Ongoing earnings before interest, taxes, depreciation and amortization	\$	2,336
Gross debt to ongoing EBITDA ratio:		2.3

Note: Numbers may not reconcile due to rounding

FOOTNOTES

- a. **RESTRUCTURING COSTS** - In 2018, these costs are primarily related to Indesit restructuring, an Embraco plant closure in Italy, and certain other unique restructuring events. In 2019, these costs were primarily related to actions that right-size our EMEA business and certain other unique restructuring events, including restructuring of the Naples, Italy manufacturing plant. In 2020, these costs were primarily related to actions that right-size and reduce the fixed cost structure of our global business, attributable primarily to the current macroeconomic uncertainties caused by COVID-19. This includes costs of approximately \$100 million related to restructuring in the United States and approximately \$188 million related to restructuring outside of the United States, including the exit of our Naples, Italy facility.

- b. **FRANCE ANTITRUST SETTLEMENT** - In 2013, the French Competition Authority (“FCA”) commenced an investigation of appliance manufacturers and retailers, including Whirlpool and Indesit operations in France. With respect to the first part of the investigation, the Company agreed to a preliminary settlement with the FCA staff in the second quarter of 2018 and accrued \$114 million. In the fourth quarter of 2018, the final settlement was approved by the FCA’s college of commissioners in the amount of approximately \$122 million, with approximately \$19 million of the total settlement to be paid by the previous owner of Indesit to the Company. The company paid \$52 million in the first quarter of 2019 and the remainder in the second quarter of 2019.

- c. **IMPAIRMENT OF GOODWILL AND INTANGIBLES** - During the second quarter of 2018, the Company performed a quantitative assessment of the EMEA region’s goodwill and intangible assets for impairment. Based on a third-party valuation, the Company concluded that the fair value of equity did not exceed its carrying value and therefore goodwill and intangible assets were impaired. The impact of this impairment was \$168 million to intangible assets and \$579 million to goodwill in the second quarter of 2018.

- d. **TRADE CUSTOMER INSOLVENCY** - During the third quarter of 2018, the company recognized bad debt expense related to trade customer insolvency of a U.S. retailer and a Brazilian retailer, in the amounts of approximately \$17 million and \$12 million, respectively. During the fourth quarter of 2018, the Company recognized an additional bad debt expense related to the Brazilian retailer in the amount of approximately \$14 million, and reduced bad debt expense related to the U.S. retailer in the amount of approximately \$13 million.

- e. **DIVESTITURE RELATED TRANSITION COSTS** - in the fourth quarter of 2018, the Company recognized transition costs of approximately \$21 million associated with the sale of its Embraco compressor business. During the first and second quarter of 2019, the Company recognized additional transition costs of \$6 million and \$11 million, respectively. In the third quarter of 2019, the Company reclassified approximately \$17 million of the first half 2019 divestiture related transition costs into “(Gain) loss on sale and disposal of businesses” to fully reflect the net impact from the gain on the sale of the Embraco compressor business.

- f. **BRAZIL INDIRECT TAX CREDIT** - During the first half of 2019, the Company received favorable, non-appealable decisions related to the recovery of certain taxes previously paid over gross sales. As a result, the Company recorded a gain in interest and sundry (income) expense during the first quarter and second quarter of 2019 in the amount of \$127 million and \$53 million, respectively, in connection with these decisions.
- g. **(GAIN) LOSS ON SALE AND DISPOSAL OF BUSINESSES** - During the second quarter of 2019, the Company entered into an agreement to sell its South Africa operations. As a result, the Company recorded a charge of \$35 million for the write-down of the assets of the disposal group to fair value and \$33 million of cumulative foreign currency translation adjustments included in the carrying amount of the disposal group to calculate the impairment. The Company also incurred charges of approximately \$11 million, primarily inventory liquidation costs, related to the exit of our domestic sales operations in Turkey. Total charges recorded in the second quarter of 2019 were approximately \$79 million. During the third quarter of 2019, changes in working capital accounts and currency translation adjustments resulted in the Company reducing the amount of loss by approximately \$5 million.

On July 1, 2019 the Company closed the sale of the Embraco compressor business. As a result, the Company recorded a gain, before taxes, of approximately \$511 million.

During the third quarter of 2019, the Company reserved approximately \$7 million for an expected change in purchase price for the sale of the Embraco compressor business. Adjustments to the final purchase price were finalized as of the third quarter of 2020, with no resulting change to the final purchase price, and the reserve was released and recognized as a gain during the quarter.

- h. **PRODUCT WARRANTY AND LIABILITY (INCOME) EXPENSE** - In September 2015, the Company recorded a liability related to a corrective action affecting certain legacy Indesit products. During the second and third quarters of 2019, the Company incurred additional product warranty expense related to this previously disclosed legacy Indesit dryer corrective action campaign in the UK for approximately \$12 million and \$14 million, respectively. In the third quarter of 2019, the Company recorded a charge of approximately \$105 million for estimated product warranty expense related to certain EMEA-produced washers for which the Company commenced a recall in January 2020.

During the fourth quarter of 2020, the Company released an accrual of approximately \$30 million related to this EMEA-produced washer recall campaign, based on our revised expectations regarding future period cash expenditures for the campaign.

- i. **SALE LEASEBACK, REAL ESTATE AND RECEIVABLE ADJUSTMENTS** - In the fourth quarter of 2019, the Company sold certain owned properties, primarily warehouses, while agreeing to lease these same properties from the purchaser. As part of the sale, the Company recognized a pre-tax gain on sale of the group of properties of approximately \$111 million and a cash benefit of approximately \$140 million. In addition, the Company wrote off the full loan receivable amount outstanding of approximately \$18 million related to a previous loan between the Company and a not-for-profit entity in connection with a community and economic development project. The Company also wrote-down the book value of certain real estate properties, recognizing a loss of approximately \$7 million. In the fourth quarter of 2020, the Company sold and leased back a group of properties for net proceeds of approximately \$139 million. The transaction met the requirements for the sale leaseback accounting.

In the fourth quarter of 2020, the Company recorded the sale of the properties, which resulted in a pre-tax gain of approximately \$113 million (\$89 million, net of tax) recorded in cost of products sold (\$74 million) and selling, general and administrative expense (\$39 million) in the Consolidated Statements of Comprehensive Income (Loss).

- j. **TRADE CUSTOMER INSOLVENCY SETTLEMENT** - In January 2020, the Company entered into an agreement with the insolvency trustee for Alno AG, a former trade customer of a Company subsidiary in which the Company subsidiary held a minority equity interest, to settle all potential claims that the insolvency trustee may have against the Company subsidiary related to the Alno insolvency, resulting in a one-time charge of €52.75 million (\$59 million as of December 31, 2019).
- k. **CORRECTIVE ACTION RECOVERY** - The Company recorded a benefit of \$13 million in the third quarter of 2020 and \$1 million in the fourth quarter of 2020 related to a vendor recovery in our ongoing EMEA-produced washer corrective action. The Company anticipates recording additional immaterial vendor recovery benefits in one or more future quarters.
- l. **NORMALIZED TAX RATE ADJUSTMENT** - During the fourth quarter of 2020, the Company calculated ongoing earnings per share using an adjusted tax rate of 30.0%, to reconcile to our full-year effective tax rate of 26.3%.

FREE CASH FLOW

As defined by the Company, free cash flow is cash provided by (used in) operating activities after capital expenditures, proceeds from the sale of assets and businesses and changes in restricted cash. The reconciliation provided below reconciles twelve months ended December 31, 2020, 2019 and 2018 free cash flow with cash provided by (used in) operating activities, the most directly comparable GAAP financial measure. Free cash flow as a percentage of net sales is calculated by dividing free cash flow by net sales.

	Twelve Months Ended December 31,		
<i>(millions of dollars)</i>	2020	2019	2018
Cash provided by (used in) operating activities	\$1,500	\$1,230	\$1,229
Capital expenditures, proceeds from sale of assets/businesses and change in restricted cash*	(254)	682	(376)
Repayment of term loan	—	(1,000)	—
Free cash flow	<u>\$1,246</u>	<u>\$912</u>	<u>\$853</u>
Cash provided by (used in) investing activities	(237)	636	(399)
Cash provided by (used in) financing activities	(253)	(1,424)	(518)

Note: 2019 free cash flow includes the net proceeds and the term loan repayment related to the sale of the Embraco business of approximately \$1 billion.

*In 2018 and 2019, restricted cash was used to fund capital expenditures and technical resources to enhance Whirlpool China's research and development and working capital, as required by the terms of the Whirlpool China (formerly Hefei Sanyo) acquisition. In 2020, restricted cash represents contributions held as part of the Company's Charitable Foundation which was consolidated as of September 30, 2020.