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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[Mark One]

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 1, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 01-13697

MOHAWK INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware			**52-1604305**
(State or other jurisdiction of incorporation or organization)			**(I.R.S. Employer Identification No.)**
160 S. Industrial Blvd.	**Calhoun**	**Georgia**	**30701**
(Address of principal executive offices)			**(Zip Code)**

Registrant's telephone number, including area code: (706) 629-7721
Former name, former address and former fiscal year, if changed since last report:

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	**MHK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The number of shares outstanding of the issuer's common stock as of July 26, 2023, the latest practicable date, is as follows: 63,682,156 shares of common stock, $.01 par value.

MOHAWK INDUSTRIES, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except per share data)		July 1, 2023	December 31, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	$	**570,933**	509,623
Short-term investments		**—**	158,000
Receivables, net		**2,087,071**	1,904,786
Inventories		**2,618,711**	2,793,765
Prepaid expenses		**552,162**	498,222
Other current assets		**22,451**	30,703
Total current assets		**5,851,328**	5,895,099
Property, plant and equipment		**10,136,971**	9,647,779
Less: accumulated depreciation		**5,179,746**	4,986,601
Property, plant and equipment, net		**4,957,225**	4,661,178
Right of use operating lease assets		**400,419**	387,816
Goodwill		**2,031,034**	1,927,759
Tradenames		**708,243**	668,328
Other intangible assets subject to amortization, net		**179,686**	189,620
Deferred income taxes and other non-current assets		**457,228**	390,632
Total assets	$	**14,585,163**	14,120,432
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt	$	**1,038,032**	840,571
Accounts payable and accrued expenses		**2,143,807**	2,124,448
Current operating lease liabilities		**106,102**	105,266
Total current liabilities		**3,287,941**	3,070,285
Deferred income taxes		**405,159**	444,660
Long-term debt, less current portion		**2,013,327**	1,978,563
Non-current operating lease liabilities		**310,612**	296,136
Other long-term liabilities		**356,104**	312,874
Total liabilities		**6,373,143**	6,102,518
Commitments and contingencies (Note 17)			
Stockholders' equity:			
Preferred stock, $.01 par value; 60 shares authorized; no shares issued		**—**	—
Common stock, $.01 par value; 150,000 shares authorized; 71,018 and 70,875 shares issued and outstanding in 2023 and 2022, respectively		**710**	709
Additional paid-in capital		**1,937,320**	1,930,789
Retained earnings		**7,591,215**	7,409,760
Accumulated other comprehensive loss		**(1,107,742)**	(1,114,258)
Less: treasury stock at cost; 7,338 and 7,341 shares in 2023 and 2022, respectively		**215,397**	215,491
Total Mohawk Industries, Inc. stockholders' equity		**8,206,106**	8,011,509
Nonredeemable noncontrolling interests		**5,914**	6,405
Total stockholders' equity		**8,212,020**	8,017,914
Total liabilities and stockholders' equity	$	**14,585,163**	14,120,432

See accompanying notes to the Condensed Consolidated Financial Statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)	Three Months Ended July 1, 2023	Three Months Ended July 2, 2022	Six Months Ended July 1, 2023	Six Months Ended July 2, 2022
Net sales	$ **2,950,428**	3,153,188	**5,756,651**	6,168,851
Cost of sales	**2,218,519**	2,279,991	**4,381,300**	4,493,526
Gross profit	**731,909**	873,197	**1,375,351**	1,675,325
Selling, general and administrative expenses	**578,863**	505,270	**1,096,515**	986,597
Operating income	**153,046**	367,927	**278,836**	688,728
Interest expense	**22,857**	12,059	**39,994**	23,540
Other (income) expense, net	**2,215**	(2,818)	**1,649**	(380)
Earnings before income taxes	**127,974**	358,686	**237,193**	665,568
Income tax expense	**26,760**	78,176	**55,703**	139,624
Net earnings including noncontrolling interests	**101,214**	280,510	**181,490**	525,944
Less: net earnings (loss) attributable to noncontrolling interests	**(3)**	79	**35**	184
Net earnings attributable to Mohawk Industries, Inc.	$ **101,217**	280,431	**181,455**	525,760
Basic earnings per share attributable to Mohawk Industries, Inc.	$ **1.59**	4.41	**2.85**	8.20
Weighted-average common shares outstanding—basic	**63,680**	63,540	**63,630**	64,116
Diluted earnings per share attributable to Mohawk Industries, Inc.	$ **1.58**	4.40	**2.84**	8.17
Weighted-average common shares outstanding—diluted	**63,900**	63,798	**63,864**	64,374

See accompanying notes to the Condensed Consolidated Financial Statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

		Three Months Ended		Six Months Ended	
(In thousands)		**July 1, 2023**	July 2, 2022	**July 1, 2023**	July 2, 2022
Net earnings including noncontrolling interests	$	**101,214**	280,510	**181,490**	525,944
Other comprehensive income (loss):					
Foreign currency translation adjustments		**(221)**	34,065	**6,651**	(48,382)
Prior pension and post-retirement benefit service cost and actuarial gain (loss), net of tax		**(12)**	70	**(508)**	607
Other comprehensive income (loss)		**(233)**	34,135	**6,143**	(47,775)
Comprehensive income		**100,981**	314,645	**187,633**	478,169
Less: comprehensive income (loss) attributable to noncontrolling interests		**(319)**	613	**(338)**	455
Comprehensive income attributable to Mohawk Industries, Inc.	$	**101,300**	314,032	**187,971**	477,714

See accompanying notes to the Condensed Consolidated Financial Statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Six Months Ended July 1, 2023	Six Months Ended July 2, 2022
Cash flows from operating activities:		
Net earnings including noncontrolling interests	**$ 181,490**	525,944
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Restructuring	**33,425**	1,387
Depreciation and amortization	**326,542**	282,984
Deferred income taxes	**(59,483)**	(1,377)
Loss on disposal of property, plant and equipment	**421**	2,444
Stock-based compensation expense	**10,383**	11,309
Changes in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	**(93,103)**	(317,984)
Inventories	**208,774**	(434,686)
Accounts payable and accrued expenses	**(84,044)**	176,074
Other assets and prepaid expenses	**(19,527)**	(48,068)
Other liabilities	**15,995**	4,634
Net cash provided by operating activities	**520,873**	202,661
Cash flows from investing activities:		
Additions to property, plant and equipment	**(245,146)**	(280,041)
Acquisitions, net of cash acquired	**(515,405)**	951
Purchases of short-term investments	**(775,000)**	(1,763,000)
Redemption of short-term investments	**933,000**	1,821,000
Net cash used in investing activities	**(602,551)**	(221,090)
Cash flows from financing activities:		
Payments on Senior Credit Facilities	**(827,829)**	—
Proceeds from Senior Credit Facilities	**827,734**	—
Payments on commercial paper	**(11,827,648)**	(6,686,737)
Proceeds from commercial paper	**12,013,370**	6,964,700
Net payments of other financing activities	**(30,567)**	(14,263)
Purchase of Mohawk common stock	**—**	(307,188)
Change in outstanding checks in excess of cash	**1,190**	640
Net cash provided by (used in) financing activities	**156,250**	(42,848)
Effect of exchange rate changes on cash and cash equivalents	**(13,262)**	16,368
Net change in cash and cash equivalents	**61,310**	(44,909)
Cash and cash equivalents, beginning of period	**509,623**	268,895
Cash and cash equivalents, end of period	**$ 570,933**	223,986

See accompanying notes to the Condensed Consolidated Financial Statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)
(Unaudited)

1. General

Unless this Form 10-Q indicates otherwise or the context otherwise requires, the terms “we,” “our,” “us,” “Mohawk,” or “the Company” as used in this Form 10-Q refer to Mohawk Industries, Inc.

Interim Reporting

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with instructions to Form 10-Q and do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These statements should be read in conjunction with the Consolidated Financial Statements and notes thereto, and the Company’s description of critical accounting policies, included in the Company’s 2022 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission. Results for interim periods are not necessarily indicative of the results for the year.

2. Acquisitions

2023 Acquisitions

During the first quarter of 2023, the Company completed the acquisitions of two ceramic tile businesses in Brazil and Mexico within Global Ceramic for $516,893. The Company’s acquisitions resulted in a goodwill allocation of $84,367. A portion of the goodwill is expected to be deductible for tax purposes. The factors contributing to the recognition of the amount of goodwill are based on several strategic and synergistic benefits that are expected to be realized from the acquisitions. These benefits include opportunities to improve the Company's ceramic performance by leveraging best practices, operational expertise, product innovation and manufacturing assets across the segment. The following table presents the preliminary allocation of the purchase price by major class of assets acquired and liabilities assumed as of the acquisition date.

		Amounts recognized as of the acquisition date
Working capital	$	**98,034**
Property, plant and equipment		**336,360**
Tradenames		**38,539**
Customer relationships		**2,010**
Goodwill		**84,367**
Long-term debt, including current portion		**(26,072)**
Deferred tax, net		**(9,084)**
		524,154
Less: cash acquired		**(7,261)**
Net consideration transferred (net of cash acquired)	$	**516,893**

The purchase price allocation is preliminary until the Company obtains information necessary to finalize its valuation of the fair value of net assets acquired during the measurement period. The supplemental pro forma information is immaterial to the Company's financial statements.

2022 Acquisitions

During the third and fourth quarters of 2022, the Company completed two acquisitions in Flooring North America ("Flooring NA") for $164,475. The Company's acquisitions resulted in a goodwill allocation of $60,738 and intangible assets subject to amortization of $19,900. Approximately half of the goodwill is deductible for tax purposes. During the third and fourth quarters of 2022, the Company also completed three acquisitions in Flooring Rest of the World ("Flooring ROW") for $47,964, which resulted in a goodwill allocation of $14,759 and intangible assets subject to amortization of $3,376. An immaterial amount of goodwill is deductible for tax purposes.

3. Revenue from Contracts with Customers

Contract Liabilities

The Company records contract liabilities when it receives payment prior to fulfilling a performance obligation. Contract liabilities related to revenues are recorded in accounts payable and accrued expenses on the accompanying Condensed Consolidated Balance Sheets. The Company had contract liabilities of $70,931 and $72,572 as of July 1, 2023 and December 31, 2022, respectively.

Performance Obligations

Substantially all of the Company's revenue is recognized at a point in time when the product is either shipped or received from the Company's facilities and control of the product is transferred to the customer. Accordingly, the Company does not recognize a significant amount of revenue from performance obligations satisfied, or partially satisfied, in prior periods, and the amount of such revenue recognized during the three and six months ended July 1, 2023 and July 2, 2022 was immaterial.

Costs to Obtain a Contract

The Company incurs certain incremental costs to obtain revenue contracts. These costs relate to marketing display structures and are capitalized when the amortization period is greater than one year, with the amount recorded in other assets on the accompanying Condensed Consolidated Balance Sheets. Capitalized costs to obtain contracts were $69,201 and $59,015 as of July 1, 2023 and December 31, 2022, respectively. Straight-line amortization expense recognized during the six months ended July 1, 2023 and July 2, 2022 related to these capitalized costs were $27,479 and $24,876, respectively.

Revenue Disaggregation

In the second quarter of 2023, we updated the geographical markets for our disaggregated revenue. We added Latin America and combined Russia into Europe to more closely align with our current business. We have reflected this change in all historical periods presented. The following table presents the Company's segment revenues disaggregated by the geographical market location of customer sales and product categories for the three months ended July 1, 2023 and July 2, 2022:

July 1, 2023		Global Ceramic	Flooring NA	Flooring ROW	Total
Geographical Markets					
United States	**$**	**611,602**	**973,528**	**2,268**	**1,587,398**
Europe		**297,301**	**71**	**611,288**	**908,660**
Latin America		**197,990**	**737**	**8,238**	**206,965**
Other		**48,469**	**27,362**	**171,574**	**247,405**
Total	**$**	**1,155,362**	**1,001,698**	**793,368**	**2,950,428**
Product Categories					
Ceramic & Stone	**$**	**1,145,234**	**9,883**	**—**	**1,155,117**
Carpet & Resilient		**10,128**	**791,269**	**235,423**	**1,036,820**
Laminate & Wood		**—**	**200,546**	**253,760**	**454,306**
Other [1]		**—**	**—**	**304,185**	**304,185**
Total	**$**	**1,155,362**	**1,001,698**	**793,368**	**2,950,428**

July 2, 2022		Global Ceramic	Flooring NA	Flooring ROW	Total
Geographical Markets					
United States	$	625,613	1,061,276	4,232	1,691,121
Europe		359,844	1,721	682,802	1,044,367
Latin America		125,003	830	7,769	133,602
Other		48,109	35,711	200,278	284,098
Total	$	1,158,569	1,099,538	895,081	3,153,188
Product Categories					
Ceramic & Stone	$	1,153,143	10,055	—	1,163,198
Carpet & Resilient		5,426	862,033	244,700	1,112,159
Laminate & Wood		—	227,450	304,159	531,609
Other [1]		—	—	346,222	346,222
Total	$	1,158,569	1,099,538	895,081	3,153,188

[1] Other includes roofing elements, insulation boards, chipboards and IP contracts.

The following table presents the Company's segment revenues disaggregated by the geographical market location of customer sales and product categories for the six months ended July 1, 2023 and July 2, 2022:

July 1, 2023		Global Ceramic	Flooring NA	Flooring ROW	Total
Geographical Markets					
United States	**$**	**1,208,244**	**1,899,336**	**3,501**	**3,111,081**
Europe		**570,770**	**292**	**1,242,886**	**1,813,948**
Latin America		**342,331**	**1,566**	**14,575**	**358,472**
Other		**93,351**	**53,921**	**325,878**	**473,150**
Total	**$**	**2,214,696**	**1,955,115**	**1,586,840**	**5,756,651**
Product Categories					
Ceramic & Stone	**$**	**2,195,358**	**18,500**	**—**	**2,213,858**
Carpet & Resilient		**19,338**	**1,541,775**	**317,038**	**1,878,151**
Laminate & Wood		**—**	**394,840**	**646,834**	**1,041,674**
Other [(1)]		**—**	**—**	**622,968**	**622,968**
Total	**$**	**2,214,696**	**1,955,115**	**1,586,840**	**5,756,651**

July 2, 2022		Global Ceramic	Flooring NA	Flooring ROW	Total
Geographical Markets					
United States	$	1,210,844	2,097,156	7,018	3,315,018
Europe		671,598	3,876	1,359,900	2,035,374
Latin America		245,255	2,158	15,324	262,737
Other		95,629	68,258	391,835	555,722
Total	$	2,223,326	2,171,448	1,774,077	6,168,851
Product Categories					
Ceramic & Stone	$	2,212,854	19,043	—	2,231,897
Carpet & Resilient		10,472	1,705,115	488,828	2,204,415
Laminate & Wood		—	447,290	601,296	1,048,586
Other [(1)]		—	—	683,953	683,953
Total	$	2,223,326	2,171,448	1,774,077	6,168,851

[(1)] Other includes roofing elements, insulation boards, chipboards and IP contracts.

4. Restructuring, Acquisition and Integration-Related Costs

The Company incurs costs in connection with acquiring, integrating and restructuring acquisitions and in connection with its global cost-reduction/productivity initiatives. For example:

- In connection with acquisition activity, the Company typically incurs costs associated with executing the transactions, integrating the acquired operations (which may include expenditures for consulting and the integration of systems and processes), and restructuring the combined company (which may include charges related to employees, assets and activities that will not continue in the combined company); and

- In connection with the Company's cost-reduction/productivity initiatives, it typically incurs costs and charges associated with site closings and other facility rationalization actions, including accelerated depreciation ("Asset write-downs") and workforce reductions.

Restructuring, acquisition transaction and integration-related costs consisted of the following during the three and six months ended July 1, 2023 and July 2, 2022:

		Three Months Ended		Six Months Ended	
		July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Cost of sales					
Restructuring costs	**$**	**29,576**	403	**58,620**	1,301
Acquisition integration-related costs		**865**	309	**877**	349
Restructuring and acquisition integration-related costs	**$**	**30,441**	712	**59,497**	1,650
Selling, general and administrative expenses					
Restructuring costs	**$**	**5,606**	86	**5,803**	86
Acquisition transaction-related costs		**929**	330	**1,304**	1,027
Acquisition integration-related costs		**4,685**	770	**7,181**	1,054
Restructuring, acquisition transaction and integration-related costs	**$**	**11,220**	1,186	**14,288**	2,167

The restructuring activity for the three months ended July 1, 2023 is as follows:

		Lease impairments	Asset write-downs and gains on disposals	Severance	Other restructuring costs	Total
Balance as of April 1, 2023	$	**—**	**—**	**8,057**	**—**	**8,057**
Restructuring costs						
Global Ceramic		**255**	**2,133**	**5,683**	**43**	**8,114**
Flooring NA		**—**	**6,620**	**1,503**	**10,366**	**18,489**
Flooring ROW		**—**	**7,786**	**—**	**793**	**8,579**
Total restructuring costs		**255**	**16,539**	**7,186**	**11,202**	**35,182**
Cash payments		**—**	**—**	**(3,574)**	**(7,072)**	**(10,646)**
Non-cash items		**(255)**	**(16,539)**	**71**	**(4,130)**	**(20,853)**
Balances as of July 1, 2023	**$**	**—**	**—**	**11,740**	**—**	**11,740**
Restructuring costs recorded in:						
Cost of sales	**$**	**—**	**16,416**	**3,014**	**10,146**	**29,576**
Selling, general and administrative expenses		**255**	**123**	**4,172**	**1,056**	**5,606**
Total restructuring costs	**$**	**255**	**16,539**	**7,186**	**11,202**	**35,182**

The restructuring activity for the six months ended July 1, 2023 is as follows:

		Lease impairments	Asset write-downs and gains on disposals	Severance	Other restructuring costs	Total
Balances as of December 31, 2022	$	—	—	10,037	—	10,037
Restructuring costs						
Global Ceramic		255	2,133	5,683	43	8,114
Flooring NA		—	6,106	1,553	17,743	25,402
Flooring ROW		—	29,752	1	1,154	30,907
Total restructuring costs		255	37,991	7,237	18,940	64,423
Cash payments		—	—	(5,585)	(14,124)	(19,709)
Non-cash items		(255)	(37,991)	51	(4,816)	(43,011)
Balances as of July 1, 2023	$	—	—	11,740	—	11,740
Restructuring costs recorded in:						
Cost of sales	$	—	37,868	3,064	17,688	58,620
Selling, general and administrative expenses		255	123	4,173	1,252	5,803
Total restructuring costs	$	255	37,991	7,237	18,940	64,423

The Company expects the remaining severance and other restructuring costs to be paid over the next 12 months.

5. Fair Value

The Company’s wholly-owned captive insurance company may invest in the Company’s commercial paper. These short-term commercial paper investments are classified as trading securities and carried at fair value based upon the Level 2 fair value hierarchy.

Items Measured at Fair Value

		July 1, 2023	December 31, 2022
Short-term investments:			
Commercial paper (Level 2)	$	—	158,000

The fair values and carrying values of the Company’s debt are disclosed in Note 18, *Debt*.

6. Receivables, net

		July 1, 2023	December 31, 2022
Customers, trade	$	1,970,737	1,699,130
Income tax receivable		24,693	60,080
Other		168,920	219,355
Less: allowance for discounts, claims and doubtful accounts		77,279	73,779
Receivables, net	$	2,087,071	1,904,786

7. Inventories

		July 1, 2023	December 31, 2022
Finished goods	$	**1,837,940**	1,986,005
Work in process		**160,488**	160,757
Raw materials		**620,283**	647,003
Total inventories	$	**2,618,711**	2,793,765

8. Goodwill and Intangible Assets

Goodwill:

		Global Ceramic	Flooring NA	Flooring ROW	Total
Balance as of December 31, 2022 [(1)]	$	**339,834**	**591,985**	**995,940**	**1,927,759**
Goodwill adjustments related to acquisitions		**—**	**(1,145)**	**3,217**	**2,072**
Goodwill recognized during the period		**84,367**	**—**	**—**	**84,367**
Currency translation during the period		**1,228**	**—**	**15,608**	**16,836**
Balance as of July 1, 2023[(1)]	$	**425,429**	**590,840**	**1,014,765**	**2,031,034**

[(1)] Net of accumulated impairment losses of $2,015,939 ($1,220,444 in Global Ceramic, $343,054 in Flooring NA and $452,441 in Flooring ROW).

Intangible assets not subject to amortization:

		Tradenames
Balance as of December 31, 2022	$	**668,328**
Intangible assets acquired during the period		**38,539**
Currency translation during the period		**1,376**
Balance as of July 1, 2023	$	**708,243**

Intangible assets subject to amortization:

		Customer relationships	Patents	Other	Total
Balance as of December 31, 2022					
Gross carrying amount	$	**673,586**	**242,089**	**8,511**	**924,186**
Accumulated amortization		**(493,361)**	**(239,010)**	**(2,195)**	**(734,566)**
Net intangible assets subject to amortization		**180,225**	**3,079**	**6,316**	**189,620**
Balance as of July 1, 2023					
Gross carrying amount		**683,755**	**246,820**	**8,718**	**939,293**
Accumulated amortization		**(513,210)**	**(243,998)**	**(2,399)**	**(759,607)**
Net intangible assets subject to amortization	$	**170,545**	**2,822**	**6,319**	**179,686**

		Three Months Ended		Six Months Ended	
		July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Amortization expense	$	**7,053**	6,826	**14,222**	13,999

9. Accounts Payable and Accrued Expenses

		July 1, 2023	December 31, 2022
Outstanding checks in excess of cash	$	**3,986**	2,791
Accounts payable, trade		**1,184,104**	1,094,038
Accrued expenses		**645,185**	742,099
Product warranties		**43,065**	38,425
Accrued interest		**5,130**	8,748
Accrued compensation and benefits		**262,337**	238,347
Total accounts payable and accrued expenses	$	**2,143,807**	2,124,448

10. Accumulated Other Comprehensive Income (Loss)

		Foreign currency translation adjustments	Prior pension and post-retirement benefit service cost and actuarial gain (loss)	Total
Balance as of December 31, 2022	$	**(1,114,629)**	**371**	**(1,114,258)**
Current period other comprehensive income (loss)		**7,024**	**(508)**	**6,516**
Balance as of July 1, 2023	$	**(1,107,605)**	**(137)**	**(1,107,742)**

11. Stock-Based Compensation

The Company recognizes compensation expense for all share-based payments granted based on the grant-date fair value estimated in accordance with the provisions of ASC 718-10. Compensation expense is recognized on a straight-line basis over the awards' estimated lives for fixed awards with ratable vesting provisions.

The Company granted 30 restricted stock units ("RSUs") at a weighted average grant-date fair value of $94.86 per unit for the three months ended July 1, 2023. The Company granted 261 restricted stock units ("RSUs") at a weighted average grant-date fair value of $102.09 per unit for the six months ended July 1, 2023. The Company granted no RSUs for the three months ended July 2, 2022. The Company granted 189 RSUs at a weighted average grant-date fair value of $137.99 per unit for the six months ended July 2, 2022. The Company recognized stock-based compensation expense related to the issuance of RSUs of $5,351 ($3,959 net of taxes) and $5,655 ($4,184 net of taxes) for the three months ended July 1, 2023 and July 2, 2022, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. The Company recognized stock-based compensation costs related to the issuance of RSUs of $10,383 ($7,684 net of taxes) and $11,309 ($8,369 net of taxes) for the six months ended July 1, 2023 and July 2, 2022, respectively, which has been allocated to cost of sales and selling, general and administrative expenses. Pre-tax unrecognized compensation expense for unvested RSUs granted to employees, net of estimated forfeitures, was $29,024 as of July 1, 2023, and will be recognized as expense over a weighted-average period of approximately 1.93 years.

12. Other (Income) Expense, net

		Three Months Ended		Six Months Ended	
		July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Foreign currency (gains) losses, net	$	**6,832**	(292)	**11,786**	444
Release of indemnification asset		**—**	—	**—**	7,324
All other, net		**(4,617)**	(2,526)	**(10,137)**	(8,148)
Total other (income) expense, net	$	**2,215**	(2,818)	**1,649**	(380)

13. Income Taxes

For the three months ended July 1, 2023, the Company recorded income tax expense of $26,760 on earnings before income taxes of $127,974 for an effective tax rate of 20.9%. For the three months ended July 2, 2022, the Company recorded income tax expense of $78,176 on earnings before income taxes of $358,686, for an effective tax rate of 21.8%. The decrease in the effective tax rate was primarily driven by lower earnings before income taxes and the Company’s geographic dispersion of profits and losses for the respective periods, partially offset by an increase in unrecognized tax benefits in the three months ended July 1, 2023.

For the six months ended July 1, 2023, the Company recorded income tax expense of $55,703 on earnings before income taxes of $237,193 for an effective tax rate of 23.5%, as compared to income tax expense of $139,624 on earnings before income taxes of $665,568, for an effective tax rate of 21.0% for the six months ended July 2, 2022. The increase in the effective tax rate was primarily driven by an increase in unrecognized tax benefits in the six months ended July 1, 2023, and an Italian benefit associated with the release of an uncertain tax liability in the six months ended July 2, 2022, partially offset by lower earnings before income taxes and the Company’s geographic dispersion of profits and losses for the respective periods.

14. Stockholders' Equity

The following tables reflect the changes in stockholders' equity for the three months ended July 1, 2023 and July 2, 2022 (in thousands).

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance as of April 1, 2023	**71,017**	**$710**	**$1,931,987**	**$7,489,998**	**($1,107,825)**	**(7,338)**	**($215,397)**	**$6,233**	**$8,105,706**
Shares issued under employee and director stock plans, net of shares withheld to pay taxes on employees' equity awards	**1**	**—**	**(17)**	**—**	**—**	**—**	**—**	**—**	**(17)**
Stock-based compensation expense	**—**	**—**	**5,350**	**—**	**—**	**—**	**—**	**—**	**5,350**
Net earnings attributable to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3)**	**(3)**
Currency translation adjustment on noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(316)**	**(316)**
Currency translation adjustment	**—**	**—**	**—**	**—**	**95**	**—**	**—**	**—**	**95**
Prior pension and post-retirement benefit service cost and actuarial loss	**—**	**—**	**—**	**—**	**(12)**	**—**	**—**	**—**	**(12)**
Net earnings	**—**	**—**	**—**	**101,217**	**—**	**—**	**—**	**—**	**101,217**
Balances as of July 1, 2023	**71,018**	**$710**	**$1,937,320**	**$7,591,215**	**($1,107,742)**	**(7,338)**	**($215,397)**	**$5,914**	**$8,212,020**

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balances as of April 2, 2022	70,880	$709	$1,913,518	$7,630,837	($1,048,599)	(7,341)	($215,495)	$6,633	$8,287,603
Shares issued under employee and director stock plans, net of shares withheld to pay taxes on employees' equity awards	2	—	(2)	—	—	—	4	—	2
Stock-based compensation expense	—	—	5,654	—	—	—	—	—	5,654
Repurchases of common stock	(4)	—	—	(611)	—	—	—	—	(611)
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	79	79
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	535	535
Purchase of noncontrolling interest, net of taxes	—	—	572	—	—	—	—	(927)	(355)
Currency translation adjustment	—	—	—	—	33,530	—	—	—	33,530
Prior pension and post-retirement benefit service cost and actuarial gain	—	—	—	—	70	—	—	—	70
Net earnings	—	—	—	280,431	—	—	—	—	280,431
Balances as of July 2, 2022	70,878	$709	$1,919,742	$7,910,657	($1,014,999)	(7,341)	($215,491)	$6,320	$8,606,938

The following tables reflect the changes in stockholders' equity for the six months ended July 1, 2023 and July 2, 2022 (in thousands).

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Nonredeemable Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balances as of December 31, 2022	70,875	$709	$1,930,789	$7,409,760	($1,114,258)	(7,341)	($215,491)	$6,405	$8,017,914
Shares issued under employee and director stock plans, net of shares withheld to pay taxes on employees' equity awards	143	1	(3,905)	—	—	3	94	—	(3,810)
Stock-based compensation expense	—	—	10,383	—	—	—	—	—	10,383
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	35	35
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	(373)	(373)
Purchase of noncontrolling interest, net of taxes	—	—	53	—	—	—	—	(153)	(100)
Currency translation adjustment	—	—	—	—	7,024	—	—	—	7,024
Prior pension and post-retirement benefit service cost and actuarial loss	—	—	—	—	(508)	—	—	—	(508)
Net earnings	—	—	—	181,455	—	—	—	—	181,455
Balances as of July 1, 2023	71,018	$710	$1,937,320	$7,591,215	($1,107,742)	(7,338)	($215,397)	$5,914	$8,212,020

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Nonredeemable Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balances as of December 31, 2021	72,952	$729	$1,911,131	$7,692,064	($966,952)	(7,343)	($215,547)	$6,791	$8,428,216
Shares issued under employee and director stock plans	107	1	(3,270)	—	—	2	56	—	(3,213)
Stock-based compensation expense	—	—	11,309	—	—	—	—	—	11,309
Repurchases of common stock	(2,181)	(21)	—	(307,167)	—	—	—	—	(307,188)
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	184	184
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	272	272
Purchase of noncontrolling interest, net of taxes	—	—	572	—	—	—	—	(927)	(355)
Currency translation adjustment	—	—		—	(48,654)	—	—	—	(48,654)
Prior pension and post-retirement benefit service cost and actuarial gain	—	—	—	—	607	—	—	—	607
Net earnings	—	—	—	525,760	—	—	—	—	525,760
Balances as of July 2, 2022	70,878	$709	$1,919,742	$7,910,657	($1,014,999)	(7,341)	($215,491)	$6,320	$8,606,938

15. Earnings Per Share

Basic earnings per common share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted earnings per common share assumes the exercise of outstanding stock options and the vesting of RSUs using the treasury stock method when the effects of such assumptions are dilutive. A reconciliation of net earnings attributable to Mohawk Industries, Inc. and weighted-average common shares outstanding for purposes of calculating basic and diluted earnings per share is as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Net earnings attributable to Mohawk Industries, Inc.	$ **101,217**	280,431	**181,455**	525,760
Weighted-average common shares outstanding—basic and diluted:				
Weighted-average common shares outstanding—basic	**63,680**	63,540	**63,630**	64,116
Add weighted-average dilutive potential common shares—options to purchase common shares and RSUs, net	**220**	258	**234**	258
Weighted-average common shares outstanding-diluted	**63,900**	63,798	**63,864**	64,374
Earnings per share attributable to Mohawk Industries, Inc.				
Basic	$ **1.59**	4.41	**2.85**	8.20
Diluted	$ **1.58**	4.40	**2.84**	8.17

16. Segment Reporting

The Company has three reporting segments: Global Ceramic, Flooring NA and Flooring ROW. Global Ceramic designs, manufactures, sources and markets a broad line of ceramic tile, porcelain tile, natural stone tile and other products including natural stone, porcelain slabs and quartz countertops, which it distributes primarily in North America, Europe, Brazil and Russia through various selling channels, which include company-owned stores, independent distributors and home centers. Flooring NA designs, manufactures, sources and markets its floor covering products, including broadloom carpet, carpet tile, carpet cushion, rugs, laminate, vinyl products, including luxury vinyl tile ("LVT") and sheet vinyl, and wood flooring, all of which it distributes through its network of regional distribution centers and satellite warehouses using Company-operated trucks, common carriers or rail transportation. The Segment's product lines are sold through various channels, including independent floor covering retailers, independent distributors, home centers, mass merchandisers, department stores, shop at home, online retailers, buying groups, commercial contractors and commercial end users. Flooring ROW designs, manufactures, sources, licenses and markets laminate, vinyl products, including LVT and sheet vinyl, wood flooring, roofing panels, insulation boards, medium-density fiberboard ("MDF") and chipboards, which it distributes primarily in Europe, Russia, Australia and New Zealand through various channels, including independent floor covering retailers, independent distributors, company-owned distributors, home centers, commercial contractors and commercial end users.

The accounting policies for each operating segment are consistent with the Company's policies for the Consolidated Financial Statements. Amounts disclosed for each segment are prior to any elimination or consolidation entries. Corporate general and administrative expenses attributable to each segment are estimated and allocated accordingly. Segment performance is evaluated based on operating income.

	Three Months Ended		Six Months Ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Net sales:				
Global Ceramic	**$ 1,155,362**	1,158,569	**2,214,696**	2,223,326
Flooring NA	**1,001,698**	1,099,538	**1,955,115**	2,171,448
Flooring ROW	**793,368**	895,081	**1,586,840**	1,774,077
Total	**$ 2,950,428**	3,153,188	**5,756,651**	6,168,851
Operating income (loss):				
Global Ceramic	**$ 84,034**	154,269	**147,351**	254,607
Flooring NA	**37,199**	100,030	**35,186**	195,354
Flooring ROW	**86,914**	124,107	**162,159**	258,757
Corporate and intersegment eliminations	**(55,101)**	(10,479)	**(65,860)**	(19,990)
Total	**$ 153,046**	367,927	**278,836**	688,728

	July 1, 2023	December 31, 2022
Assets:		
Global Ceramic	**$ 5,546,167**	4,841,310
Flooring NA	**4,210,170**	4,299,360
Flooring ROW	**4,295,257**	4,275,519
Corporate and intersegment eliminations	**533,569**	704,243
Total	**$ 14,585,163**	14,120,432

17. Commitments and Contingencies

From time to time in the regular course of its business, the Company is involved in various lawsuits, claims, investigations and other legal matters. Except as noted below, there are no material legal proceedings pending or known by the Company to be contemplated to which the Company is a party or to which any of its property is subject.

Perfluorinated Compounds ("PFCs") Litigation

In September 2016, the Water Works and Sewer Board of the City of Gadsden, Alabama (the "Gadsden Water Board") filed an individual complaint in the Circuit Court of Etowah County, Alabama against certain manufacturers, suppliers, and users of chemicals containing specific PFCs, including the Company. In May 2017, the Water Works and Sewer Board of the Town of Centre, Alabama (the "Centre Water Board") filed a similar complaint in the Circuit Court of Cherokee County, Alabama. The Gadsden Water Board and the Centre Water Board both sought monetary damages and injunctive relief claiming that their water supplies contain excessive amounts of PFCs. On October 14, 2022, the Gadsden Water Board settled its claims against Mohawk Industries, Inc. and Mohawk Carpet, LLC. On March 21, 2023, the Centre Water Board settled its claims against Mohawk Industries, Inc., Mohawk Carpet, LLC, and Aladdin Manufacturing Corporation.

In April 2023, Shelby County, Alabama and Talladega County, Alabama filed a complaint in the Circuit Court of Talladega County, Alabama against Aladdin Manufacturing Corporation, Aladdin Manufacturing Corporation of Alabama, LLC, Mohawk Carpet, LLC, and Mohawk Industries, Inc., among other defendants, that contains allegations substantially similar to those that were made by the Gadsden Water Board and Centre Water Board. The defendants removed this case to federal court on May 12, 2023, and the case remains pending.

In December 2019, the City of Rome, Georgia ("Rome") filed a complaint in the Superior Court of Floyd County, Georgia that is similar to the Gadsden Water Board and Centre Water Board complaints, again seeking monetary damages and injunctive relief related to PFCs. On May 31, 2023, Rome settled its claims against Mohawk Industries, Inc., Mohawk Carpet, LLC, and Aladdin Manufacturing Corporation.

Also in December 2019, Jarrod Johnson filed a putative class action in the Superior Court of Floyd County, Georgia purporting to represent all water subscribers with the Rome (Georgia) Water and Sewer Division and/or the Floyd County (Georgia) Water Department and seeking to recover, among other things, damages in the form of alleged increased rates and surcharges incurred by ratepayers for the costs associated with eliminating certain PFCs from their drinking water. In January 2020, defendant 3M Company removed the class action to federal court. The Company filed motions to dismiss in both of these cases. On December 17, 2020, the Superior Court of Floyd County denied the Company's motion to dismiss in the Rome case. On September 20, 2021, the Northern District of Georgia denied the Company's motion to dismiss in the class action.

The Company denies all liability in these matters and intends to defend all pending matters vigorously.

Putative Securities Class Action

On January 3, 2020, the Company and certain of its executive officers were named as defendants in a putative shareholder class action lawsuit filed in the United States District Court for the Northern District of Georgia (the "Securities Class Action"). The complaint alleged that defendants violated the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making materially false and misleading statements and that the officers are control persons under Section 20(a) of the Securities Exchange Act of 1934. The complaint was filed on behalf of shareholders who purchased shares of the Company's common stock between April 28, 2017 and July 25, 2019 ("Class Period"). On June 29, 2020, an amended complaint was filed in the Securities Class Action against Mohawk and its CEO Jeff Lorberbaum, based on the same claims and the same Class Period. The amended complaint alleges that the Company (1) engaged in fabricating revenues by attempting delivery to customers that were closed and recognizing these attempts as sales; (2) overproduced product to report higher operating margins and maintained significant inventory that was not salable; and (3) valued certain inventory improperly or improperly delivered inventory with knowledge that it was defective and customers would return it. On October 27, 2020, defendants filed a motion to dismiss the amended complaint. On September 29, 2021, the court issued an order granting in part and denying the defendants' motion to dismiss the amended complaint. Defendants filed an answer to the amended complaint on November 12, 2021, and fact discovery commenced. On January 26, 2022, Lead Plaintiff moved for class certification, to appoint itself as class representative, and for appointment of class counsel. The court granted plaintiff's motion for class certification on November 28, 2022. On December 13, 2022, the parties reached an agreement in principle to settle the Securities Class Action for $60,000, of which a significant portion is covered by insurance, in exchange for the dismissal and a release of all claims against the defendants (the "Agreement"). The Agreement, which is subject to court approval, is without admission of fault or wrongdoing by defendants. On February 6, 2023, the court issued an order granting Lead Plaintiff's motion to preliminarily approve the settlement and setting May 31, 2023 as the date of the final settlement hearing. Following the final settlement hearing, the court entered final approval of the settlement and closed the case on June 1, 2023. The Company continues to believe the allegations in the Securities Class Action are without merit.

Government Subpoenas

As previously disclosed, on June 25, 2020, the Company received subpoenas issued by the U.S. Attorney's Office for the Northern District of Georgia (the "USAO") and the U.S. Securities and Exchange Commission (the "SEC") relating to matters similar to the allegations of wrongdoing raised by the Securities Class Action. The Company's Audit Committee, with the assistance of outside legal counsel, conducted a thorough internal investigation into these allegations. In October 2020, the Audit Committee completed the investigation and concluded that the allegations of wrongdoing are without merit. The Company has cooperated fully with the USAO and SEC. The Company continues to believe the allegations are without merit.

Delaware State Court Action

The Company and certain of its present and former executive officers were named as defendants in a putative state securities class action lawsuit filed in the Superior Court of the State of Delaware on January 30, 2020. The complaint alleged that defendants violated Sections 11 and 12 of the Securities Act of 1933. The complaint was filed on behalf of shareholders who purchased shares of the Company's common stock in Mohawk Industries Retirement Plan 1 and Mohawk Industries Retirement Plan 2 between April 27, 2017 and July 25, 2019. On March 27, 2020, the court granted a temporary stay of the litigation. The stay may be lifted according to the terms set forth in the court's order to stay litigation. The parties reached an agreement in principle to settle the lawsuit in exchange for the dismissal and a release of all claims against the defendants (the "Settlement Agreement"). The Settlement Agreement, which is subject to court approval, is without admission of fault or wrongdoing by defendants. The Company believes the allegations in the lawsuit are without merit.

Georgia State Court Investor Actions

The Company and certain of its present and former executive officers were named as defendants in certain investor actions, filed in the State Court of Fulton County of the State of Georgia on April 22, 2021, April 23, 2021, and May 11, 2022. Five complaints brought on behalf of purported former Mohawk stockholders each allege that defendants defrauded the respective plaintiffs through false or misleading statements and thereby induced plaintiffs to purchase Company stock at artificially inflated prices. The allegations are similar to those of the Securities Class Action. The claims alleged include fraud, negligent misrepresentation, violations of the Georgia Securities Act, and violations of the Georgia Racketeering and Corrupt Organizations statute. Plaintiffs in the investor actions seek compensatory and punitive damages. On June 28, 2021, defendants filed motions to dismiss each of the four complaints filed in April 2021 and answers to the same. On October 5, 2021, all four investor actions filed in April 2021 were transferred by the State Court of Fulton County to the Metro Atlanta Business Case Division, where fact discovery is ongoing. On January 28, 2022, the Court granted in part and denied in part the motions to dismiss the four actions filed in April 2021, dismissing the Georgia Securities Act claims as to all defendants, and the negligent misrepresentation claim as to the Company.

On May 19, 2022, the parties in the last-filed action filed a joint motion to transfer the investor action initiated on May 11, 2022 to the Metro Atlanta Business Case Division where the other four actions were and are pending. On August 2, 2022, this motion was granted and the last-filed investor action initiated on May 11, 2022 was transferred to the Metro Atlanta Business Case Division. On September 1, 2022, defendants in the last-filed investor action filed motions to dismiss the complaint filed on May 2022 and answers to the same. On November 16, 2022, plaintiffs in the last-filed investor action voluntarily dismissed the suit. The Company intends to vigorously defend against the claims in these actions.

Federal Investor Actions

The Company and certain of its present and former executive officers were named as defendants in three additional non-class action lawsuits filed in the United States District Court for the Northern District of Georgia on June 22, 2021, March 25, 2022, and April 26, 2022 (collectively, “Federal Investor Actions”), respectively. Each complaint is brought on behalf of one or more purported former Mohawk stockholders and alleges that defendants defrauded the plaintiffs through false or misleading statements and thereby induced plaintiffs to purchase Company stock at artificially inflated prices. The allegations are similar to those of the Securities Class Action. The federal law claims alleged include violations of Sections 10(b) and 18 of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making materially false and misleading statements and that the officers are control persons under Section 20(a) of the Securities Exchange Act of 1934. The state law claims alleged include fraud, negligent misrepresentation, violations of the Georgia Securities Act, and violations of the Georgia Racketeering and Corrupt Organizations statute. Plaintiffs in the lawsuits seek compensatory and punitive damages and attorneys’ fees.

On December 13, 2021, defendants filed motions to dismiss the June 22, 2021 complaint. On July 6, 2022, defendants filed motions to dismiss the March 25, 2022 complaint. On July 27, 2022, defendants filed motions to dismiss the April 26, 2022 complaint. On August 9, 2022, defendants filed a motion to consolidate all three Federal Investor Actions for pre-trial purposes. On March 31, 2023, the court issued orders in each of the Federal Investor Actions granting in part and denying in part defendants’ motions to dismiss the three Federal Investor Actions, and granting defendants’ motion to consolidate the three Federal Investor Actions for pre-trial purposes. Defendants filed answers to each of the three complaints on April 14, 2023, and fact discovery is ongoing. The Company intends to vigorously defend against the claims asserted in the Federal Investor Actions.

Derivative Actions

The Company and certain of its executive officers and directors were named as defendants in certain derivative actions filed in the United States District Court for the Northern District of Georgia on May 18, 2020 and August 6, 2020, respectively (the “NDGA Derivative Actions”), in the Superior Court of Gordon County of the State of Georgia on March 3, 2021 and July 12, 2021 (the “Georgia Derivative Actions”), and in the Delaware Court of Chancery on March 10, 2022 (the “Delaware Derivative Action”). The complaints allege that defendants breached their fiduciary duties to the Company by causing the Company to issue materially false and misleading statements. The complaints are filed on behalf of the Company and seek to remedy fiduciary duty breaches occurring from April 28, 2017 to July 25, 2019. On July 20, 2020, the court in the NDGA Derivative Actions granted a temporary stay of the litigation. On October 21, 2020, the court entered an order consolidating the NDGA Derivative Actions and appointing Lead Counsel. Other shareholders of record jointly moved to intervene in the derivative actions to stay the proceedings. On September 28, 2021, the court in the NDGA Derivative Actions issued an order granting the request to intervene. On April 8, 2021, the court in the first-filed of the Georgia Derivative Actions granted a temporary stay of the litigation. On January 18, 2022, the Court in the NDGA Derivative Actions lifted the temporary stay of the litigation. On January 20, 2022, the court in the second-filed of the Georgia Derivative Actions entered an order on scheduling requiring defendants to file and serve their response to the complaint on February 21, 2022. On February 28, 2022, the court granted a stay of the Georgia Derivative Actions until the entry of a final judgment in the NDGA Derivative Actions and stipulating that the prevailing party in the NDGA Derivative Actions would be the prevailing party in the Georgia Derivative Actions. On April 6, 2022, the court granted a stay of the Delaware Derivative Action until the entry of a final judgment in the NDGA Derivative Actions and stipulating that the prevailing party in the NDGA Derivative Actions would be the prevailing party in the Delaware Derivative Action. On March 22, 2023, the temporary stay of the NDGA Derivative Actions expired, and fact discovery is ongoing. The Company intends to vigorously defend against the claims.

General

The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable losses that are reasonably estimable. These contingencies are subject to significant uncertainties and the Company is unable to estimate the amount or range of loss, if any, in excess of amounts accrued. The Company does not believe that the ultimate outcome of these actions will have a material adverse effect on its financial condition but could have a material adverse effect on its results of operations, cash flows or liquidity in a given quarter or year.

The Company is subject to various federal, state, local and foreign environmental health and safety laws and regulations, including those governing air emissions, wastewater discharges, the use, storage, treatment, recycling and disposal of solid and hazardous materials and finished product, and the cleanup of contamination associated therewith. Because of the nature of the Company's business, the Company has incurred, and will continue to incur, costs relating to compliance with such laws and regulations. The Company is involved in various proceedings relating to environmental matters and is currently engaged in environmental investigation, remediation and post-closure care programs at certain sites. The Company has provided accruals for such activities that it has determined to be both probable and reasonably estimable. The Company does not expect that the ultimate liability with respect to such activities will have a material adverse effect on its financial condition but acknowledges that it could have a material adverse effect on its results of operations, cash flows or liquidity in a given quarter or year.

18. Debt

Senior Credit Facility

On August 12, 2022, the Company entered into a fourth amendment (the "Amendment") to its existing senior revolving credit facility (the "Senior Credit Facility"). The Amendment, among other things, (i) extended the maturity of the Senior Credit Facility from October 18, 2024 to August 12, 2027, (ii) renewed the Company's option to extend the maturity of the Senior Credit Facility up to two times for an additional one-year period each, (iii) increased the Consolidated Interest Coverage Ratio financial maintenance covenant from 3.00:1.00 to 3.50:1.00, (iv) eliminated certain covenants applicable to the Company and its subsidiaries, including, but not limited to, restrictions on dispositions, restricted payments, and transactions with affiliates, and the Consolidated Net Leverage Ratio financial covenant, and (v) increased the amount available under the Senior Credit Facility to $1,950,000 until October 18, 2024, after which the amount available under the Senior Credit Facility will decrease to $1,485,000. The Amendment also permits the Company to increase the commitments under the Senior Credit Facility by an aggregate amount not to exceed $600,000.

At the Company's election, U.S.-dollar denominated revolving loans under the Senior Credit Facility bear interest at annual rates equal to either (a) SOFR (plus a 0.10% SOFR adjustment) for 1, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 1.00% and 1.75% (1.13% as of July 1, 2023), or (b) the Base Rate (defined as the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds Effective Rate plus 0.5%, or SOFR (plus a 0.10% SOFR adjustment) for a 1 month period rate plus 1.0%), plus an applicable margin ranging between 0.00% and 0.75% (0.13% as of July 1, 2023). At the Company's election, revolving loans under the Senior Credit Facility denominated in Canadian dollars, Australian dollars, Hong Kong dollars or euros bear interest at annual rates equal to either (a) the applicable benchmark for such currency plus an applicable margin ranging between 1.00% and 1.75% (1.13% as of July 1, 2023), or (b) the Base Rate plus an applicable margin ranging between 0.00% and 0.75% (0.13% as of July 1, 2023). The Company also pays a commitment fee to the lenders under the Senior Credit Facility on the average amount by which the aggregate commitments of the lenders exceed utilization of the Senior Credit Facility ranging from 0.09% to 0.20% per annum (0.11% as of July 1, 2023). The applicable margins and the commitment fee are determined based on whichever of the Company's Consolidated Net Leverage Ratio or its senior unsecured debt rating (or if not available, corporate family rating) results in the lower applicable margins and commitment fee (with applicable margins and the commitment fee increasing as that ratio increases or those ratings decline, as applicable). On October 28, 2021, the Company amended the Senior Credit Facility to replace LIBOR for euros with the EURIBOR benchmark rate.

The obligations of the Company and its subsidiaries in respect of the Senior Credit Facility are unsecured.

The Senior Credit Facility includes certain affirmative and negative covenants that impose restrictions on the Company’s financial and business operations, including limitations on liens, subsidiary indebtedness, fundamental changes, future negative pledges, and changes in the nature of the Company’s business. The limitations contain customary exceptions or, in certain cases, do not apply as long as the Company is in compliance with the financial ratio requirement and is not otherwise in default. As described above, the Consolidated Net Leverage Ratio financial covenant was eliminated on August 12, 2022.

The Senior Credit Facility also contains customary representations and warranties and events of default, subject to customary grace periods.

In 2022, the Company paid financing costs of $1,879 in connection with the Amendment of its Senior Credit Facility. These costs were deferred and, along with previously unamortized costs of $2,663, are being amortized over the term of the Senior Credit Facility.

As of July 1, 2023, amounts utilized under the Senior Credit Facility included $8,185 borrowings and $19,465 of standby letters of credit related to various insurance contracts and foreign vendor commitments. Any outstanding borrowings under the Company’s U.S. and European commercial paper programs reduce the availability of the Senior Credit Facility. Including commercial paper borrowings, the Company has utilized $1,042,600 under the Senior Credit Facility, resulting in a total of $907,400 available as of July 1, 2023.

Commercial Paper

On February 28, 2014 and July 31, 2015, the Company established programs for the issuance of unsecured commercial paper in the United States and Eurozone capital markets, respectively. Commercial paper issued under the U.S. and European programs will have maturities ranging up to 397 and 183 days, respectively. None of the commercial paper notes may be voluntarily prepaid or redeemed by the Company and rank pari passu with the Company’s other unsecured and unsubordinated indebtedness. To the extent that the Company issues European commercial paper notes through a subsidiary of the Company, the notes will be fully and unconditionally guaranteed by the Company.

The Company uses its Senior Credit Facility as a liquidity backstop for its commercial paper programs. Accordingly, the total amount outstanding under the Company’s commercial paper programs may not exceed $1,950,000 (less any amounts drawn on the Senior Credit Facility) at any time.

The proceeds from the issuance of commercial paper notes will be available for general corporate purposes. As of July 1, 2023, there was $616,063 outstanding under the U.S. commercial paper program, and the euro equivalent of $398,887 under the European program. The weighted-average interest rate and maturity period for the U.S. program were 5.49% and 58.9 days, respectively. The weighted-average interest rate and maturity period for the European program were 3.64% and 16.0 days, respectively.

Senior Notes

On June 12, 2020, Mohawk Capital Finance S.A. (“Mohawk Finance”), an indirect wholly-owned finance subsidiary of the Company, completed the issuance and sale of €500,000 aggregate principal amount of 1.750% Senior Notes (“1.750% Senior Notes”) due June 12, 2027. The 1.750% Senior Notes are senior unsecured obligations of Mohawk Finance and rank pari passu with Mohawk Finance’s other existing and future senior unsecured indebtedness. The 1.750% Senior Notes are fully, unconditionally and irrevocably guaranteed by the Company on a senior unsecured basis. Interest on the 1.750% Senior Notes is payable annually in cash on June 12 of each year, commencing on June 12, 2021. The Company paid financing costs of $4,400 in connection with the 1.750% Senior Notes. These costs were deferred and are being amortized over the term of the 1.750% Senior Notes.

On May 14, 2020, the Company completed the issuance and sale of $500,000 aggregate principal amount of 3.625% Senior Notes (“3.625% Senior Notes”) due May 15, 2030. The 3.625% Senior Notes are senior unsecured obligations of the Company and rank pari passu with the Company’s existing and future unsecured indebtedness. Interest on the 3.625% Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 2020. The Company paid financing costs of $5,476 in connection with the 3.625% Senior Notes. These costs were deferred and are being amortized over the term of the 3.625% Senior Notes.

On January 31, 2013, the Company issued $600,000 aggregate principal amount of 3.85% Senior Notes (“3.85% Senior Notes”) due February 1, 2023. The 3.85% Senior Notes were senior unsecured obligations of the Company and ranked pari passu with the Company’s existing and future unsecured indebtedness. Interest on the 3.85% Senior Notes was payable semi-annually in cash on February 1 and August 1 of each year. The Company paid financing costs of $6,000 in connection with the 3.85% Senior Notes. These costs were deferred and were amortized over the term of the 3.85% Senior Notes. On November 1, 2022, the Company redeemed at par all of the 3.85% Senior Notes.

As defined in the related agreements, the Company’s senior notes contain covenants, representations and warranties and events of default, subject to exceptions, and restrictions on the Company’s financial and business operations, including limitations on liens, restrictions on entering into sale and leaseback transactions, fundamental changes, and a provision allowing the holder of the notes to require repayment upon a change of control triggering event.

Term Loan

On August 12, 2022, the Company and its indirect wholly-owned subsidiary, Mohawk International Holdings S.à r.l. (“Mohawk International”), entered into an agreement that provides for a delayed draw term loan facility (the “Term Loan Facility”), consisting of borrowings of up to $575,000 and €220,000. On October 3, 2022, an additional $100,000 of borrowing capacity was added to the Term Loan Facility. The Term Loan Facility could be drawn upon in up to two advances on any business day on or before December 31, 2022, with the proceeds being used for funding working capital and general corporate purposes. On October 31, 2022 and December 6, 2022, the Company made draws of $675,000 and €220,000, respectively. The Company must pay the outstanding principal amount of the Term Loan Facility, plus accrued and unpaid interest, not later than the maturity date of August 12, 2024. The Company may prepay all or a portion of the Term Loan Facility, plus accrued and unpaid interest, from time to time, without premium or penalty.

At the Company’s election, U.S. dollar-denominated loans under the Term Loan Facility bear interest at an annual rate equal to either (a) SOFR (plus a 0.10% SOFR adjustment) for 1, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 0.825% and 1.50% (0.900% as of July 1, 2023), determined based upon the Company’s consolidated net leverage ratio, or (b) the base rate (defined as the higher of the Wells Fargo Bank, National Association prime rate, the Federal Funds Effective Rate plus 0.5%, and SOFR (plus a 0.10% SOFR adjustment) for a 1 month period plus 1.0%) plus an applicable margin ranging between 0.00% and 0.50% (0.00% as of July 1, 2023), determined based upon the Company’s consolidated net leverage ratio. Euro-denominated loans under the Term Loan Facility bear interest at an annual rate equal to EURIBOR for 1, 3 or 6 month periods, as selected by the Company, plus an applicable margin ranging between 0.825% and 1.50% (0.900% as of July 1, 2023), determined based upon the Company’s consolidated net leverage ratio.

In 2022, the Company paid financing costs of $664 in connection with the Term Loan Facility. These costs were deferred and are being amortized over the term of the Term Loan Facility.

The obligations of the Company and its subsidiaries in respect of the Term Loan Facility are unsecured.

The Term Loan Facility includes certain affirmative and negative covenants that impose restrictions on the Company’s financial and business operations, including limitations on liens, indebtedness, fundamental changes, and changes in the nature of the Company’s business. Many of these limitations are subject to numerous exceptions. The Company is also required to maintain a Consolidated Interest Coverage Ratio of at least 3.5 to 1.0 as of the last day of any fiscal quarter.

The Term Loan Facility also contains customary representations and warranties.

The Term Loan Facility contains events of default customary for this type of financing, including a cross default and cross acceleration provision to certain other material indebtedness of the Company. Upon the occurrence of an event of default, the outstanding obligations under the Term Loan Facility may be accelerated and become due and payable immediately. In addition, if certain change of control events occur with respect to the Company, the Company is required to repay the loans outstanding under the Term Loan Facility.

The fair values and carrying values of the Company's debt instruments are detailed as follows:

	July 1, 2023		December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
1.750% Senior Notes, payable June 12, 2027; interest payable annually	**$ 505,075**	**545,673**	482,139	535,103
3.625% Senior Notes, payable May 15, 2030; interest payable semi-annually	**450,605**	**500,000**	431,605	500,000
U.S. commercial paper	**616,063**	**616,063**	785,998	785,998
European commercial paper	**398,887**	**398,887**	42,808	42,808
Senior credit facility, payable August 12, 2027	**8,185**	**8,185**	—	—
U.S. Term Loan Facility	**675,000**	**675,000**	675,000	675,000
European Term Loan Facility	**240,096**	**240,096**	235,445	235,445
Finance leases and other	**73,999**	**73,999**	52,050	52,050
Unamortized debt issuance costs	**(6,544)**	**(6,544)**	(7,270)	(7,270)
Total debt	**2,961,366**	**3,051,359**	2,697,775	2,819,134
Less current portion of long term-debt and commercial paper	**1,038,032**	**1,038,032**	840,571	840,571
Long-term debt, less current portion	**$ 1,923,334**	**2,013,327**	1,857,204	1,978,563

The fair values of the Company's debt instruments were estimated using market observable inputs, including quoted prices in active markets, market indices and interest rate measurements. Within the hierarchy of fair value measurements, these are Level 2 fair values.

19. Supplemental Cash Flow Information

	Six Months Ended	
	July 1, 2023	July 2, 2022
Net cash paid during the periods for:		
Interest	**$ 54,212**	34,059
Income taxes	**$ 85,713**	154,386

Supplemental schedule of non-cash investing and financing activities:		
Unpaid property plant and equipment in accounts payable and accrued expenses	**$ 107,686**	79,674

ROU assets obtained in exchange for lease obligations:		
Operating leases	**$ 73,131**	67,176
Finance leases	**$ 20,523**	7,925

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

During the past three decades, the Company has grown significantly. Its current geographic breadth and diverse product offering are reflected in three reporting segments: Global Ceramic, Flooring North America ("Flooring NA") and Flooring Rest of the World ("Flooring ROW"). Global Ceramic designs, manufactures, sources and markets a broad line of ceramic tile, porcelain tile, natural stone tile and other products including natural stone, porcelain slabs and quartz countertops, which it distributes primarily in North America, Europe, Brazil and Russia through various selling channels, which include company-owned stores, independent distributors and home centers. Flooring NA designs, manufactures, sources and markets its floor covering products, including broadloom carpet, carpet tile, carpet cushion, rugs, laminate, vinyl products, including luxury vinyl tile ("LVT") and sheet vinyl, and wood flooring, all of which it distributes through its network of regional distribution centers and satellite warehouses using Company-operated trucks, common carriers or rail transportation. The Segment's product lines are sold through various channels, including independent floor covering retailers, independent distributors, home centers, mass merchandisers, department stores, shop at home, online retailers, buying groups, commercial contractors and commercial end users. Flooring ROW designs, manufactures, sources, licenses and markets laminate, vinyl products, including LVT and sheet vinyl, wood flooring, roofing panels, insulation boards, medium-density fiberboard ("MDF") and chipboards, which it distributes primarily in Europe, Russia, Australia and New Zealand through various channels, including independent floor covering retailers, independent distributors, company-owned distributors, home centers, commercial contractors and commercial end users.

Mohawk is a significant supplier of every major flooring category with manufacturing operations in 19 nations and sales in approximately 170 countries. Based on its annual sales, the Company believes it is the world's largest flooring manufacturer. A majority of the Company's long-lived assets are located in the United States and Europe, which are also the Company's primary markets. Additionally, the Company maintains operations in Australia, Brazil, Malaysia, Mexico, New Zealand, Russia and other parts of the world. The Company is a leading provider of flooring for residential and commercial markets and has earned significant recognition for its innovation in design and performance as well as sustainability.

Due to its global footprint, Mohawk's business is sensitive to macroeconomic events in the United States and abroad. The Company may continue to see fluctuating demand across a number of its markets. In addition, as a result of Russian military actions in Ukraine, the Company experienced supply chain disruption of raw materials sourced from Ukraine (primarily clay), as well as other materials and spare parts needed in the Company's operations. The Company was also impacted by global increases in the cost of natural gas, oil and oil-based raw materials and chemicals that were among the broader consequences of Russia's actions. In addition, the United States, the European Union and other governments have imposed and extended sanctions on Russia as well as on certain individuals and financial institutions and have proposed the use of broader economic sanctions. Russia also imposed reciprocal sanctions against the United States and the European Union. Since the first quarter of 2022, the Company has suspended new investments in Russia. The broader consequences of this conflict, which may include further economic sanctions, embargoes, regional instability, and geopolitical shifts; potential retaliatory actions, including nationalization of foreign-owned businesses; increased tensions between the United States and countries in which the Company operates; and the extent of the conflict's effect on the Company's business and results of operations, as well as the global economy, cannot be predicted.

During 2022, rapid cost escalations in materials, energy, transportation and labor impacted the Company's profitability across all segments, and high inflation and rising interest rates affected new home construction and residential remodeling in most of the Company's markets. As consumers faced a higher cost of living, discretionary spending – including flooring purchases – declined; and, as a result, the Company's customers reduced inventories, which continued into 2023. Despite multiple pricing actions, improved product mix; productivity gains and cost containment measures, the Company did not completely offset inflation in the first half of 2023. Recently, material and energy prices have declined, which will benefit the Company's future results as the costs flow through the statement of operations. To further address energy price volatility, the Company has invested in renewable energy initiatives, which provide lower cost power to its facilities. During the first half of 2023, energy from the Company's biomass plants lowered its cost and benefited its performance. During 2023 and 2022, the Company took actions to enhance future performance including facility and product rationalizations, restructuring initiatives and workforce reductions. The Company has continued to reduce costs across the enterprise by enhancing productivity, streamlining processes, controlling administrative expenses and executing restructuring actions. The Company anticipates these global actions will deliver annual savings of approximately $95 to $100 million, with an estimated cost of approximately $165 to $170 million.

The Company believes it is well positioned with a strong balance sheet and limited debt. Based on its current liquidity and available credit, the Company is in a position to finance internal investments, acquisitions and/or additional stock purchases. For information on risks that could impact the Company's results, please refer to *Risk Factors* in Part I, Item 1A in the Company's 2022 Annual Report filed on Form 10-K.

During the first quarter of 2023, the Company acquired two ceramic tile businesses in Brazil and Mexico. During 2022, the Company completed five small, bolt-on acquisitions: a wood veneer plant in Romania; a sheet vinyl producer in Poland; a mezzanine flooring manufacturer in Germany; a nonwoven carpet and rug producer in the U.S.; and a commercial flooring trim and accessories business in the U.S.

In 2023, the Company plans to invest approximately $600 million to complete existing projects and commence new initiatives. The Company plans to invest in cost reduction initiatives, upgrades in recent acquisitions, previously initiated expansion projects and general maintenance across the business. The primary investment areas include the Company's LVT portfolio to upgrade its product offering and improve profitability; premium waterproof laminate in North America and Europe; and quartz countertop and porcelain slab expansion in North America and Europe, respectively.

For the three months ended July 1, 2023, net earnings attributable to the Company were $101.2 million compared to net earnings attributable to the Company of $280.4 million for the three months ended July 2, 2022. The change in net earnings was primarily attributable to lower sales volume; legal settlements, reserves and fees; higher inflation; higher restructuring, acquisition and integration-related, and other costs; the unfavorable impact of temporary plant shutdowns; the unfavorable net impact of price and product mix; higher interest expense and the unfavorable net impact of foreign exchange rates. The unfavorable impact of the aforementioned items was partially offset by lower taxes due to decreased earnings in 2023 compared to the prior year and productivity gains. The Company believes that a number of circumstances may influence trends in 2023, including the impact of inflation and material availability due to disruptions in the global supply chain, but the extent and duration of such impact cannot be predicted.

For the six months ended July 1, 2023, net earnings attributable to the Company were $181.5 million compared to net earnings attributable to the Company of $525.8 million for the six months ended July 2, 2022. The change in net earnings was primarily attributable to higher inflation; lower sales volume; higher restructuring, acquisition and integration-related, and other costs; the unfavorable impact of temporary plant shutdowns; legal settlements, reserves and fees; higher interest expense; higher costs associated with investments in new product development and marketing costs and the unfavorable net impact of foreign exchange rates. The unfavorable impact of the aforementioned items was partially offset by lower taxes due to decreased earnings in 2023 compared to the prior year; the favorable net impact of price and product mix and productivity gains. The Company believes that a number of circumstances may influence trends in 2023, including the impact of inflation and material availability due to disruptions in the global supply chain, but the extent and duration of such impact cannot be predicted.

For the six months ended July 1, 2023, the Company generated $520.9 million of cash from operating activities. As of July 1, 2023, the Company had cash and cash equivalents of $570.9 million, of which $393.3 million was in the United States and $177.6 million was in foreign countries.

Results of Operations

Quarter Ended July 1, 2023, as compared with Quarter Ended July 2, 2022

Net sales

Net sales for the three months ended July 1, 2023 were $2,950.4 million, reflecting a decrease of $202.8 million, or 6.4%, from $3,153.2 million reported for the three months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $256 million, the unfavorable net impact of price and product mix of approximately $46 million, the unfavorable net impact of foreign exchange rates of approximately $19 million and one less shipping day in the second quarter of 2023 of approximately $17 million, partially offset by higher sales volume attributable to acquisitions of approximately $135 million.

Global Ceramic—Net sales for the three months ended July 1, 2023 were $1,155.4 million, reflecting a decrease of $3.2 million, or 0.3%, from $1,158.6 million reported for the three months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $85 million, the unfavorable net impact of foreign exchange rates of approximately $12 million and one less shipping day in the second quarter of 2023 of approximately $5 million, partially offset by higher sales volume attributable to acquisitions of approximately $91 million and the favorable net impact of price and product mix of approximately $8 million.

Flooring NA—Net sales for the three months ended July 1, 2023 were $1,001.7 million, reflecting a decrease of $97.8 million, or 8.9%, from $1,099.5 million reported for the three months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $84 million and the unfavorable net impact of price and product mix of approximately $49 million, partially offset by higher sales volume attributable to acquisitions of approximately $35 million.

Flooring ROW—Net sales for the three months ended July 1, 2023 were $793.4 million, reflecting a decrease of $101.7 million, or 11.4%, from $895.1 million for the three months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $87 million, one less shipping day in the second quarter of 2023 of approximately $13 million, the unfavorable net impact of foreign exchange rates of approximately $7 million and the unfavorable net impact of price and product mix of approximately $5 million, partially offset by higher sales volume attributable to acquisitions of approximately $10 million.

Gross profit

Gross profit for the three months ended July 1, 2023 was $731.9 million (24.8% of net sales), a decrease of $141.3 million, or 16.2%, compared to gross profit of $873.2 million (27.7% of net sales) for the three months ended July 2, 2022. As a percentage of net sales, gross profit decreased 290 basis points. The decrease in gross profit dollars was primarily attributable to lower sales volume of approximately $58 million; higher restructuring, acquisition and integration-related, and other costs of approximately $31 million; the unfavorable impact of temporary plant shutdowns of approximately $30 million; the unfavorable net impact of price and product mix of approximately $25 million; higher inflation of approximately $18 million and the unfavorable net impact of foreign exchange rates of approximately $8 million, partially offset by productivity gains of approximately $25 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended July 1, 2023 were $578.9 million (19.6% of net sales), an increase of $73.6 million compared to $505.3 million (16.0% of net sales) for the three months ended July 2, 2022. As a percentage of net sales, selling, general and administrative expenses increased 360 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to legal settlements, reserves and fees of approximately $48 million; higher inflation of approximately $13 million; higher restructuring, acquisition and integration-related, and other costs of approximately $10 million and the net impact of acquired businesses of approximately $9 million, partially offset by productivity gains of approximately $2 million.

Operating income

Operating income for the three months ended July 1, 2023 was $153.0 million (5.2% of net sales), reflecting a decrease of $214.9 million, or 58.4%, compared to operating income of $367.9 million (11.7% of net sales) for the three months ended July 2, 2022. The decrease in operating income was primarily attributable to lower sales volume of approximately $67 million; legal settlements, reserves and fees of approximately $48 million; higher restructuring, acquisition and integration-related, and other costs of approximately $41 million; higher inflation of approximately $30 million; the unfavorable impact of temporary plant shutdowns of approximately $30 million; the unfavorable net impact of price and product mix of approximately $24 million and the unfavorable net impact of foreign exchange rates of approximately $8 million, partially offset by productivity gains of approximately $27 million.

Global Ceramic—Operating income was $84.0 million (7.3% of segment net sales) for the three months ended July 1, 2023, reflecting a decrease of $70.3 million compared to operating income of $154.3 million (13.3% of segment net sales) for the three months ended July 2, 2022. The decrease in operating income was primarily attributable to higher inflation of approximately $41 million; lower sales volume of approximately $24 million; higher restructuring, acquisition and integration-related, and other costs of approximately $15 million and the unfavorable impact of temporary plant shutdowns of approximately $14 million, partially offset by productivity gains of approximately $15 million; the favorable net impact of price and product mix of approximately $5 million and the favorable net impact of foreign exchange rates of approximately $3 million.

Flooring NA—Operating income was $37.2 million (3.7% of segment net sales) for the three months ended July 1, 2023, reflecting a decrease of $62.8 million compared to operating income of $100.0 million (9.1% of segment net sales) for the three months ended July 2, 2022. The decrease in operating income was primarily attributable to the unfavorable net impact of price and product mix of approximately $26 million; higher restructuring, acquisition and integration-related, and other costs of approximately $19 million; lower sales volume of approximately $19 million; the unfavorable impact of temporary plant shutdowns of approximately $9 million and legal settlements, reserves and fees of approximately $5 million, partially offset by lower inflation of approximately $11 million.

Flooring ROW—Operating income was $86.9 million (11.0% of segment net sales) for the three months ended July 1, 2023, reflecting a decrease of $37.2 million compared to operating income of $124.1 million (13.9% of segment net sales) for the three months ended July 2, 2022. The decrease in operating income was primarily attributable to lower sales volume of approximately $25 million; the unfavorable net impact of foreign exchange rates of approximately $11 million; higher restructuring, acquisition and integration-related, and other costs of approximately $7 million and the unfavorable impact of temporary plant shutdowns of approximately $7 million, partially offset by productivity gains of approximately $12 million.

Interest expense

Interest expense was $22.9 million for the three months ended July 1, 2023, reflecting an increase of $10.8 million compared to interest expense of $12.1 million for the three months ended July 2, 2022. The increase in interest expense was primarily due to a significant increase in interest rates, as well as increased borrowing due to the acquisitions made in 2022 and the first quarter of 2023.

Other (income) expense, net

Other expense, net was $2.2 million for the three months ended July 1, 2023, reflecting an unfavorable change of $5.0 million compared to other income, net of $2.8 million for the three months ended July 2, 2022. The change was primarily attributable to the unfavorable net impact of foreign exchange rates of approximately $7 million.

Income tax expense

For the three months ended July 1, 2023, the Company recorded income tax expense of $26.8 million on earnings before income taxes of $128.0 million, for an effective tax rate of 20.9%. For the three months ended July 2, 2022, the Company recorded income tax expense of $78.2 million on earnings before income taxes of $358.7 million, for an effective tax rate of 21.8%. The decrease in the effective tax rate was primarily driven by lower earnings before income taxes and the Company’s geographic dispersion of profits and losses for the respective periods, partially offset by an increase in unrecognized tax benefits in the three months ended July 1, 2023.

Six Months Ended July 1, 2023, as compared with Six Months Ended July 2, 2022

Net sales

Net sales for the six months ended July 1, 2023 were $5,756.7 million, reflecting a decrease of $412.2 million, or 6.7%, from $6,168.9 million reported for the six months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $665 million, the unfavorable net impact of foreign exchange rates of approximately $50 million and the unfavorable impact from fewer shipping days for the six months ended July 1, 2023 of approximately $16 million, partially offset by higher sales volume attributable to acquisitions of approximately $209 million and the favorable net impact of price and product mix of approximately $115 million.

Global Ceramic—Net sales for the six months ended July 1, 2023 were $2,214.7 million, reflecting a decrease of $8.6 million, or 0.4%, from $2,223.3 million reported for the six months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $223 million, the unfavorable net impact of foreign exchange rates of approximately $6 million and the unfavorable impact from fewer shipping days for the six months ended July 1, 2023 of approximately $4 million, partially offset by higher sales volume attributable to acquisitions of approximately $131 million and the favorable net impact of price and product mix of approximately $93 million.

Flooring NA—Net sales for the six months ended July 1, 2023 were $1,955.1 million, reflecting a decrease of $216.3 million, or 10.0%, from $2,171.4 million reported for the six months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $226 million and the unfavorable net impact of price and product mix of approximately $50 million, partially offset by higher sales volume attributable to acquisitions of approximately $60 million.

Flooring ROW—Net sales for the six months ended July 1, 2023 were $1,586.8 million, reflecting a decrease of $187.3 million, or 10.6%, from $1,774.1 million reported for the six months ended July 2, 2022. The decrease was primarily attributable to lower legacy sales volume of approximately $216 million, the unfavorable net impact of foreign exchange rates of approximately $45 million and the unfavorable impact from fewer shipping days for the six months ended July 1, 2023 of approximately $13 million, partially offset by the favorable net impact of price and product mix of approximately $71 million and higher sales volume attributable to acquisitions of approximately $18 million.

Gross profit

Gross profit for the six months ended July 1, 2023 was $1,375.4 million (23.9% of net sales), a decrease of $299.9 million or 17.9%, compared to gross profit of $1,675.3 million (27.2% of net sales) for the six months ended July 2, 2022. As a percentage of net sales, gross profit decreased 330 basis points. The decrease in gross profit dollars was primarily attributable to lower sales volume of approximately $173 million; higher inflation of approximately $159 million; the unfavorable impact of temporary plant shutdowns of approximately $72 million; higher restructuring, acquisition and integration-related, and other costs of approximately $62 million and the unfavorable net impact of foreign exchange rates of approximately $11 million, partially offset by the favorable net impact of price and product mix of approximately $125 million and productivity gains of approximately $43 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the six months ended July 1, 2023 were $1,096.5 million (19.0% of net sales), an increase of $109.9 million compared to $986.6 million (16.0% of net sales) for the six months ended July 2, 2022. As a percentage of net sales, selling, general and administrative expenses increased 300 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to legal settlements, reserves and fees of approximately $49 million; higher inflation of approximately $30 million; and the net impact of acquired businesses of approximately $14 million; higher costs associated with investments in new product development and marketing costs of approximately $14 million and higher restructuring, acquisition and integration-related, and other costs of approximately $12 million, partially offset by productivity gains of approximately $6 million and the favorable net impact of foreign exchange rates of approximately $4 million.

Operating income

Operating income for the six months ended July 1, 2023 was $278.8 million (4.8% of net sales), reflecting a decrease of $409.9 million, or 59.5%, compared to operating income of $688.7 million (11.2% of net sales) for the six months ended July 2, 2022. The decrease in operating income was primarily attributable to higher inflation of approximately $189 million; lower sales volume of approximately $187 million; higher restructuring, acquisition and integration-related, and other costs of approximately $74 million; the unfavorable impact of temporary plant shutdowns of approximately $72 million; legal settlements, reserves and fees of approximately $49 million; higher costs associated with investments in new product development and marketing costs of approximately $14 million and the unfavorable net impact of foreign exchange rates of approximately $7 million, partially offset by the favorable net impact of price and product mix of approximately $122 million and productivity gains of approximately $49 million.

Global Ceramic—Operating income was $147.4 million (6.7% of segment net sales) for the six months ended July 1, 2023, reflecting a decrease of $107.2 million compared to operating income of $254.6 million (11.5% of segment net sales) for the six months ended July 2, 2022. The decrease in operating income was primarily attributable to higher inflation of approximately $92 million; lower sales volume of approximately $71 million; the unfavorable impact of temporary plant shutdowns of approximately $26 million and higher restructuring, acquisition and integration-related, and other costs of approximately $19 million, partially offset by the favorable net impact of price and product mix of approximately $63 million, productivity gains of approximately $28 million and the favorable net impact of foreign exchange rates of approximately $9 million.

Flooring NA—Operating income was $35.2 million (1.8% of segment net sales) for the six months ended July 1, 2023, reflecting a decrease of $160.2 million compared to operating income of $195.4 million (9.0% of segment net sales) for the six months ended July 2, 2022. The decrease in operating income was primarily attributable to lower sales volume of approximately $50 million; higher inflation of approximately $40 million; the unfavorable impact of temporary plant shutdowns of approximately $26 million; higher restructuring, acquisition and integration-related, and other costs of approximately $25 million; higher costs associated with investments in new product development and marketing costs of approximately $14 million; the unfavorable net impact of price and product mix of approximately $11 million and legal settlements, reserves and fees of approximately $5 million, partially offset by productivity gains of approximately $9 million.

Flooring ROW—Operating income was $162.2 million (10.2% of segment net sales) for the six months ended July 1, 2023, reflecting a decrease of $96.6 million compared to operating income of $258.8 million (14.6% of segment net sales) for the six months ended July 2, 2022. The decrease in operating income was primarily attributable to lower sales volume of approximately $67 million; higher inflation of approximately $54 million; higher restructuring, acquisition and integration-related, and other costs of approximately $30 million; the unfavorable impact of temporary plant shutdowns of approximately $20 million and the unfavorable net impact of foreign exchange rates of approximately $16 million, partially offset by the favorable net impact of price and product mix of approximately $70 million and productivity gains of approximately $12 million.

Interest expense

Interest expense was $40.0 million for the six months ended July 1, 2023, reflecting an increase of $16.5 million compared to interest expense of $23.5 million for the six months ended July 2, 2022. The increase in interest expense was primarily due to a significant increase in interest rates, as well as increased borrowing due to the acquisitions made in 2022 and the first quarter of 2023.

Other (income) expense, net

Other expense, net was $1.6 million for the six months ended July 1, 2023, reflecting an unfavorable change of $2.0 million compared to other income, net of $0.4 million for the six months ended July 2, 2022. The change was primarily attributable to the unfavorable net impact of foreign exchange rates of approximately $11 million, partially offset by the reversal of an uncertain tax position recorded with the Emil acquisition of approximately $7 million during the six months ended July 2, 2022.

Income tax expense

For the six months ended July 1, 2023, the Company recorded income tax expense of $55.7 million on earnings before income taxes of $237.2 million for an effective tax rate of 23.5%, as compared to an income tax expense of $139.6 million on earnings before income taxes of $665.6 million, for an effective tax rate of 21.0% for the six months ended July 2, 2022. The increase in the effective tax rate was primarily driven by an increase in unrecognized tax benefits in the six months ended July 1, 2023, and an Italian benefit associated with the release of an uncertain tax liability in the six months ended July 2, 2022, partially offset by lower earnings before income taxes and the Company’s geographic dispersion of profits and losses for the respective periods.

Liquidity and Capital Resources

The Company's primary capital requirements are for working capital, capital expenditures and acquisitions. The Company's capital needs are met primarily through a combination of internally generated funds, commercial paper, bank credit lines, term and senior notes and credit terms from suppliers.

Net cash provided by operating activities in the first six months of 2023 was $520.9 million, compared to net cash provided by operating activities of $202.7 million in the first six months of 2022. The increase of $318.2 million in 2023 was primarily attributable to the change in inventory and accounts receivable, partially offset by lower net earnings and the change in accounts payable.

Net cash used in investing activities in the first six months of 2023 was $602.6 million compared to net cash used in investing activities of $221.1 million in the first six months of 2022. The increase was primarily due to the increase in acquisition costs of $516.4 million, partially offset by an increase in the redemptions of short-term investments of $100.0 million (net of purchases of short-term investments).

Net cash provided by financing activities in the first six months of 2023 was $156.3 million compared to net cash used in financing activities of $42.8 million in the first six months of 2022. The change in cash provided by financing activities is primarily attributable to lower share repurchase of $307.2 million, partially offset by lower proceeds from commercial paper of $92.2 million (net of borrowing of commercial paper).

As of July 1, 2023, the Company had cash of $570.9 million, of which $177.6 million was held outside the United States. The Company plans to permanently reinvest the cash held outside the United States. The Company believes that its cash and cash equivalents on hand, cash generated from operations and availability under its existing credit facilities will be sufficient to meet its capital expenditure, working capital and debt servicing requirements over at least the next twelve months. The Company continually evaluates its projected needs and may conduct additional debt financings, subject to market conditions, to increase its liquidity and to take advantage of attractive financing opportunities.

On February 10, 2022, the Company's Board of Directors approved a new share repurchase program, authorizing the Company to repurchase up to $500 million of its common stock (the "2022 Share Repurchase Program"). As of July 1, 2023, there remained $229.2 million authorized under the 2022 Share Repurchase Program.

See Note 18, *Debt*, of the notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for further discussion of the Company's long-term debt. The Company may continue, from time to time, to retire its outstanding debt through cash purchases in the open market, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. The amount involved may be material.

Contractual Obligations

There have been no significant changes to the Company's contractual obligations as disclosed in the Company's 2022 Annual Report filed on Form 10-K except as described herein.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of July 1, 2023, approximately 37% of the Company's debt portfolio was comprised of fixed-rate debt and 63% was floating-rate debt. A 1.0 percentage point increase in the interest rate of the floating-rate debt would have resulted in an increase in interest expense of $4.8 million and $9.7 million for the three and six months ended July 1, 2023.

There have been no significant changes to the Company's exposure to market risk as disclosed in the Company's 2022 Annual Report filed on Form 10-K.

Item 4. Controls and Procedures

Based on an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), which have been designed to provide reasonable assurance that such controls and procedures will meet their objectives, as of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective at a reasonable assurance level for the period covered by this report.

There were no changes in the Company's internal control over financial reporting that occurred during the period covered by this report that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various lawsuits, claims, investigations and other legal matters from time to time in the regular course of its business. Except as noted elsewhere in this report, there are no material legal proceedings pending or known by the Company to be contemplated to which the Company is a party or to which any of its property is subject.

See Note 17, *Commitments and Contingencies,* of the notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for a discussion of the Company's legal proceedings.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those disclosed in Part I, Item 1A to the Company's Annual Report on Form 10-K for the year ended December 31, 2022. The risk factors disclosed in these reports, in addition to the other information set forth in this report, could materially affect the Company's business, financial condition or results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 10, 2022, the Company's Board of Directors approved a new share repurchase program, authorizing the Company to repurchase up to $500 million of its common stock (the "2022 Share Repurchase Program"). In the first quarter of 2023, the Company did not purchase any of its common stock. As of July 1, 2023, there remained $229.2 million authorized under the 2022 Share Repurchase Program.

Under the 2022 Share Repurchase Program, the Company may purchase common stock in open market transactions, block or privately negotiated transactions, and may from time to time purchase shares pursuant to trading plans in accordance with Rules 10b5-1 or 10b-18 under the Exchange Act or by any combination of such methods. The number of shares to be purchased and the timing of the purchases are based on a variety of factors, including, but not limited to, the level of cash balances, credit availability, debt covenant restrictions, general business conditions, regulatory requirements, the market price of the Company's stock and the availability of alternative investment opportunities. No time limit was set for completion of repurchases under the 2022 Share Repurchase Program and the 2022 Share Repurchase Program may be suspended or discontinued at any time.

The following table provides information regarding share repurchase activity during the three months ended July 1, 2023:

Period	Total Number of Shares Purchased in Millions	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan in Millions	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plan in Millions
April 2 through May 6, 2023	0.0	$ —	0.0	$ 229.2
May 7 through June 3, 2023	0.0	$ —	0.0	$ 229.2
June 4 through July 1, 2023	0.0	$ —	0.0	$ 229.2
Total	0.0	$ —	0.0	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this quarterly report on Form 10-Q.

Item 5. Other Information

None.

Item 6. Exhibits

No.	Description
3.1	Restated Certificate of Incorporation of Mohawk, as amended. (Incorporated herein by reference to Exhibit 3.1 in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
3.2	Restated Bylaws of Mohawk. (Incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on February 19, 2019.)
31.1	Certification Pursuant to Rule 13a-14(a).
31.2	Certification Pursuant to Rule 13a-14(a).
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1	Mine Safety Disclosure pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOHAWK INDUSTRIES, INC.
(Registrant)

Dated:	July 28, 2023	By:	/s/ Jeffrey S. Lorberbaum JEFFREY S. LORBERBAUM Chairman and Chief Executive Officer (principal executive officer)
Dated:	July 28, 2023	By:	/s/ James F. Brunk JAMES F. BRUNK Chief Financial Officer (principal financial officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Jeffrey S. Lorberbaum, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Mohawk Industries, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2023

/s/ Jeffrey S. Lorberbaum

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, James F. Brunk, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Mohawk Industries, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2023

/s/ James F. Brunk

James F. Brunk
Chief Financial Officer

EXHIBIT 32.1

Statement of Chief Executive Officer of
MOHAWK INDUSTRIES, INC.
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Mohawk Industries, Inc. (the “Company”) on Form 10-Q for the period ended July 1, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey S. Lorberbaum, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey S. Lorberbaum

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer

July 28, 2023

EXHIBIT 32.2

Statement of Chief Financial Officer of
MOHAWK INDUSTRIES, INC.
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Mohawk Industries, Inc. (the “Company”) on Form 10-Q for the period ended July 1, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James F. Brunk, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James F. Brunk

James F. Brunk
Chief Financial Officer

July 28, 2023

Mine Safety Disclosure

The following disclosures are provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

Mine Safety Information

Whenever the Federal Mine Safety and Health Administration (“MSHA”) believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, may be reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA inspector(s) assigned.

The following table includes information required by the Act for the six months ended July 1, 2023.

Mine (Federal Mine Safety and Health Administration (MSHA) ID)	Total # of Significant & Substantial violations under §104(a)	Total # of orders under §104(b)	Total # of unwarrantable failure citations and orders under §104(d)	Total # of violations under §110(b)(2)	Total # of orders under §107(a)	Total dollar value of proposed assessments from MSHA ($ in thousands)	Total # of mining related fatalities	Received Notice of Pattern of Violations under §104(e) (yes/no)?	Received Notice of Potential to have Pattern under §104(e) (yes/no)?	Total # of Legal Actions Pending with the Mine Safety and Health Review Commission as of the Last Day of Period	Legal Actions Initiated or Resolved During Period
TP Claims 1&2/Rosa Blanca (4100867)	—	—	—	—	—	—	—	No	No	—	—