

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES

(Unaudited)

Condensed Consolidated Statement of Operations Data*(Amounts in thousands, except per share data)*

Three Months Ended

April 3, 2021

March 28, 2020

Net sales	\$2,669,026	2,285,763
Cost of sales	1,877,257	1,669,323
Gross profit	791,769	616,440
Selling, general and administrative expenses	474,254	464,957
Operating income	317,515	151,483
Interest expense	15,241	8,671
Other (income) expense, net	(2,227)	5,679
Earnings before income taxes	304,501	137,133
Income tax expense	67,690	26,668
Net earnings including noncontrolling interests	236,811	110,465
Net earnings (loss) attributable to noncontrolling interests	4	(49)
Net earnings attributable to Mohawk Industries, Inc.	\$236,807	110,514

Basic earnings per share attributable to Mohawk Industries, Inc.

Basic earnings per share attributable to Mohawk Industries, Inc.	\$3.37	1.54
Weighted-average common shares outstanding - basic	70,179	71,547

Diluted earnings per share attributable to Mohawk Industries, Inc.

Diluted earnings per share attributable to Mohawk Industries, Inc.	\$3.36	1.54
Weighted-average common shares outstanding - diluted	70,474	71,777

Other Financial Information*(Amounts in thousands)*

Net cash provided by operating activities	\$259,605	194,974
Less: Capital expenditures	114,735	115,632
Free cash flow	\$144,870	79,342
Depreciation and amortization	\$151,216	145,516

Condensed Consolidated Balance Sheet Data*(Amounts in thousands)*

April 3, 2021

March 28, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$557,262	263,086
Short-term investments	782,267	60,300
Receivables, net	1,813,858	1,644,750
Inventories	1,996,628	2,195,434
Prepaid expenses and other current assets	415,997	449,461
Total current assets	5,566,012	4,613,031
Property, plant and equipment, net	4,432,110	4,472,913
Right of use operating lease assets	337,767	331,329

Goodwill	2,594,727	2,519,979
Intangible assets, net	921,846	904,023
Deferred income taxes and other non-current assets	437,611	415,667
Total assets	\$14,290,073	13,256,942
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$953,913	1,210,525
Accounts payable and accrued expenses	1,954,396	1,554,085
Current operating lease liabilities	98,982	106,673
Total current liabilities	3,007,291	2,871,283
Long-term debt, less current portion	1,719,115	1,514,000
Non-current operating lease liabilities	248,022	238,830
Deferred income taxes and other long-term liabilities	816,613	785,186
Total liabilities	5,791,041	5,409,299
Total stockholders' equity	8,499,032	7,847,643
Total liabilities and stockholders' equity	\$14,290,073	13,256,942

Segment Information <i>(Amounts in thousands)</i>	As of or for the Three Months Ended	
	April 3, 2021	March 28, 2020
Net sales:		
Global Ceramic	\$929,871	848,450
Flooring NA	969,250	848,330
Flooring ROW	769,905	588,983
Consolidated net sales	\$2,669,026	2,285,763
Operating income (loss):		
Global Ceramic	\$87,804	47,976
Flooring NA	81,298	36,206
Flooring ROW	159,306	75,816
Corporate and intersegment eliminations	(10,893)	(8,515)
Consolidated operating income (a)	\$317,515	151,483
Assets:		
Global Ceramic	\$5,161,660	5,237,631
Flooring NA	3,731,032	3,841,815
Flooring ROW	4,120,381	3,810,348
Corporate and intersegment eliminations	1,277,000	367,148
Consolidated assets	\$14,290,073	13,256,942

(a) During the second quarter of 2020, the Company revised the methodology it uses to estimate and allocate corporate general and administrative expenses to its operating segments to better align usage of corporate resources allocated to the Company segments. The updated allocation methodology had no impact on the Company's consolidated statements of operations. This change was applied retrospectively, and segment operating income for all comparative periods has been updated to reflect this change.

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.

(Amounts in thousands, except per

share data)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Net earnings attributable to Mohawk Industries, Inc.	\$ 236,807	110,514
Adjusting items:		
Restructuring, acquisition and integration-related and other costs	11,877	11,930
Income taxes	(2,735)	(3,080)
Adjusted net earnings attributable to Mohawk Industries, Inc.	\$ 245,949	119,364
Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.	\$ 3.49	1.66
Weighted-average common shares outstanding - diluted	70,474	71,777

Reconciliation of Total Debt to Net Debt Less Short-Term Investments

(Amounts in thousands)

	April 3, 2021
Short-term debt and current portion of long-term debt	\$953,913
Long-term debt, less current portion	1,719,115
Total debt	2,673,028
Less: Cash and cash equivalents	557,262
Net Debt	2,115,766
Less: Short-term investments	782,267
Net debt less short-term investments	\$1,333,499

Reconciliation of Operating Income (Loss) to Adjusted EBITDA

(Amounts in thousands)

	Three Months Ended				Trailing Twelve Months Ended
	June 27, 2020	September 26, 2020	December 31, 2020	April 3, 2021	April 3, 2021
Operating income (loss)	\$(60,958)	262,744	282,733	317,515	802,034
Other (expense) income	(1,037)	726	6,742	2,227	8,658
Net (income) loss attributable to noncontrolling interests	331	(336)	(176)	(4)	(185)
Depreciation and amortization (1)	154,094	151,342	156,555	151,216	613,207
EBITDA	92,430	414,476	445,854	470,954	1,423,714
Restructuring, acquisition and integration-related and other costs	91,940	26,925	15,947	6,059	140,871
Adjusted EBITDA	\$184,370	441,401	461,801	477,013	1,564,585
Net Debt less short-term					0.9

investments to Adjusted EBITDA

(1) Includes \$5,818 of accelerated depreciation in Q1 2021 with \$8,395 in Q2 2020, \$5,243 in Q3 2020 and \$6,435 in Q4 2020.

Reconciliation of Net Sales to Net Sales on a Constant Exchange Rate and on Constant Shipping Days

(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Net sales	\$2,669,026	2,285,763
Adjustment to net sales on constant shipping days	(110,948)	-
Adjustment to net sales on a constant exchange rate	(63,899)	-
Net sales on a constant exchange rate and constant shipping days	\$2,494,179	2,285,763

Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate and on Constant Shipping Days

(Amounts in thousands)

Global Ceramic	Three Months Ended	
	April 3, 2021	March 28, 2020
Net sales	\$929,871	848,450
Adjustment to segment net sales on constant shipping days	(33,930)	-
Adjustment to segment net sales on a constant exchange rate	(1,421)	-
Segment net sales on a constant exchange rate and constant shipping days	\$894,520	848,450

Reconciliation of Segment Net Sales to Segment Net Sales on Constant Shipping Days

(Amounts in thousands)

Flooring NA	Three Months Ended	
	April 3, 2021	March 28, 2020
Net sales	\$969,250	848,330
Adjustment to segment net sales on constant shipping days	(44,735)	-
Segment net sales on constant shipping days	\$924,515	848,330

Reconciliation of Segment Net Sales to Segment Net Sales on a Constant Exchange Rate and on Constant Shipping Days

(Amounts in thousands)

Flooring ROW	Three Months Ended	
	April 3, 2021	March 28, 2020
Net sales	\$769,905	588,983

Adjustment to segment net sales on constant shipping days	(32,283)	-
Adjustment to segment net sales on a constant exchange rate	(62,479)	-
Segment net sales on a constant exchange rate and constant shipping days	\$675,143	588,983

Reconciliation of Gross Profit to Adjusted Gross Profit

(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Gross Profit	\$791,769	616,440
Adjustments to gross profit:		
Restructuring, acquisition and integration-related and other costs	10,485	11,080
Adjusted gross profit	\$802,254	627,520

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

(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Selling, general and administrative expenses	\$474,254	464,957
Adjustments to selling, general and administrative expenses:		
Restructuring, acquisition and integration-related and other costs	(1,002)	(895)
Adjusted selling, general and administrative expenses	\$473,252	464,062

Reconciliation of Operating Income to Adjusted Operating Income

(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Operating income	\$317,515	151,483
Adjustments to operating income:		
Restructuring, acquisition and integration-related and other costs	11,487	11,975
Adjusted operating income	\$329,002	163,458

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income

(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Global Ceramic		
Operating income	\$87,804	47,976

Adjustments to segment operating income:

Restructuring, acquisition and integration-related and other costs	1,273	(122)
Adjusted segment operating income	\$89,077	47,854

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income
(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Flooring NA		
Operating income	\$81,298	36,206
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	8,859	8,067
Adjusted segment operating income	\$90,157	44,273

Reconciliation of Segment Operating Income to Adjusted Segment Operating Income
(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Flooring ROW		
Operating income	\$159,306	75,816
Adjustments to segment operating income:		
Restructuring, acquisition and integration-related and other costs	1,357	3,969
Adjusted segment operating income	\$160,663	79,785

Reconciliation of Earnings Including Noncontrolling Interests Before Income Taxes to Adjusted Earnings Including Noncontrolling Interests Before Income Taxes
(Amounts in thousands)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Earnings before income taxes	\$304,501	137,133
Net (earnings) loss attributable to noncontrolling interests	(4)	49
Adjustments to earnings including noncontrolling interests before income taxes:		
Restructuring, acquisition and integration-related and other costs	11,877	11,930
Adjusted earnings including noncontrolling interests before income taxes	\$316,374	149,112

Reconciliation of Income Tax Expense to Adjusted Income Tax Expense
(Amounts in thousands)

Three Months Ended

	April 3, 2021	March 28, 2020
Income tax expense	\$67,690	26,668
Income tax effect of adjusting items	2,735	3,080
Adjusted income tax expense	\$70,425	29,748
Adjusted income tax rate	22.3 %	20.0 %

The Company supplements its condensed consolidated financial statements, which are prepared and presented in accordance with US GAAP, with certain non-GAAP financial measures. As required by the Securities and Exchange Commission rules, the tables above present a reconciliation of the Company's non-GAAP financial measures to the most directly comparable US GAAP measure. Each of the non-GAAP measures set forth above should be considered in addition to the comparable US GAAP measure, and may not be comparable to similarly titled measures reported by other companies. The Company believes these non-GAAP measures, when reconciled to the corresponding US GAAP measure, help its investors as follows: Non-GAAP revenue measures that assist in identifying growth trends and in comparisons of revenue with prior and future periods and non-GAAP profitability measures that assist in understanding the long-term profitability trends of the Company's business and in comparisons of its profits with prior and future periods.

The Company excludes certain items from its non-GAAP revenue measures because these items can vary dramatically between periods and can obscure underlying business trends. Items excluded from the Company's non-GAAP revenue measures include: foreign currency transactions and translation and the impact of acquisitions.

The Company excludes certain items from its non-GAAP profitability measures because these items may not be indicative of, or are unrelated to, the Company's core operating performance. Items excluded from the Company's non-GAAP profitability measures include: restructuring, acquisition and integration-related and other costs, acquisition purchase accounting, including inventory step-up, release of indemnification assets and the reversal of uncertain tax positions.