

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

	Three Months Ended	
	March 30, 2024	April 1, 2023
<i>(In millions, except per share data)</i>		
Net sales	\$2,679.4	2,806.2
Cost of sales	2,029.9	2,162.8
Gross profit	649.5	643.4
Selling, general and administrative expenses	502.9	517.7
Operating income	146.6	125.7
Interest expense	14.9	17.1
Other (income) expense, net	(1.1)	(0.6)
Earnings before income taxes	132.8	109.2
Income tax expense	27.8	28.9
Net earnings including noncontrolling interests	105.0	80.3
Net earnings attributable to noncontrolling interests	—	0.1
Net earnings attributable to Mohawk Industries, Inc.	\$105.0	80.2
Basic earnings per share attributable to Mohawk Industries, Inc.	\$1.65	1.26
Weighted-average common shares outstanding - basic	63.7	63.6
Diluted earnings per share attributable to Mohawk Industries, Inc.	\$1.64	1.26
Weighted-average common shares outstanding - diluted	64.0	63.8

Other Financial Information

	Three Months Ended	
	March 30, 2024	April 1, 2023
<i>(In millions)</i>		
Net cash provided by operating activities	\$183.7	257.3
Less: Capital expenditures	86.8	128.5
Free cash flow	\$96.9	128.8
Depreciation and amortization	\$154.2	169.9

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

	March 30, 2024	April 1, 2023
<i>(In millions)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$658.5	572.9
Short-term investments	—	150.0
Receivables, net	2,007.2	2,052.3
Inventories	2,527.7	2,729.9
Prepaid expenses and other current assets	528.3	556.0
Total current assets	5,721.7	6,061.1
Property, plant and equipment, net	4,885.1	4,946.0
Right of use operating lease assets	413.6	396.1
Goodwill	1,140.2	2,022.5

Intangible assets, net	853.8	893.0
Deferred income taxes and other non-current assets	517.1	444.8
Total assets	\$13,531.5	14,763.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$931.5	1,056.5
Accounts payable and accrued expenses	2,079.3	2,155.4
Current operating lease liabilities	109.3	106.5
Total current liabilities	3,120.1	3,318.4
Long-term debt, less current portion	1,694.5	2,265.1
Non-current operating lease liabilities	321.8	304.1
Deferred income taxes and other long-term liabilities	747.3	770.2
Total liabilities	5,883.7	6,657.8
Total stockholders' equity	7,647.8	8,105.7
Total liabilities and stockholders' equity	\$13,531.5	14,763.5

Segment Information

	As of or for the Three Months Ended	
	March 30, 2024	April 1, 2023
<i>(In millions)</i>		
Net sales:		
Global Ceramic	\$1,044.8	1,059.3
Flooring NA	900.2	953.4
Flooring ROW	734.4	793.5
Consolidated net sales	\$2,679.4	2,806.2
Operating income (loss):		
Global Ceramic	\$48.8	63.3
Flooring NA	45.0	(2.0)
Flooring ROW	70.9	75.2
Corporate and intersegment eliminations	(18.1)	(10.8)
Consolidated operating income	\$146.6	125.7
Assets:		
Global Ceramic	\$4,978.1	5,499.4
Flooring NA	3,939.9	4,265.1
Flooring ROW	3,894.6	4,314.8
Corporate and intersegment eliminations	718.9	684.2
Consolidated assets	\$13,531.5	14,763.5

Reconciliation of Net Earnings Attributable to Mohawk Industries, Inc. to Adjusted Net Earnings Attributable to Mohawk Industries, Inc. and Adjusted Diluted Earnings Per Share Attributable to Mohawk Industries, Inc.

	Three Months Ended	
	March 30, 2024	April 1, 2023
<i>(In millions, except per share data)</i>		
Net earnings attributable to Mohawk Industries, Inc.	\$105.0	80.2
Adjusting items:		
Restructuring, acquisition and integration-related and other costs	7.9	32.0
Inventory step-up from purchase accounting	—	3.3
Legal settlements, reserves and fees	8.8	1.0

Adjustments of indemnification asset	2.4	(0.9)
Income taxes - adjustments of uncertain tax position	(2.4	)	0.9
Income tax effect of adjusting items	(2.9	)	(4.6
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$118.8		111.9

Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$1.86		1.75
Weighted-average common shares outstanding - diluted	64.0		63.8

Reconciliation of Total Debt to Net Debt

<i>(In millions)</i>		March 30, 2024
Short-term debt and current portion of long-term debt		\$931.5
Long-term debt, less current portion		1,694.5
Total debt		2,626.0
Less: Cash and cash equivalents		658.5
Net debt		\$1,967.5

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA

	Three Months Ended			Trailing Twelve Months Ended	
<i>(In millions)</i>	July 1, 2023	September 30, 2023	December 31, 2023	March 30, 2024	March 30, 2024
Net earnings (loss) including noncontrolling interests	\$101.2	(760.3	) 139.4	105.0	(414.7
Interest expense	22.9	20.1	17.4	14.9	75.3
Income tax expense	26.8	15.0	14.2	27.8	83.8
Net (earnings) loss attributable to noncontrolling interests	—	(0.2	) 0.1	—	(0.1
Depreciation and amortization ⁽¹⁾	156.6	149.6	154.2	154.2	614.6
EBITDA	307.5	(575.8	) 325.3	301.9	358.9
Restructuring, acquisition and integration-related and other costs	33.7	47.6	6.0	5.4	92.7
Inventory step-up from purchase accounting	1.3	(0.1	) —	—	1.2
Impairment of goodwill and indefinite-lived intangibles	—	876.1	1.6	—	877.7
Legal settlements, reserves and fees	48.0	43.5	(4.7	) 8.8	95.6
Adjustments of indemnification asset	(0.1	) (1.9	) (0.1	) 2.4	0.3
Adjusted EBITDA	\$390.4	389.4	328.1	318.5	1,426.4

Net debt to adjusted EBITDA **1.4**

⁽¹⁾Includes accelerated depreciation of \$8.0 for Q2 2023, (\$0.5) for Q3 2023, \$2.6 for Q4 2023 and \$2.4 for Q1 2024.

Reconciliation of Net Sales to Adjusted Net Sales

	Three Months Ended	
<i>(In millions)</i>	March 30, 2024	April 1, 2023
Mohawk Consolidated		

Net sales	\$2,679.4	2,806.2
Adjustment for constant shipping days	16.8	—
Adjustment for constant exchange rates	4.4	—
Adjustment for acquisition volume	(47.8)	—
Adjusted net sales	\$2,652.8	2,806.2

	Three Months Ended	
	March 30, 2024	April 1, 2023
Global Ceramic		
Net sales	\$1,044.8	1,059.3
Adjustment for constant shipping days	5.4	—
Adjustment for constant exchange rates	3.8	—
Adjustment for acquisition volume	(47.8)	—
Adjusted net sales	\$1,006.2	1,059.3

Flooring ROW		
Net sales	\$734.4	793.5
Adjustment for constant shipping days	11.4	—
Adjustment for constant exchange rates	0.6	—
Adjusted net sales	\$746.4	793.5

Reconciliation of Gross Profit to Adjusted Gross Profit

	Three Months Ended	
	March 30, 2024	April 1, 2023
<i>(In millions)</i>		
Gross Profit	\$ 649.5	643.4
Adjustments to gross profit:		
Restructuring, acquisition and integration-related and other costs	5.5	29.1
Inventory step-up from purchase accounting	—	3.3
Adjusted gross profit	\$ 655.0	675.8
Adjusted gross profit as a percent of net sales	24.4	% 24.1 %

Reconciliation of Selling, General and Administrative Expenses to Adjusted Selling, General and Administrative Expenses

	Three Months Ended	
	March 30, 2024	April 1, 2023
<i>(In millions)</i>		
Selling, general and administrative expenses	\$ 502.9	517.7
Adjustments to selling, general and administrative expenses:		
Restructuring, acquisition and integration-related and other costs	(2.4)	(3.1)
Legal settlements, reserves and fees	(8.8)	(1.0)
Adjusted selling, general and administrative expenses	\$ 491.7	513.6
Adjusted selling, general and administrative expenses as a percent of net sales	18.4	% 18.3 %

Reconciliation of Operating Income (Loss) to Adjusted Operating Income (Loss)

Three Months Ended

<i>(In millions)</i>	March 30, 2024	April 1, 2023
Mohawk Consolidated		
Operating income	\$ 146.6	125.7
Adjustments to operating income:		
Restructuring, acquisition and integration-related and other costs	7.9	32.2
Inventory step-up from purchase accounting	—	3.3
Legal settlements, reserves and fees	8.8	1.0
Adjusted operating income	\$ 163.3	162.2
Adjusted operating income as a percent of net sales	6.1	% 5.8 %

Global Ceramic		
Operating income	\$ 48.8	63.3
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	3.9	0.7
Inventory step-up from purchase accounting	\$ —	2.9
Adjusted segment operating income	\$ 52.7	66.9
Adjusted segment operating income as a percent of net sales	5.0	% 6.3 %

Flooring NA		
Operating income (loss)	\$ 45.0	(2.0)
Adjustments to segment operating income (loss):		
Restructuring, acquisition and integration-related and other costs	0.9	7.0
Legal settlements, reserves and fees	1.9	—
Adjusted segment operating income	\$ 47.8	5.0
Adjusted segment operating income as a percent of net sales	5.3	% 0.5 %

Flooring ROW		
Operating income	\$ 70.9	75.2
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	3.1	24.5
Acquisitions purchase accounting, including inventory step-up	—	0.4
Adjusted segment operating income	\$ 74.0	100.1
Adjusted segment operating income as a percent of net sales	10.1	% 12.6 %

Corporate and intersegment eliminations		
Operating (loss)	\$ (18.1)	(10.8)
Adjustments to segment operating (loss):		
Restructuring, acquisition and integration-related and other costs	—	—
Legal settlements, reserves and fees	6.9	1.0
Adjusted segment operating (loss)	\$ (11.2)	(9.8)

Reconciliation of Earnings Before Income Taxes to Adjusted Earnings Before Income Taxes

<i>(In millions)</i>	Three Months Ended	
	March 30, 2024	April 1, 2023
Earnings before income taxes	\$ 132.8	109.2
Net earnings attributable to noncontrolling interests	—	(0.1)

Adjustments to earnings including noncontrolling interests before income taxes:

Restructuring, acquisition and integration-related and other costs	7.9	32.0
Inventory step-up from purchase accounting	—	3.3
Legal settlements, reserves and fees	8.8	1.0
Adjustments of indemnification asset	2.4	(0.9)
Adjusted earnings before income taxes	\$ 151.9	144.5

Reconciliation of Income Tax Expense to Adjusted Income Tax Expense

	Three Months Ended	
<i>(In millions)</i>	March 30, 2024	April 1, 2023
Income tax expense	\$ 27.8	28.9
Income taxes - adjustments of uncertain tax position	2.4	(0.9)
Income tax effect of adjusting items	2.9	4.6
Adjusted income tax expense	\$ 33.1	32.6
Adjusted income tax rate	21.8	% 22.6 %