

**MOHAWK INDUSTRIES, INC. AND
SUBSIDIARIES**

(Unaudited)

**Condensed Consolidated Statement of
Operations Data**

(Amounts in thousands, except per share
data)

	Three Months Ended		Six Months Ended	
	July 3,2021	June 27, 2020	July 3,2021	June 27, 2020
Net sales	\$2,953,833	2,049,800	5,622,859	4,335,563
Cost of sales	2,051,626	1,679,833	3,928,883	3,349,156
Gross profit	902,207	369,967	1,693,976	986,407
Selling, general and administrative expenses	497,783	430,925	972,037	895,883
Operating income (loss)	404,424	(60,958)	721,939	90,524
Interest expense	14,894	12,956	30,135	21,627
Other (income) expense, net	(11,168)	1,037	(13,395)	6,716
Earnings (loss) before income taxes	400,698	(74,951)	705,199	62,181
Income tax expense (benefit)	64,245	(26,363)	131,935	304
Net earnings (loss) including noncontrolling interests	336,453	(48,588)	573,264	61,877
Net earnings (loss) attributable to noncontrolling interests	168	(331)	172	(380)
Net earnings (loss) attributable to Mohawk Industries, Inc.	\$336,285	(48,257)	573,092	62,257

**Basic earnings (loss) per share
attributable to Mohawk Industries, Inc.**

Basic earnings (loss) per share attributable to Mohawk Industries, Inc.	\$4.84	(0.68)	8.21	0.87
Weighted-average common shares outstanding - basic	69,432	71,186	69,809	71,364

**Diluted earnings (loss) per share
attributable to Mohawk Industries, Inc.**

Diluted earnings (loss) per share attributable to Mohawk Industries, Inc.	\$4.82	(0.68)	8.18	0.87
Weighted-average common shares outstanding - diluted	69,745	71,186	70,102	71,547

Other Financial Information

(Amounts in thousands)

Net cash provided by operating activities	\$338,391	568,521	597,996	763,495
Less: Capital expenditures	112,703	80,639	227,439	196,271
Free cash flow	\$225,688	487,882	370,557	567,224
Depreciation and amortization	\$148,466	154,094	299,681	299,610

**Condensed Consolidated Balance Sheet
Data**

(Amounts in thousands)

July 3,2021 June 27,

	2020	
ASSETS		
Current assets:		
Cash and cash equivalents	\$753,677	737,712
Short-term investments	662,358	56,700
Receivables, net	2,017,622	1,586,398
Inventories	2,081,967	1,922,048
Prepaid expenses and other current assets	434,932	443,140
Total current assets	5,950,556	4,745,998
Property, plant and equipment, net	4,459,380	4,434,544
Right of use operating lease assets	383,343	318,047
Goodwill	2,609,174	2,541,906
Intangible assets, net	922,699	910,838
Deferred income taxes and other non-current assets	467,641	418,071
Total assets	\$14,792,793	13,369,404

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Short-term debt and current portion of long-term debt	\$958,781	135,350
Accounts payable and accrued expenses	2,119,154	1,618,584
Current operating lease liabilities	100,951	118,296
Total current liabilities	3,178,886	1,872,230
Long-term debt, less current portion	1,723,294	2,573,155
Non-current operating lease liabilities	292,101	226,555
Deferred income taxes and other long-term liabilities	824,570	772,600
Total liabilities	6,018,851	5,444,540
Total stockholders' equity	8,773,942	7,924,864
Total liabilities and stockholders' equity	\$14,792,793	13,369,404

Segment Information	Three Months Ended		As of or for the Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
<i>(Amounts in thousands)</i>				
Net sales:				
Global Ceramic	\$1,039,503	753,335	1,969,374	1,601,785
Flooring NA	1,081,189	800,088	2,050,439	1,648,418
Flooring ROW	833,141	496,377	1,603,046	1,085,360
Consolidated net sales	\$2,953,833	2,049,800	5,622,859	4,335,563
Operating income (loss):				
Global Ceramic	\$136,435	(33,809)	224,239	14,168
Flooring NA	115,943	(45,484)	197,241	(9,278)
Flooring ROW	163,886	29,478	323,192	105,294
Corporate and intersegment eliminations	(11,840)	(11,143)	(22,733)	(19,660)
Consolidated operating income (loss)	\$404,424	(60,958)	721,939	90,524
Assets:				
Global Ceramic			\$5,206,786	5,112,084
Flooring NA			3,870,309	3,682,638

Flooring ROW	4,240,433	3,770,581
Corporate and intersegment eliminations	1,475,265	804,101
<u>Consolidated assets</u>	<u>\$14,792,793</u>	<u>13,369,404</u>

Reconciliation of Net Earnings (Loss) 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)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 3, 2021</u>	<u>June 27, 2020</u>	<u>July 3, 2021</u>	<u>June 27, 2020</u>
Net earnings (loss) attributable to Mohawk Industries, Inc.	\$336,285	(48,257)	573,092	62,257
Adjusting items:				
Restructuring, acquisition and integration-related and other costs	6,094	100,336	17,971	112,266
Resolution of foreign non-income tax contingencies	(6,211)	-	(6,211)	-
One-time tax planning election	(26,731)	-	(26,731)	-
Income taxes	923	(25,723)	(1,812)	(28,802)
<u>Adjusted net earnings attributable to Mohawk Industries, Inc.</u>	<u>\$310,360</u>	<u>26,356</u>	<u>556,309</u>	<u>145,721</u>
<u>Adjusted diluted earnings per share attributable to Mohawk Industries, Inc.</u>	<u>\$4.45</u>	<u>0.37</u>	<u>7.94</u>	<u>2.04</u>
<u>Weighted-average common shares outstanding - diluted</u>	<u>69,745</u>	<u>71,186</u>	<u>70,102</u>	<u>71,547</u>

Reconciliation of Total Debt to

**Net Debt Less
Short-Term
Investments**

*(Amounts in
thousands)*

	July 3, 2021
Short-term debt and current portion of long-term debt	\$958,781
Long-term debt, less current portion	1,723,294
Total debt	2,682,075
Less: Cash and cash equivalents	753,677
Net Debt	1,928,398
Less: Short-term investments	662,358
Net debt less short-term investments	\$1,266,040

**Reconciliation
of Operating
Income to
Adjusted
EBITDA**

*(Amounts in
thousands)*

	Three Months Ended				Trailing Twelve Months Ended
	September 26, 2020	December 31, 2020	April 3, 2021	July 3, 2021	July 3, 2021
Operating income	\$262,744	282,733	317,515	404,424	1,267,416
Other income	726	6,742	2,227	11,168	20,863
Net income attributable to noncontrolling interests	(336)	(176)	(4)	(168)	(684)
Depreciation and amortization (1)	151,342	156,555	151,216	148,466	607,579
EBITDA	414,476	445,854	470,954	563,890	1,895,174
Restructuring,	26,925	15,947	6,059	(2,737)	46,194

acquisition and
integration-
related and
other costs

Adjusted EBITDA	\$441,401	461,801	477,013	561,153	1,941,368
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Net Debt less short-term investments to Adjusted EBITDA					0.7
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(1) Includes \$2,620 of accelerated depreciation in Q2 2021 with \$5,243 in Q3 2020, \$6,435 in Q4 2020 and \$5,818 in Q1 2021.

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

(Amounts in thousands)

	Three Months Ended		Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Net sales	\$2,953,833	2,049,800	5,622,859	4,335,563
Adjustment to net sales on constant shipping days	(20,418)	-	(131,365)	-
Adjustment to net sales on a constant exchange rate	(97,818)	-	(161,717)	-
Net sales on a constant exchange rate and constant shipping days	\$2,835,597	2,049,800	5,329,777	4,335,563

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	
	July 3, 2021	June 27, 2020
Net sales	\$1,039,503	753,335
Adjustment to segment net sales on	(8,193)	-

constant shipping days Adjustment to segment net sales on a constant exchange rate	(22,242)	-
Segment net sales on a constant exchange rate and constant shipping days	\$1,009,068	753,335

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	
	July 3,2021	June 27, 2020
Net sales	\$833,141	496,377
Adjustment to segment net sales on constant shipping days	(12,225)	-
Adjustment to segment net sales on a constant exchange rate	(75,575)	-
Segment net sales on a constant exchange rate and constant shipping days	\$745,341	496,377

Reconciliation of Gross Profit to Adjusted Gross Profit

(Amounts in thousands)

	Three Months Ended	
	July 3,2021	June 27, 2020
Gross Profit	\$902,207	369,967
Adjustments to gross profit:		
Restructuring, acquisition and integration-related and other costs	5,452	69,478
Adjusted	\$907,659	439,445

gross profit

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

(Amounts in thousands)

	Three Months Ended	
	July 3, 2021	June 27, 2020
Selling, general and administrative expenses	\$497,783	430,925
Adjustments to selling, general and administrative expenses:		
Restructuring, acquisition and integration-related and other costs	(1,480)	(27,282)
Adjusted selling, general and administrative expenses	\$496,303	403,643

Reconciliation of Operating Income (Loss) to Adjusted Operating Income

(Amounts in thousands)

	Three Months Ended	
	July 3, 2021	June 27, 2020
Operating income (loss)	\$404,424	(60,958)
Adjustments to operating income (loss):		
Restructuring, acquisition and integration-related and other costs	6,932	96,760

Adjusted operating income	\$411,356	35,802
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Reconciliation of Segment Operating Income (Loss) to Adjusted Segment Operating Income

(Amounts in thousands)

	Three Months Ended	
	July 3, 2021	June 27, 2020
Global Ceramic		
Operating income (loss)	\$136,435	(33,809)
Adjustments to segment operating income (loss):		
Restructuring, acquisition and integration-related and other costs	726	37,672
Adjusted segment operating income	\$137,161	3,863

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

(Amounts in thousands)

	Three Months Ended	
	July 3, 2021	June 27, 2020
Flooring NA		
Operating income (loss)	\$115,943	(45,484)
Adjustments to segment operating income (loss):		
Restructuring, acquisition and integration-related and other costs	5,487	28,226
Adjusted segment	\$121,430	(17,258)

operating
income (loss)

**Reconciliation of
Segment Operating
Income to
Adjusted Segment
Operating Income**

*(Amounts in
thousands)*

Flooring ROW	Three Months Ended	
	July 3,2021	June 27, 2020
Operating income	\$163,886	29,478
Adjustments to segment operating income:		
Restructuring, acquisition and integration- related and other costs	442	29,614
Adjusted segment operating income	\$164,328	59,092

**Reconciliation of Earnings (Loss) Including Noncontrolling Interests
Before Income Taxes to Adjusted Earnings Including Noncontrolling
Interests Before Income Taxes**

*(Amounts in
thousands)*

	Three Months Ended	
	July 3,2021	June 27, 2020
Earnings (loss) before income taxes	\$400,698	(74,951)
Net (earnings) loss attributable to noncontrolling interests	(168)	331
Adjustments to earnings (loss) including noncontrolling interests before income taxes:		
Restructuring, acquisition and integration-	6,094	100,336

related and other costs		
Resolution of foreign non-income tax contingencies	(6,211)	-
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Adjusted earnings including noncontrolling interests before income taxes	\$400,413	25,716
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Reconciliation of Income Tax Expense (Benefit) to Adjusted Income Tax Expense (Benefit)

(Amounts in thousands)

	Three Months Ended	
	July 3, 2021	June 27, 2020
Income tax expense (benefit)	\$64,245	(26,363)
One-time tax planning election	26,731	-
Income tax effect of adjusting items	(923)	25,723
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Adjusted income tax expense (benefit)	\$90,053	(640)
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Adjusted income tax rate	22.5 %	(2.5) %
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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.