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 October 1, 2022

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 October 26, 2022, the latest practicable date, is as follows: 63,534,032 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)

	October 1, 2022	December 31, 2021
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 326,971	268,895
Short-term investments	110,000	323,000
Receivables, net	2,003,261	1,839,985
Inventories	2,900,116	2,391,672
Prepaid expenses	495,226	394,649
Other current assets	18,755	20,156
Total current assets	5,854,329	5,238,357
Property, plant and equipment	9,342,898	9,250,587
Less: accumulated depreciation	4,818,362	4,613,722
Property, plant and equipment, net	4,524,536	4,636,865
Right of use operating lease assets	400,412	389,967
Goodwill	1,827,968	2,607,909
Tradenames	646,661	694,905
Other intangible assets subject to amortization, net	176,439	205,075
Deferred income taxes and other non-current assets	370,689	451,439
Total assets	$ 13,801,034	14,224,517
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	$ 1,542,139	624,503
Accounts payable and accrued expenses	2,256,097	2,217,418
Current operating lease liabilities	106,511	104,434
Total current liabilities	3,904,747	2,946,355
Deferred income taxes	430,888	495,521
Long-term debt, less current portion	1,019,984	1,700,282
Non-current operating lease liabilities	306,617	297,390
Other long-term liabilities	313,741	356,753
Total liabilities	5,975,977	5,796,301
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; 70,875 and 72,952 shares issued and outstanding in 2022 and 2021, respectively	709	729
Additional paid-in capital	1,925,894	1,911,131
Retained earnings	7,376,304	7,692,064
Accumulated other comprehensive loss	(1,268,663)	(966,952)
	8,034,244	8,636,972
Less: treasury stock at cost; 7,341 and 7,343 shares in 2022 and 2021, respectively	215,491	215,547
Total Mohawk Industries, Inc. stockholders' equity	7,818,753	8,421,425
Nonredeemable noncontrolling interests	6,304	6,791
Total stockholders' equity	7,825,057	8,428,216
Total liabilities and stockholders' equity	$ 13,801,034	14,224,517

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended		Nine Months Ended	
	October 1, 2022	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
	(In thousands, except per share data)			
Net sales	$ 2,917,539	2,817,017	9,086,390	8,439,876
Cost of sales	2,203,878	1,979,702	6,697,404	5,908,585
Gross profit	713,661	837,315	2,388,986	2,531,291
Selling, general and administrative expenses	523,479	477,341	1,510,076	1,449,378
Impairment of goodwill and indefinite-lived intangibles	695,771	—	695,771	—
Operating (loss) income	(505,589)	359,974	183,139	1,081,913
Interest expense	13,797	14,948	37,337	45,083
Other (income) expense, net	(1,242)	21	(1,622)	(13,374)
(Loss) earnings before income taxes	(518,144)	345,005	147,424	1,050,204
Income tax expense	15,569	73,821	155,193	205,756
Net (loss) earnings including noncontrolling interests	(533,713)	271,184	(7,769)	844,448
Net earnings attributable to noncontrolling interests	256	206	440	378
Net (loss) earnings attributable to Mohawk Industries, Inc.	$ (533,969)	270,978	(8,209)	844,070
Basic (loss) earnings per share attributable to Mohawk Industries, Inc.				
Basic (loss) earnings per share attributable to Mohawk Industries, Inc.	$ (8.40)	3.95	(0.13)	12.16
Weighted-average common shares outstanding—basic	63,534	68,541	63,923	69,389
Diluted (loss) earnings per share attributable to Mohawk Industries, Inc.				
Diluted (loss) earnings per share attributable to Mohawk Industries, Inc.	$ (8.40)	3.93	(0.13)	12.11
Weighted-average common shares outstanding—diluted	63,534	68,864	63,923	69,683

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
	(In thousands)			
Net (loss) earnings including noncontrolling interests	$ (533,713)	271,184	(7,769)	844,448
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(254,002)	(91,318)	(302,384)	(178,077)
Prior pension and post-retirement benefit service cost and actuarial gain, net of tax	65	108	672	316
Other comprehensive (loss) income	(253,937)	(91,210)	(301,712)	(177,761)
Comprehensive (loss) income	(787,650)	179,974	(309,481)	666,687
Comprehensive (loss) income attributable to noncontrolling interests	(16)	107	439	88
Comprehensive (loss) income attributable to Mohawk Industries, Inc.	$ (787,634)	179,867	(309,920)	666,599

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	October 1, 2022	October 2, 2021
	(In thousands)	
Cash flows from operating activities:		
Net (loss) earnings including noncontrolling interests	$ (7,769)	844,448
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Restructuring	21,673	7,410
Impairment of goodwill and indefinite-lived intangibles	695,771	—
Depreciation and amortization	436,449	448,299
Deferred income taxes	(47,846)	(52,304)
Loss on disposal of property, plant and equipment	591	1,161
Stock-based compensation expense	17,488	19,411
Changes in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	(267,546)	(275,952)
Inventories	(548,711)	(330,745)
Accounts payable and accrued expenses	162,841	381,634
Other assets and prepaid expenses	(41,678)	(23,860)
Other liabilities	6,172	77,233
Net cash provided by operating activities	427,435	1,096,735
Cash flows from investing activities:		
Additions to property, plant and equipment	(430,084)	(375,179)
Acquisitions, net of cash acquired	(157,274)	(77,187)
Purchases of short-term investments	(2,233,000)	(778,239)
Redemption of short-term investments	2,446,000	1,344,574
Net cash (used in) provided by investing activities	(374,358)	113,969
Cash flows from financing activities:		
Payments on Senior Credit Facilities	(5,000)	—
Proceeds from Senior Credit Facilities	5,000	—
Payments on commercial paper	(12,542,311)	(94,820)
Proceeds from commercial paper	12,866,175	94,605
Repayments on Senior Notes	—	(352,609)
Net payments of other financing activities	(16,061)	(7,874)
Debt issuance costs	(1,621)	—
Purchase of Mohawk common stock	(307,572)	(473,334)
Change in outstanding checks in excess of cash	(1,588)	(921)
Net cash used in financing activities	(2,978)	(834,953)
Effect of exchange rate changes on cash and cash equivalents	7,977	(16,349)
Net change in cash and cash equivalents	58,076	359,402
Cash and cash equivalents, beginning of period	268,895	768,625
Cash and cash equivalents, end of period	$ 326,971	1,128,027

See accompanying notes to condensed consolidated financial statements.

MOHAWK INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO 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 2021 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.

Hedges of Net Investments in Non-U.S. Operations

The Company has numerous investments outside the United States. The net assets of these subsidiaries are exposed to changes and volatility in currency exchange rates. The Company has in the past and might in the future use foreign currency denominated debt to hedge its non-U.S. net investments against adverse movements in exchange rates. In periods when the Company uses foreign currency denominated debt to hedge its non-U.S. net investments, the gains and losses on the Company’s net investments in its non-U.S. operations are economically offset by losses and gains on its foreign currency borrowings. Changes in the U.S. dollar value of the Company’s euro denominated debt are recorded in the foreign currency translation adjustment component of accumulated other comprehensive income or (loss). In June 2015, the Company designated its €500,000 2.00% Senior Notes borrowing as a net investment hedge of a portion of its European operations. On October 19, 2021, the Company redeemed at par the 2.00% Senior Notes, originally due on January 14, 2022, and paid the remaining €500,000 outstanding principal of the 2.00% Senior Notes, plus any unpaid interest, utilizing cash on hand. In connection with this repayment, the Company dedesignated its €500,000 2.00% Senior Notes borrowing as a net investment hedge of a portion of its European operations. For the nine months ended October 2, 2021, the change in the U.S. dollar value of the Company’s euro denominated debt was a decrease of $35,363 ($27,056 net of taxes).

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes which simplified the accounting for income taxes in several areas by removing certain exceptions and by clarifying and amending existing guidance applicable to accounting for income taxes. The Company adopted the new standard on January 1, 2021. The effect of adopting the new standard was not material.

2. Acquisitions

2022 Acquisitions

On July 6, 2022, the Company completed its purchase of a Georgia-based manufacturer specializing in non-woven, needle-punch technology in the Flooring North America ("Flooring NA") Segment for $146,409. The Company's acquisition resulted in a preliminary goodwill allocation of $56,172, pending working capital adjustments, and intangible assets subject to amortization of $15,000. Approximately half of the goodwill is expected to be deductible for tax purposes. During the third quarter, the Company also completed an acquisition of a wood veneer plant in the Flooring Rest of the World ("Flooring ROW") Segment for $13,806.

2021 Acquisitions

During the nine months ended October 2, 2021, the Company made acquisitions in the Flooring ROW Segment totaling $77,187, including the acquisition of an insulation manufacturer, on September 7, 2021 for $67,285. The Company's acquisition resulted in a goodwill allocation of $31,319 and an intangible asset subject to amortization of $10,601. The goodwill is not expected to be deductible for tax purposes. The remaining acquisitions resulted in goodwill of $1,273 and intangible assets subject to amortization of $5,596.

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 $72,860 and $65,744 as of October 1, 2022 and December 31, 2021, 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, in any period, 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 nine months ended October 1, 2022 and October 2, 2021 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 $60,457 and $49,644 as of October 1, 2022 and December 31, 2021, respectively. Straight-line amortization expense recognized during the nine months ended October 1, 2022 and October 2, 2021 related to these capitalized costs were $38,394 and $44,042, respectively.

Revenue Disaggregation

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 October 1, 2022 and October 2, 2021:

October 1, 2022		**Global Ceramic Segment**	**Flooring NA Segment**	**Flooring ROW Segment**	**Total**
Geographical Markets					
United States	$	614,460	1,056,596	3,784	1,674,840
Europe		201,217	2,079	495,291	698,587
Russia		113,195	—	49,001	162,196
Other		167,784	30,959	183,173	381,916
	$	1,096,656	1,089,634	731,249	2,917,539
Product Categories					
Ceramic & Stone	$	1,089,593	9,642	—	1,099,235
Carpet & Resilient		7,063	842,069	220,320	1,069,452
Laminate & Wood		—	237,923	235,461	473,384
Other[(1)]		—	—	275,468	275,468
	$	1,096,656	1,089,634	731,249	2,917,539

October 2, 2021		**Global Ceramic Segment**	**Flooring NA Segment**	**Flooring ROW Segment**	**Total**
Geographical Markets					
United States	$	556,496	1,016,015	3,851	1,576,362
Europe		205,263	1,398	545,538	752,199
Russia		81,246	25	40,275	121,546
Other		155,439	33,015	178,456	366,910
	$	998,444	1,050,453	768,120	2,817,017
Product Categories					
Ceramic & Stone	$	993,864	9,079	—	1,002,943
Carpet & Resilient		4,580	834,581	231,825	1,070,986
Laminate & Wood		—	206,793	250,307	457,100
Other[(1)]		—	—	285,988	285,988
	$	998,444	1,050,453	768,120	2,817,017

[(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 nine months ended October 1, 2022 and October 2, 2021:

October 1, 2022	Global Ceramic Segment	Flooring NA Segment	Flooring ROW Segment	Total
Geographical Markets				
United States	$ 1,825,304	3,153,752	10,802	4,989,858
Europe	702,308	5,932	1,776,686	2,484,926
Russia	283,702	23	127,507	411,232
Other	508,668	101,375	590,331	1,200,374
	$ 3,319,982	3,261,082	2,505,326	9,086,390
Product Categories				
Ceramic & Stone	$ 3,302,446	28,685	—	3,331,131
Carpet & Resilient	17,536	2,547,184	709,148	3,273,868
Laminate & Wood	—	685,213	836,756	1,521,969
Other [1]	—	—	959,422	959,422
	$ 3,319,982	3,261,082	2,505,326	9,086,390

October 2, 2021	Global Ceramic Segment	Flooring NA Segment	Flooring ROW Segment	Total
Geographical Markets				
United States	$ 1,659,106	3,000,077	8,191	4,667,374
Europe	658,829	1,977	1,702,522	2,363,328
Russia	222,226	75	105,395	327,696
Other	427,657	98,763	555,058	1,081,478
	$ 2,967,818	3,100,892	2,371,166	8,439,876
Product Categories				
Ceramic & Stone	$ 2,958,056	26,062	—	2,984,118
Carpet & Resilient	9,762	2,470,079	745,774	3,225,615
Laminate & Wood	—	604,751	776,690	1,381,441
Other [1]	—	—	848,702	848,702
	$ 2,967,818	3,100,892	2,371,166	8,439,876

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

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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 nine months ended October 1, 2022 and October 2, 2021:

	Three Months Ended		Nine Months Ended	
	October 1 2022	October 2 2021	October 1 2022	October 2 2021
Cost of sales				
Restructuring costs	$ 30,421	246	31,722	15,685
Acquisition integration-related costs	—	306	349	349
Restructuring and acquisition integration-related costs	$ 30,421	552	32,071	16,034
Selling, general and administrative expenses				
Restructuring costs	$ 2,949	(89)	3,035	226
Acquisition transaction-related costs	481	184	1,508	1,928
Acquisition integration-related costs	687	426	1,741	849
Restructuring, acquisition transaction and integration-related costs	$ 4,117	521	6,284	3,003

The restructuring activity for the three months ended October 1, 2022 is as follows:

	Asset write-downs (gains on disposals)	Severance	Other restructuring costs	Total
Balances as of July 2, 2022	$ —	430	—	430
Restructuring costs				
Global Ceramic Segment	—	3,366	—	3,366
Flooring NA Segment	15,193	870	3,726	19,789
Flooring ROW Segment	5,805	2,611	1,799	10,215
Total restructuring costs	20,998	6,847	5,525	33,370
Cash payments	—	(1,739)	(5,401)	(7,140)
Non-cash items	(20,998)	(34)	(124)	(21,156)
Balances as of October 1, 2022	$ —	5,504	—	5,504
Restructuring costs recorded in:				
Cost of sales	$ 20,998	3,924	5,499	30,421
Selling, general and administrative expenses	—	2,923	26	2,949
Total restructuring costs	$ 20,998	6,847	5,525	33,370

The restructuring activity for the nine months ended October 1, 2022 is as follows:

	Asset write-downs (gains on disposals)	Severance	Other restructuring costs	Total
Balances as of December 31, 2021	$ —	1,634	995	2,629
Restructuring costs				
Global Ceramic Segment	—	3,366	—	3,366
Flooring NA Segment	15,107	870	3,677	19,654
Flooring ROW Segment	5,805	2,611	3,321	11,737
Total restructuring costs	20,912	6,847	6,998	34,757
Cash payments	—	(2,918)	(7,119)	(10,037)
Non-cash items	(20,912)	(59)	(874)	(21,845)
Balances as of October 1, 2022	$ —	5,504	—	5,504
Restructuring costs recorded in:				
Cost of sales	$ 20,912	3,924	6,886	31,722
Selling, general and administrative expenses	—	2,923	112	3,035
Total restructuring costs	$ 20,912	6,847	6,998	34,757

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

The following table presents the items measured at fair value:

	At October 1, 2022	At December 31, 2021
Short-term investments:		
Commercial paper (Level 2)	$ 110,000	323,000

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

6. Receivables, net

Receivables, net are as follows:

	At October 1, 2022	At December 31, 2021
Customers, trade	$ 1,899,479	1,721,584
Income tax receivable	27,241	73,727
Other	148,283	117,823
	2,075,003	1,913,134
Less: allowance for discounts, claims and doubtful accounts	71,742	73,149
Receivables, net	$ 2,003,261	1,839,985

7. Inventories

The components of inventories are as follows:

	At October 1, 2022	At December 31, 2021
Finished goods	$ 2,025,754	1,677,707
Work in process	176,033	144,004
Raw materials	698,329	569,961
Total inventories	$ 2,900,116	2,391,672

8. Goodwill and Intangible Assets

The Company performs its annual testing of goodwill and indefinite-lived intangibles in the fourth quarter of each year. Between annual testing dates, the Company monitors factors such as its market capitalization, comparable company market multiples and macroeconomic conditions to identify conditions that could impact the Company's assumptions utilized in the determination of the estimated fair values of the Company's reporting units and indefinite-lived intangible assets significantly enough to trigger an impairment.

The goodwill impairment tests are based on determining the fair value of the specified reporting units based on management judgements and assumptions using the discounted cash flows under the income approach classified in Level 3 of the fair value hierarchy and comparable company market valuation classified in Level 2 of the fair value hierarchy approaches. The Company has identified Global Ceramic, Flooring NA and Flooring ROW as its reporting units for the purposes of allocating goodwill and intangibles as well as assessing impairments. The valuation approaches are subject to key judgments and assumptions that are sensitive to change such as judgements and assumptions about appropriate sales growth rates, operating margins, weighted average cost of capital ("WACC") and comparable company market multiples.

As a result of a decrease in the Company's market capitalization, comparable company market multiples, projected future cash flows and an increase in the WACC due to increases in the risk free rate and applicable risk premiums, the Company determined that a triggering event occurred requiring goodwill impairment testing for each of its reporting units as of October 1, 2022. The impairment test indicated a pre-tax, non-cash goodwill impairment charge related to the Global Ceramic reporting unit of $688,514 ($679,664 net of tax) which the Company recorded during the three months ended October 1, 2022. The Company concluded goodwill of its other reporting units was not impaired at October 1, 2022.

The Company compared the estimated fair values of its indefinite-lived intangibles to their carrying values and determined that there were impairments of $7,257 ($5,939 net of tax) in the Flooring ROW and Flooring NA reporting units during the three months ended October 1, 2022.

A significant or prolonged deterioration in economic conditions, continued increases in the costs of raw materials and energy combined with an inability to pass these costs on to customers, a further decline in the Company's market capitalization or comparable company market multiples, projected future cash flows, or increases in the WACC, could impact the Company's assumptions and require a reassessment of goodwill or indefinite-lived intangible assets for impairment in future periods. The excess of fair value over carrying value for the Flooring ROW reporting unit was approximately 20% and the excess of fair value over carrying value for the Flooring NA reporting unit was less than 5% as of October 1, 2022. Future declines in estimated after tax cash flows, increases in the WACC or a decline in market capitalization could result in an additional indication of impairment in one or more of the Company's reporting units.

The components of goodwill and other intangible assets are as follows:

Goodwill:

	Global Ceramic Segment	Flooring NA Segment	Flooring ROW Segment	Total
Balance as of December 31, 2021				
Goodwill	$ 1,563,267	874,198	1,497,869	3,935,334
Accumulated impairment losses	(531,930)	(343,054)	(452,441)	(1,327,425)
Balance as of December 31, 2021, net	1,031,337	531,144	1,045,428	2,607,909
Goodwill adjustments related to acquisitions	—	—	(2,722)	(2,722)
Goodwill recognized during the period	—	56,172	—	56,172
Impairment charge during the period	(688,514)	—	—	(688,514)
Currency translation during the period	(2,355)	—	(142,522)	(144,877)
Balance as of October 1, 2022				
Goodwill	1,560,912	930,370	1,352,625	3,843,907
Accumulated impairment losses	(1,220,444)	(343,054)	(452,441)	(2,015,939)
Balance as of October 1, 2022, net	$ 340,468	587,316	900,184	1,827,968

Intangible assets not subject to amortization:

	Tradenames
Balance as of December 31, 2021	$ 694,905
Impairment charge	(7,257)
Currency translation during the period	(40,987)
Balance as of October 1, 2022	$ 646,661

Intangible assets subject to amortization:

Gross carrying amounts:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2021	$ 680,177	256,336	6,786	943,299
Intangible assets acquired during the period	13,064	—	1,900	14,964
Currency translation during the period	(65,593)	(34,607)	(868)	(101,068)
Balance as of October 1, 2022	$ 627,648	221,729	7,818	857,195

Accumulated amortization:	Customer relationships	Patents	Other	Total
Balance as of December 31, 2021	$ 483,748	252,414	2,062	738,224
Amortization during the period	20,277	468	172	20,917
Currency translation during the period	(44,161)	(34,116)	(108)	(78,385)
Balance as of October 1, 2022	$ 459,864	218,766	2,126	680,756
Intangible assets subject to amortization, net as of October 1, 2022	$ 167,784	2,963	5,692	176,439

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Amortization expense	$ 6,918	7,247	20,917	22,081

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are as follows:

	At October 1, 2022	At December 31, 2021
Outstanding checks in excess of cash	$ 1,416	3,005
Accounts payable, trade	1,217,731	1,228,621
Accrued expenses	725,135	666,209
Product warranties	39,190	45,215
Accrued interest	13,945	17,940
Accrued compensation and benefits	258,680	256,428
Total accounts payable and accrued expenses	$ 2,256,097	2,217,418

10. Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component for the nine months ended October 1, 2022 are as follows:

	Foreign currency translation adjustments	Prior pension and post-retirement benefit service cost and actuarial gain (loss)	Total
Balance as of December 31, 2021	$ (959,199)	(7,753)	(966,952)
Current period other comprehensive income (loss)	(302,383)	672	(301,711)
Balance as of October 1, 2022	$ (1,261,582)	(7,081)	(1,268,663)

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 no restricted stock units ("RSUs") for the three months ended October 1, 2022. The Company granted 189 RSUs at a weighted average grant-date fair value of $137.99 per unit for the nine months ended October 1, 2022. The Company granted 21 RSUs at a weighted average grant-date fair value of $189.91 per unit for the three months ended October 2, 2021. The Company granted 194 RSUs at a weighted average grant-date fair value of $176.73 per unit for the nine months ended October 2, 2021. The Company recognized stock-based compensation costs related to the issuance of RSUs of $6,179 ($4,572 net of taxes) and $7,425 ($5,494 net of taxes) for the three months ended October 1, 2022 and October 2, 2021, 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 $17,488 ($12,941 net of taxes) and $19,411 ($14,364 net of taxes) for the nine months ended October 1, 2022 and October 2, 2021, 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 $23,868 as of October 1, 2022, and will be recognized as expense over a weighted-average period of approximately 1.68 years.

12. Other (Income) Expense, net

Other (income) expense, net is as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Foreign currency losses (gains), net	$ 6,032	3,135	6,476	3,114
Resolution of foreign non-income tax contingencies	—	—	—	(6,211)
Release of indemnification asset	—	—	7,324	—
All other, net	(7,274)	(3,114)	(15,422)	(10,277)
Total other (income) expense, net	$ (1,242)	21	(1,622)	(13,374)

13. Income Taxes

For the three months ended October 1, 2022, the Company recorded income tax expense of $15,569 on loss before income taxes of $518,144 for an effective tax rate of (3.0)%, as compared to an income tax expense of $73,821 on earnings before income taxes of $345,005, for an effective tax rate of 21.4% for the three months ended October 2, 2021. For the nine months ended October 1, 2022, the Company recorded income tax expense of $155,193 on earnings before income taxes of $147,424 for an effective tax rate of 105.3%, as compared to income tax expense of $205,756 on earnings before income taxes of $1,050,204, for an effective tax rate of 19.6% for the nine months ended October 2, 2021. The difference in the effective tax rates for the comparative periods was primarily impacted by the impairment of non-deductible goodwill and lower earnings in the three and nine months ended October 1, 2022.

14. Stockholders' Equity

The following tables reflect the changes in stockholders' equity for the three months ended October 1, 2022 and October 2, 2021 (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		
July 2, 2022	70,878	$709	$1,919,742	$7,910,657	($1,014,999)	(7,341)	($215,491)	$6,320	$8,606,938
Shares issued under employee and director stock plans	—	—	(27)	—	—	—	—	—	(27)
Stock-based compensation expense	—	—	6,179	—	—	—	—	—	6,179
Repurchases of common stock	(3)	—	—	(384)	—	—	—	—	(384)
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	256	256
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	(273)	(273)
Purchase of noncontrolling interest	—	—	—	—	—	—	—	1	1
Currency translation adjustment	—	—	—	—	(253,729)	—	—	—	(253,729)
Prior pension and post-retirement benefit service cost and actuarial gain	—	—	—	—	65	—	—	—	65
Net loss	—	—	—	(533,969)	—	—	—	—	(533,969)
October 1, 2022	70,875	$709	$1,925,894	$7,376,304	($1,268,663)	(7,341)	($215,491)	$6,304	$7,825,057

	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		
July 3, 2021	76,372	$764	$1,895,612	$7,867,795	($781,506)	(7,343)	($215,547)	$6,824	$8,773,942
Shares issued under employee and director stock plans	—	—	(59)	—	—	—	—	—	(59)
Stock-based compensation expense	—	—	7,425	—	—	—	—	—	7,425
Repurchases of common stock	(1,017)	(10)	—	(208,823)	—	—	—	—	(208,833)
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	206	206
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	(99)	(99)
Currency translation adjustment	—	—	—	—	(91,219)	—	—	—	(91,219)
Prior pension and post-retirement benefit service cost and actuarial gain	—	—	—	—	108	—	—	—	108
Net earnings	—	—	—	270,978	—	—	—	—	270,978
October 2, 2021	75,355	$754	$1,902,978	$7,929,950	($872,617)	(7,343)	($215,547)	$6,931	$8,752,449

The following tables reflect the changes in stockholders' equity for the nine months ended October 1, 2022 and October 2, 2021 (in thousands).

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
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	(3,297)	—	—	2	56	—	(3,240)
Stock-based compensation expense	—	—	17,488	—	—	—	—	—	17,488
Repurchases of common stock	(2,184)	(21)	—	(307,551)	—	—	—	—	(307,572)
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	440	440
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	(1)	(1)
Purchase of noncontrolling interest	—	—	572	—	—	—	—	(926)	(354)
Currency translation adjustment	—	—	—	—	(302,383)	—	—	—	(302,383)
Prior pension and post-retirement benefit service cost and actuarial gain	—	—	—	—	672	—	—	—	672
Net loss	—	—	—	(8,209)	—	—	—	—	(8,209)
October 1, 2022	70,875	$709	$1,925,894	$7,376,304	($1,268,663)	(7,341)	($215,491)	$6,304	$7,825,057

	Total Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
December 31, 2020	77,624	$776	$1,885,142	$7,559,191	($695,145)	(7,346)	($215,648)	$6,842	$8,541,158
Shares issued under employee and director stock plans	115	1	(1,575)	—	—	3	101	—	(1,473)
Stock-based compensation expense	—	—	19,411	—	—	—	—	—	19,411
Repurchases of common stock	(2,384)	(23)	—	(473,311)	—	—	—	—	(473,334)
Net earnings attributable to noncontrolling interests	—	—	—	—	—	—	—	378	378
Currency translation adjustment on noncontrolling interests	—	—	—	—	—	—	—	(289)	(289)
Currency translation adjustment	—	—		—	(177,788)	—	—	—	(177,788)
Prior pension and post-retirement benefit service cost and actuarial gain	—	—	—	—	316	—	—	—	316
Net earnings	—	—	—	844,070	—	—	—	—	844,070
October 2, 2021	75,355	$754	$1,902,978	$7,929,950	($872,617)	(7,343)	($215,547)	$6,931	$8,752,449

15. (Loss) Earnings Per Share

Basic (loss) earnings per common share is computed by dividing net (loss) earnings available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted (loss) 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 (loss) earnings attributable to Mohawk Industries, Inc. and weighted-average common shares outstanding for purposes of calculating basic and diluted (loss) earnings per share is as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net (loss) earnings attributable to Mohawk Industries, Inc.	$ (533,969)	270,978	(8,209)	844,070
Weighted-average common shares outstanding-basic and diluted:				
Weighted-average common shares outstanding—basic	63,534	68,541	63,923	69,389
Add weighted-average dilutive potential common shares—options to purchase common shares and RSUs, net [1]	—	323	—	294
Weighted-average common shares outstanding-diluted	63,534	68,864	63,923	69,683
(Loss) earnings per share attributable to Mohawk Industries, Inc.				
Basic	$ (8.40)	3.95	(0.13)	12.16
Diluted	$ (8.40)	3.93	(0.13)	12.11

[1] Due to the anti-dilutive effect resulting from the reported net loss, 257 and 246 of potentially dilutive securities were omitted from the calculation of weighted-average common shares outstanding for the three and nine months ended October 1, 2022, respectively.

16. Segment Reporting

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

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.

Segment information is as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales:				
Global Ceramic Segment	$ 1,096,656	998,444	3,319,982	2,967,818
Flooring NA Segment	1,089,634	1,050,453	3,261,082	3,100,892
Flooring ROW Segment	731,249	768,120	2,505,326	2,371,166
Total	$ 2,917,539	2,817,017	9,086,390	8,439,876
Operating (loss) income:				
Global Ceramic Segment	$ (559,706)	118,896	(305,099)	343,135
Flooring NA Segment	64,672	118,625	260,026	315,866
Flooring ROW Segment	45,508	133,595	304,265	456,787
Corporate and intersegment eliminations	(56,063)	(11,142)	(76,053)	(33,875)
Total	$ (505,589)	359,974	183,139	1,081,913

	At October 1, 2022	At December 31, 2021
Assets:		
Global Ceramic Segment	$ 4,866,822	5,160,776
Flooring NA Segment	4,490,502	4,125,960
Flooring ROW Segment	4,036,675	4,361,741
Corporate and intersegment eliminations	407,035	576,040
Total	$ 13,801,034	14,224,517

17. Commitments and Contingencies

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 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 seek monetary damages and injunctive relief claiming that their water supplies contain excessive amounts of PFCs. Certain defendants, including the Company, filed dispositive motions in each case arguing that the Alabama state courts lack personal jurisdiction over them. These motions were denied. In June and September 2018, certain defendants, including the Company, petitioned the Alabama Supreme Court for Writs of Mandamus directing each lower court to enter an order granting the defendants' dispositive motions on personal jurisdiction grounds. The Alabama Supreme Court denied the petitions on December 20, 2019. Certain defendants, including the Company, filed an Application for Rehearing with the Alabama Supreme Court asking the court to reconsider its December 2019 decision. The Alabama Supreme Court denied the application for rehearing. On August 21, 2020, certain defendants, including the Company, petitioned the Supreme Court of the United States for review of the matter. On January 19, 2021, the Supreme Court denied the defendants' petition for review. On October 14, 2022, the Gadsden Water Board settled its claims against Mohawk Industries, Inc. and Mohawk Carpet, LLC. The case filed by the Centre Water Board 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. 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 alleges 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 is 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 is ongoing. On January 26, 2022, Lead Plaintiff moved for class certification, to appoint itself as class representative, and for appointment of class counsel. The Company intends to vigorously defend against the claims.

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. The Audit Committee has completed the investigation and concluded that the allegations of wrongdoing are without merit. The USAO and SEC investigations are ongoing, and the Company is cooperating fully with those authorities. The Company will continue to vigorously defend against the allegations of wrongdoing in the Securities Class Action and does not believe they have 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 alleges that defendants violated Sections 11 and 12 of the Securities Act of 1933. The complaint is 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 at the close of fact discovery in the related Securities Class Action pending in the United States District Court for the Northern District of Georgia according to the terms set forth in the court's order to stay litigation. The Company intends to vigorously defend against the claims.

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 pending in the United States District Court for the Northern District of Georgia. 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. 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, which motions are fully briefed and remain pending. On July 6, 2022, defendants filed motions to dismiss the March 25, 2022 complaint, which motions are fully briefed and remain pending. On July 27, 2022, defendants filed motions to dismiss the April 26, 2022 complaint. These motions are anticipated to be fully briefed in November 2022. On August 9, 2022, defendants filed a motion to consolidate all three Federal Investor Actions for pre-trial purposes, which motion is fully briefed and remains pending. 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. The Company intends to vigorously defend against the claims.

Belgian Tax Matter

The Company has been in a dispute with the Belgian Tax Authority (the “BTA”) regarding the proper tax treatment of the royalty income arising from intellectual property (“IP”) owned by a Luxembourg subsidiary, Flooring Industries Limited Sarl (“FIL”). The BTA had assessed Unilin BV for the calendar years ending December 2005 through 2010 in an amount totaling €223,321 (including penalties but excluding interest), alleging that Unilin BV inappropriately transferred valuable IP to FIL and income associated with that IP should be taxed in Belgium. Unilin BV challenged all of these assessments and prevailed both in the Court of First Appeal in Bruges and in the Ghent Court of Appeal. In 2021, the BTA indicated it will not appeal these cases to the Supreme Court and has withdrawn all of the assessments for 2005 through 2010. Consequently, all of those tax years are now closed.

Having lost under its original theory, the BTA is in the process of initiating new assessments for later years against FIL rather than Unilin BV. The BTA now alleges that FIL had a taxable presence in Belgium and should be taxed on royalties received in respect of its IP. The BTA issued initial assessments in December 2020 and June 2021 that totaled €371,696 (including penalties but excluding interest) for calendar years ending December 2013 through 2018. However, in November and December of 2021, the BTA cancelled these assessments and in April 2022 issued new assessments that total €186,734 (including penalties but excluding interest) for those years using different calculations. The Company expects an additional assessment for 2019. Under the statute of limitations, the BTA may not assess FIL for any years prior to 2013, and the Company believes that FIL’s statute of limitations is closed for 2013 through 2016, although this will be a point of contention with the BTA. These assessments involve the same underlying facts at issue in the above referenced cases where Unilin BV prevailed at two different levels. Consequently, the Company believes that its tax position in Belgium was correct and will persist with its vigorous defense.

When the BTA issues tax assessments, Belgian tax law requires assurances that the taxes can be paid even while they are being disputed. Consequently, the BTA has placed liens on various properties of Unilin BV to support the original assessments discussed above. Since those assessments have been nullified by the courts, the accompanying liens have been withdrawn. Since FIL does not have property in Belgium, the BTA may require assurances from FIL to support the new assessments for 2013 through 2019. These assurances may take the form of a bond or bank guarantees.

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% (1.00% as of October 1, 2022), 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% (0.00% as of October 1, 2022). 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% (1.00% as of October 1, 2022), or (b) the Base Rate plus an applicable margin ranging between 0.00% and 0.75% (0.00% as of October 1, 2022). 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 (0.09% as of October 1, 2022). 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. The Senior Credit Facility originally required the Company to maintain a Consolidated Interest Coverage Ratio of at least 3.00 to 1.00 and a Consolidated Net Leverage Ratio of no more than 3.75 to 1.00, each as of the last day of any fiscal quarter. However, on May 7, 2020 the Company amended the Senior Credit Facility to temporarily increase the minimum Consolidated Net Leverage Ratio to 4.75 to 1.00 and to increase the amount of certain adjustments to Net Income that are permitted to calculate the ratio. The relief provided by the amendment was in effect for the fiscal quarters ending on September 26, 2020 through (and including) the fiscal quarter ending December 31, 2021. 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 $1,621 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 October 1, 2022, amounts utilized under the Senior Credit Facility included zero borrowings and $17,958 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 $949,958 under the Senior Credit Facility resulting in a total of $1,000,042 available as of October 1, 2022.

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 all rank pari passu with all of 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. The total amount outstanding under all of the Company's commercial paper programs may not exceed $1,800,000 at any time.

The proceeds from the issuance of commercial paper notes will be available for general corporate purposes. As of October 1, 2022, there were $932,000 outstanding under the U.S. commercial paper program, and zero under the European program. The weighted-average interest rate and maturity period for the U.S. program were 3.35% and 19.3 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 all of 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 all of 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 are senior unsecured obligations of the Company and rank pari passu with all of the Company's existing and future unsecured indebtedness. Interest on the 3.85% Senior Notes is 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 are being amortized over the term of the 3.85% Senior Notes. On September 15, 2022, the Company gave notice that it will redeem at par all of the 3.85% Senior Notes on November 1, 2022.

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. Subsequent to the quarter end, an additional $100,000 of borrowing capacity was added to the Term Loan Facility on October 3, 2022. The Term Loan Facility may be borrowed in up to two advances on any business day on or before December 31, 2022, and the proceeds of the Term Loan Facility may be used for funding working capital and general corporate purposes of the Company. The principal amount of the Term Loan Facility must be repaid by the maturity date of August 12, 2024. The Company may prepay all or a portion of the Term Loan Facility from time to time, without premium or penalty plus accrued and unpaid interest.

At the Company’s election, U.S. dollar-denominated loans under the Term Loan Facility will 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%, 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%, determined based upon the Company’s consolidated net leverage ratio. Euro-denominated loans under the Term Loan Facility will 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 1.500%, determined based upon the Company’s consolidated net leverage ratio.

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:

	At October 1, 2022		At December 31, 2021	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
1.750% Senior Notes, payable June 12, 2027; interest payable annually	$ 428,550	490,052	601,037	566,380
3.625% Senior Notes, payable May 15, 2030; interest payable semi-annually	416,750	500,000	538,545	500,000
3.85% Senior Notes, payable February 1, 2023; interest payable semi-annually	597,966	600,000	615,630	600,000
U.S. commercial paper	932,000	932,000	598,000	598,000
European commercial paper	—	—	15,859	15,859
Finance leases and other	47,081	47,081	53,163	53,163
Unamortized debt issuance costs	(7,010)	(7,010)	(8,617)	(8,617)
Total debt	2,415,337	2,562,123	2,413,617	2,324,785
Less current portion of long term-debt and commercial paper	1,540,105	1,542,139	624,503	624,503
Long-term debt, less current portion	$ 875,232	1,019,984	1,789,114	1,700,282

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. Consolidated Statements of Cash Flows Information

Supplemental cash flow information were as follows:

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Net cash paid during the periods for:		
Interest	$ 50,627	56,023
Income taxes	$ 193,895	239,299
Supplemental schedule of non-cash investing and financing activities:		
Unpaid property plant and equipment in accounts payable and accrued expenses	$ 82,250	65,299
Fair value of assets acquired/adjusted in acquisitions	$ 172,845	102,405
Liabilities assumed/adjusted in acquisitions	(15,571)	(25,218)
	$ 157,274	77,187
Right of use assets obtained in exchange for lease obligations:		
Operating leases	$ 97,473	150,553
Finance leases	$ 11,332	11,525

20. Subsequent Events

Subsequent to the quarter end, an additional $100,000 of borrowing capacity was added to the Term Loan Facility on October 3, 2022.

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

Overview

During the past two decades, the Company has grown significantly. Its current geographic breadth and diverse product offering are reflected in three reporting segments: Global Ceramic; Flooring NA; and Flooring ROW. The Global Ceramic Segment 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. The Flooring NA Segment designs, manufactures, sources and markets its floor covering products, including broadloom carpet, carpet tile, carpet cushion, rugs, laminate, resilient, 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 Flooring NA 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. The Flooring ROW Segment designs, manufactures, sources, licenses and markets laminate, resilient, 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 the United Kingdom, Russia, Mexico, Australia, New Zealand, Brazil 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. In response to Russian military actions in Ukraine, 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 and intentional disruption of natural gas supply to Europe; increased tensions between the U.S. and countries in which the Company operates; potential supply chain disruption of raw materials sourced from Ukraine, primarily clay, and materials and spare parts needed in the Company's operations; global increases in the cost of natural gas, oil and oil-based raw materials and chemicals; 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. In addition, the current environment has placed demands on the Company's operations as the COVID-19 pandemic has at times caused disruptions in some of the Company's markets and operations. The Company anticipates that new variants of the virus could have an impact on its markets and operations in ways that are difficult to predict due to the inconsistent effect the variants have had in different regions.

During the past year, rapid cost escalations in materials, energy, transportation and labor have impacted the Company's profitability across all segments. Mohawk has, to some extent, offset the impact of inflationary pressures through multiple pricing actions across product categories and geographies; improved mix from sales of higher-value, differentiated products; and productivity gains in manufacturing and logistics. Given the volatility of energy prices in some geographies and material prices in some product categories, these external pressures may change significantly and unpredictably, which could have an adverse impact on the Company's results. Similarly, inflationary pressures around the globe may impact consumer and commercial investments in flooring and other large, deferrable purchases. During the quarter, the Company took actions to enhance future performance including facility and product rationalizations and workforce reductions. We anticipate these global actions will deliver annual savings of approximately $35 to $40 million, with an estimated cost of approximately $90 to $95 million.

In 2022, the Company intends to invest approximately $620 million to complete existing projects and commence new initiatives. The Company plans to invest in previously initiated expansion projects, cost reduction initiatives and upgrades for recent acquisitions as well as maintenance across the businesses. The main investment areas include the Company's LVT portfolio to upgrade its product offering and improve profitability; premium water-proof laminate in North America and Europe; quartz countertop expansion in North America and porcelain slab expansion in Europe.

The Company announced on June 3, 2022 that it has entered into an agreement to purchase the Vitromex ceramic tile business from Grupo Industrial Saltillo for approximately $293 million in cash. The Vitromex business includes four manufacturing facilities strategically located throughout Mexico. The transaction is expected to close in the first quarter of 2023 subject to customary government approvals and closing conditions.

For the three months ended October 1, 2022, net loss attributable to the Company was $534.0 million, or diluted loss per share of $8.40, compared to net earnings attributable to the Company of $271.0 million, or diluted earnings per share ("EPS") of $3.93 for the three months ended October 2, 2021. The change in EPS was primarily attributable to the impairment charge to reduce the carrying amount of goodwill and indefinite-lived intangibles, higher inflation, increased short-term manufacturing disruptions, lower sales volume, charges related to legal settlements and reserves, higher restructuring, acquisition and integration-related, and other costs and higher costs associated with investments in new product development and marketing costs, partially offset by the favorable net impact of price and product mix, productivity gains and the favorable net impact from foreign exchange rates. The Company believes that a number of circumstances may impact trends in 2022, including Russian military actions in Ukraine, the continuation of the COVID-19 pandemic, impacts to material availability due to disruptions in the global supply chain and inflation, but the extent and duration of such impacts cannot be predicted.

For the nine months ended October 1, 2022, net loss attributable to the Company was $8.2 million, or diluted loss per share of $0.13, compared to net earnings attributable to the Company of $844.1 million, or diluted EPS of $12.11 for the nine months ended October 2, 2021. The change in EPS was primarily attributable to higher inflation, the impairment charge to reduce the carrying amount of goodwill and indefinite-lived intangibles, lower sales volume, increased short-term manufacturing disruptions, charges related to legal settlements and reserves, higher restructuring, acquisition and integration-related, and other costs, the unfavorable net impact from foreign exchange rates, higher costs associated with investments in new product development and marketing costs and increased startup costs, partially offset by the favorable net impact of price and product mix and productivity gains. The Company believes that a number of circumstances may impact trends in 2022, including Russian military actions in Ukraine, the continuation of the COVID-19 pandemic, impacts to material availability due to disruptions in the global supply chain and inflation, but the extent and duration of such impacts cannot be predicted.

For the nine months ended October 1, 2022, the Company generated $427.4 million of cash from operating activities. As of October 1, 2022, the Company had cash and cash equivalents of $327.0 million, of which $145.9 million was in the United States and $181.0 million was in foreign countries.

Results of Operations

Quarter Ended October 1, 2022, as compared with Quarter Ended October 2, 2021

Net sales

Net sales for the three months ended October 1, 2022 were $2,917.5 million, reflecting an increase of $100.5 million, or 3.6%, from the $2,817.0 million reported for the three months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $374 million, partially offset by lower sales volume of approximately $139 million, the unfavorable net impact from foreign exchange rates of approximately $117 million and the unfavorable impact from one less shipping day in Europe in the third quarter of 2022 of approximately $18 million.

Global Ceramic Segment—Net sales increased $98.3 million, or 9.8%, to $1,096.7 million for the three months ended October 1, 2022, compared to $998.4 million for the three months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $159 million, partially offset by lower sales volume of approximately $36 million, the unfavorable net impact from foreign exchange rates of approximately $21 million and the unfavorable impact from one less shipping day in Europe in the third quarter of 2022 of approximately $5 million.

Flooring NA Segment—Net sales increased $39.1 million, or 3.7%, to $1,089.6 million for the three months ended October 1, 2022, compared to $1,050.5 million for the three months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $84 million, partially offset by lower sales volume of approximately $45 million.

Flooring ROW Segment—Net sales decreased $36.9 million, or 4.8%, to $731.2 million for the three months ended October 1, 2022, compared to $768.1 million for the three months ended October 2, 2021. The decrease was primarily attributable to the unfavorable net impact from foreign exchange rates of approximately $96 million, lower sales volume of approximately $58 million and the unfavorable impact from one less shipping day in Europe in the third quarter of 2022 of approximately $13 million, partially offset by the favorable net impact of price and product mix of approximately $130 million.

Gross profit

Gross profit for the three months ended October 1, 2022 was $713.7 million (24.5% of net sales), a decrease of $123.6 million or 14.8%, compared to gross profit of $837.3 million (29.7% of net sales) for the three months ended October 2, 2021. As a percentage of net sales, gross profit decreased 520 basis points. The decrease in gross profit dollars was primarily attributable to higher inflation of approximately $348 million, increased short-term manufacturing disruptions of approximately $55 million, lower sales volume of approximately $45 million, higher restructuring, acquisition and integration-related, and other costs of approximately $31 million and the unfavorable net impact from foreign exchange rates of approximately $11 million, partially offset by the favorable net impact of price and product mix of approximately $359 million and productivity gains of approximately $9 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended October 1, 2022 were $523.5 million (17.9% of net sales), an increase of $46.2 million compared to $477.3 million (16.9% of net sales) for the three months ended October 2, 2021. As a percentage of net sales, selling, general and administrative expenses increased 100 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to $45 million related to legal settlements and reserves, higher inflation of approximately $10 million, the unfavorable net impact of price and product mix of approximately $10 million, higher restructuring, acquisition and integration-related, and other costs of approximately $4 million and higher costs associated with investments in new product development and marketing costs of approximately $4 million, partially offset by the favorable net impact from foreign exchange rates of approximately $17 million and productivity gains of approximately $12 million.

Impairment of goodwill and indefinite-lived intangibles

During the third quarter of 2022, due to the impact of a higher WACC, macroeconomic conditions, and the reduction in the Company's market capitalization, the Company performed interim impairment tests of its goodwill and indefinite-lived intangible assets, which resulted in impairment charges of $695.8 million ($685.6 million net of tax). If, in the future, the Company's market capitalization and/or the estimated fair value of the Company's reporting units were to decline further, it may be necessary to record additional impairment charges.

Operating (loss) income

Operating loss for the three months ended October 1, 2022 was $505.6 million ((17.3)% of net sales), reflecting a decrease of $865.6 million, or 240.5%, compared to operating income of $360.0 million (12.8% of net sales) for the three months ended October 2, 2021. The decrease in operating income was primarily attributable to the impairment charge to reduce the carrying amount of goodwill and indefinite-lived intangibles of approximately $696 million, higher inflation of approximately $358 million, increased short-term manufacturing disruptions of approximately $55 million, lower sales volume of approximately $45 million, $45 million related to legal settlements and reserves, higher restructuring, acquisition and integration-related, and other costs of approximately $35 million and higher costs associated with investments in new product development and marketing costs of approximately $4 million, partially offset by the favorable net impact of price and product mix of approximately $350 million, productivity gains of approximately $20 million and the favorable net impact from foreign exchange rates of approximately $5 million.

Global Ceramic Segment—Operating loss was $559.7 million ((51.0)% of segment net sales) for the three months ended October 1, 2022, reflecting a decrease of $678.6 million compared to operating income of $118.9 million (11.9% of segment net sales) for the three months ended October 2, 2021. The decrease in operating income was primarily attributable to the impairment charge to reduce the carrying amount of goodwill of approximately $689 million, higher inflation of approximately $128 million, lower sales volume of approximately $8 million, higher costs associated with investments in new product development and marketing costs of approximately $4 million, higher restructuring, acquisition and integration-related, and other costs of approximately $3 million and increased short-term manufacturing disruptions of approximately $3 million, partially offset by the favorable net impact of price and product mix of approximately $134 million, productivity gains of approximately $15 million and the favorable net impact from foreign exchange rates of approximately $4 million.

Flooring NA Segment—Operating income was $64.7 million (5.9% of segment net sales) for the three months ended October 1, 2022, reflecting a decrease of $53.9 million compared to operating income of $118.6 million (11.3% of segment net sales) for the three months ended October 2, 2021. The decrease in operating income was primarily attributable to higher inflation of approximately $105 million, increased short-term manufacturing disruptions of approximately $22 million, higher restructuring, acquisition and integration-related, and other costs of approximately $20 million, lower sales volume of approximately $15 million and the impairment charge to reduce the carrying amount of indefinite-lived intangibles of approximately $1 million, partially offset by the favorable net impact of price and product mix of approximately $102 million and productivity gains of approximately $11 million.

Flooring ROW Segment—Operating income was $45.5 million (6.2% of segment net sales) for the three months ended October 1, 2022, reflecting a decrease of $88.1 million compared to operating income of $133.6 million (17.4% of segment net sales) for the three months ended October 2, 2021. The decrease in operating income was primarily attributable to higher inflation of approximately $126 million, increased short-term manufacturing disruptions of approximately $30 million, lower sales volume of approximately $22 million, higher restructuring, acquisition and integration-related, and other costs of approximately $11 million, the impairment charge to reduce the carrying amount of indefinite-lived intangibles of approximately $6 million and decreased productivity of approximately $5 million, partially offset by the favorable net impact of price and product mix of approximately $114 million.

Interest expense

Interest expense was $13.8 million for the three months ended October 1, 2022, reflecting a decrease of $1.1 million compared to interest expense of $14.9 million for the three months ended October 2, 2021. The decrease in interest expense was primarily due to the Company’s redemption of the 2.00% Senior Notes on October 19, 2021 and an increase in miscellaneous interest income, partially offset by the increase in commercial paper borrowings.

Other (income) expense, net

Other income, net was $1.2 million for the three months ended October 1, 2022, reflecting a favorable change of $1.2 million compared to other expense, net of $0.0 million for the three months ended October 2, 2021. The change was primarily attributable to the favorable net impact of other miscellaneous items of approximately $4 million, partially offset by the unfavorable net impact of foreign exchange rates of approximately $3 million.

Income tax expense

For the three months ended October 1, 2022, the Company recorded income tax expense of $15.6 million on loss before income taxes of $518.1 million, for an effective tax rate of (3.0)%, as compared to an income tax expense of $73.8 million on earnings before income taxes of $345.0 million, for an effective tax rate of 21.4% for the three months ended October 2, 2021. The difference in the effective tax rates for the comparative periods was primarily impacted by the impairment of non-deductible goodwill and lower earnings in the three months ended October 1, 2022.

Nine Months Ended October 1, 2022, as compared with Nine Months Ended October 2, 2021

Net sales

Net sales for the nine months ended October 1, 2022 were $9,086.4 million, reflecting an increase of $646.5 million, or 7.7%, from the $8,439.9 million reported for the nine months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $1,292 million, partially offset by the unfavorable net impact from foreign exchange rates of approximately $327 million, lower sales volume of approximately $272 million and the unfavorable impact from fewer shipping days for the nine months ended October 1, 2022 of approximately $49 million.

Global Ceramic Segment—Net sales increased $352.2 million, or 11.9%, to $3,320.0 million for the nine months ended October 1, 2022, compared to $2,967.8 million for the nine months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $478 million, partially offset by the unfavorable net impact from foreign exchange rates of approximately $75 million, lower sales volume of approximately $32 million and the unfavorable impact from fewer shipping days for the nine months ended October 1, 2022 of approximately $20 million.

Flooring NA Segment—Net sales increased $160.2 million, or 5.2%, to $3,261.1 million for the nine months ended October 1, 2022, compared to $3,100.9 million for the nine months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $369 million, partially offset by lower sales volume of approximately $192 million and the unfavorable impact from fewer shipping days for the nine months ended October 1, 2022 of approximately $17 million.

Flooring ROW Segment—Net sales increased $134.1 million, or 5.7%, to $2,505.3 million for the nine months ended October 1, 2022, compared to $2,371.2 million for the nine months ended October 2, 2021. The increase was primarily attributable to the favorable net impact of price and product mix of approximately $444 million, partially offset by the unfavorable net impact from foreign exchange rates of approximately $252 million, lower sales volume of approximately $48 million and the unfavorable impact from fewer shipping days for the nine months ended October 1, 2022 of approximately $13 million.

Gross profit

Gross profit for the nine months ended October 1, 2022 was $2,389.0 million (26.3% of net sales), a decrease of $142.3 million or 5.6%, compared to gross profit of $2,531.3 million (30.0% of net sales) for the nine months ended October 2, 2021. As a percentage of net sales, gross profit decreased 370 basis points. The decrease in gross profit dollars was primarily attributable to higher inflation of approximately $1,103 million, lower sales volume of approximately $109 million, increased short-term manufacturing disruptions of approximately $69 million, the unfavorable net impact from foreign exchange rates of approximately $55 million, higher restructuring, acquisition and integration-related, and other costs of approximately $17 million and increased startup costs of approximately $7 million, partially offset by the favorable net impact of price and product mix of approximately $1,151 million, and productivity gains of approximately $62 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the nine months ended October 1, 2022 were $1,510.1 million (16.6% of net sales), an increase of $60.7 million compared to $1,449.4 million (17.2% of net sales) for the nine months ended October 2, 2021. As a percentage of net sales, selling, general and administrative expenses decreased 60 basis points. The increase in selling, general and administrative expenses in dollars was primarily attributable to the unfavorable net impact of price and product mix of approximately $46 million, $45 million related to legal settlements and reserves, higher inflation of approximately $29 million, higher costs associated with investments in new product development and marketing costs of approximately $8 million, the unfavorable impact due to sales volume changes of approximately $7 million and higher restructuring, acquisition and integration-related, and other costs of approximately $3 million, partially offset by the favorable net impact from foreign exchange rates of approximately $44 million and productivity gains of approximately $35 million.

Impairment of goodwill and indefinite-lived intangibles

During the nine months ended October 1, 2022, due to the impact of a higher WACC, macroeconomic conditions, and the reduction in the Company's market capitalization, the Company performed interim impairment tests of its goodwill and indefinite-lived intangible assets, which resulted in impairment charges of $695.8 million ($685.6 million net of tax). If, in the future, the Company's market capitalization and/or the estimated fair value of the Company's reporting units were to decline further, it may be necessary to record additional impairment charges.

Operating income (loss)

Operating income for the nine months ended October 1, 2022 was $183.1 million (2.0% of net sales), reflecting a decrease of $898.8 million, or 83.1%, compared to operating income of $1,081.9 million (12.8% of net sales) for the nine months ended October 2, 2021. The decrease in operating income was primarily attributable to higher inflation of approximately $1,132 million, the impairment charge to reduce the carrying amount of goodwill and indefinite-lived intangibles of approximately $696 million, lower sales volume of approximately $116 million, increased short-term manufacturing disruptions of approximately $69 million, $45 million related to legal settlements and reserves, higher restructuring, acquisition and integration-related, and other costs of approximately $20 million, the unfavorable net impact from foreign exchange rates of approximately $11 million, higher costs associated with investments in new product development and marketing costs of approximately $8 million and increased startup costs of approximately $7 million, partially offset by the favorable net impact of price and product mix of approximately $1,105 million and productivity gains of approximately $97 million.

Global Ceramic Segment—Operating loss was $305.1 million ((9.2)% of segment net sales) for the nine months ended October 1, 2022, reflecting a decrease of $648.2 million compared to operating income of $343.1 million (11.6% of segment net sales) for the nine months ended October 2, 2021. The decrease in operating income was primarily attributable to the impairment charge to reduce the carrying amount of goodwill of approximately $689 million, higher inflation of approximately $369 million, lower sales volume of approximately $11 million, higher costs associated with investments in new product development and marketing costs of approximately $7 million and increased short-term manufacturing disruptions of approximately $6 million, partially offset by favorable net impact of price and product mix of approximately $386 million and productivity gains of approximately $46 million.

Flooring NA Segment—Operating income was $260.0 million (8.0% of segment net sales) for the nine months ended October 1, 2022, reflecting a decrease of $55.9 million compared to operating income of $315.9 million (10.2% of segment net sales) for the nine months ended October 2, 2021. The decrease in operating income was primarily attributable to higher inflation of approximately $340 million, lower sales volume of approximately $77 million, increased short-term manufacturing disruptions of approximately $24 million, increased startup costs of approximately $6 million, higher restructuring, acquisition and integration-related, and other costs of approximately $6 million and the impairment charge to reduce the carrying amount of indefinite-lived intangibles of approximately $1 million, partially offset by the favorable net impact of price and product mix of approximately $327 million and productivity gains of approximately $73 million.

Flooring ROW Segment—Operating income was $304.3 million (12.1% of segment net sales) for the nine months ended October 1, 2022, reflecting a decrease of $152.5 million compared to operating income of $456.8 million (19.3% of segment net sales) for the nine months ended October 2, 2021. The decrease in operating income was primarily attributable to higher inflation of approximately $425 million, increased short-term manufacturing disruptions of approximately $39 million, lower sales volume of approximately $28 million, decreased productivity of approximately $23 million, higher restructuring, acquisition and integration-related, and other costs of approximately $13 million, the unfavorable net impact of foreign exchange rates of approximately $10 million and the impairment charge to reduce the carrying amount of indefinite-lived intangibles of approximately $6 million, partially offset by the favorable net impact of price and product mix of approximately $392 million.

Interest expense

Interest expense was $37.3 million for the nine months ended October 1, 2022, reflecting a decrease of $7.8 million compared to interest expense of $45.1 million for the nine months ended October 2, 2021. The decrease in interest expense was primarily due to the Company's redemption of the 2.00% Senior Notes on October 19, 2021 and an increase in miscellaneous interest income, partially offset by the increase in commercial paper borrowings.

Other (income) expense, net

Other income, net was $1.6 million for the nine months ended October 1, 2022, reflecting an unfavorable change of $11.8 million compared to other income, net of $13.4 million for the nine months ended October 2, 2021. The change was primarily driven by the release of an indemnification receivable related to the resolution of foreign non-income tax contingencies of approximately $6 million during the nine months ended October 2, 2021, the reversal of uncertain tax positions recorded with the Emil acquisition of approximately $7 million and the unfavorable net impact of foreign exchange rates of approximately $3 million, partially offset by other miscellaneous items of approximately $5 million.

Income tax expense

For the nine months ended October 1, 2022, the Company recorded income tax expense of $155.2 million on earnings before income taxes of $147.4 million for an effective tax rate of 105.3%, as compared to an income tax expense of $205.8 million on earnings before income taxes of $1,050.2 million, for an effective tax rate of 19.6% for the nine months ended October 2, 2021. The difference in the effective tax rates for the comparative periods was primarily impacted by the impairment of non-deductible goodwill and lower earnings in the nine months ended October 1, 2022.

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 nine months of 2022 was $427.4 million, compared to net cash provided by operating activities of $1,096.7 million in the first nine months of 2021. The decrease of $669.3 million in 2022 was primarily attributable to the change in working capital and lower net earnings.

Net cash used in investing activities in the first nine months of 2022 was $374.4 million compared to net cash provided by investing activities of $114.0 million in the first nine months of 2021. The decrease was primarily due to the increase in the purchases of short-term investments of $353.3 million (net of redemptions of short-term investments), the increase of capital expenditures of $54.9 million and increased acquisition costs of $80.1 million.

Net cash used in financing activities in the first nine months of 2022 was $3.0 million compared to net cash used in financing activities of $835.0 million in the nine months of 2021. The change in cash used in financing activities is primarily attributable to the higher net proceeds from commercial paper of $324.1 million, lower payments on Senior Notes of $352.6 million and lower share repurchases of $165.8 million.

As of October 1, 2022, the Company had cash of $327.0 million, of which $181.0 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”). For the nine months ended October 1, 2022, the Company purchased $307.6 million of its common stock, exhausting the $36.8 million remaining under the prior share repurchase program authorized on September 16, 2021 (the "2021 Share Repurchase Program"), and utilizing $270.8 million under the 2022 Share Repurchase Program. As of October 1, 2022, there remains $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 2021 Annual Report filed on Form 10-K except as described herein.

Critical Accounting Policies and Estimates

Other than the Critical Accounting Policy described below, there have been no significant changes to the Company's critical accounting policies and estimates during the period. The Company's critical accounting policies are described in its 2021 Annual Report filed on Form 10-K.

Goodwill and other intangibles - The Company performs its annual testing of goodwill and indefinite-lived intangibles in the fourth quarter of each year. Between annual testing dates, the Company monitors factors such as its market capitalization, comparable company market multiples and macroeconomic conditions to identify conditions that could impact the Company's assumptions utilized in the determination of the estimated fair values of the Company's reporting units and indefinite-lived intangible assets significantly enough to trigger an impairment.

The goodwill impairment tests are based on determining the fair value of the specified reporting units based on management judgements and assumptions using the discounted cash flows under the income approach classified in Level 3 of the fair value hierarchy and comparable company market valuation classified in Level 2 of the fair value hierarchy approaches. The Company has identified Global Ceramic, Flooring NA and Flooring ROW as its reporting units for the purposes of allocating goodwill and intangibles as well as assessing impairments. The valuation approaches are subject to key judgments and assumptions that are sensitive to change such as judgements and assumptions about appropriate sales growth rates, operating margins, WACC and comparable company market multiples.

As a result of a decrease in the Company's market capitalization, comparable company market multiples, projected future cash flows and an increase in the WACC due to increases in the risk free rate and applicable risk premiums, the Company determined that a triggering event occurred requiring goodwill impairment testing for each of its reporting units as of October 1, 2022. The impairment test indicated a pre-tax, non-cash goodwill impairment charge related to the Global Ceramic reporting unit of $688,514 ($679,664 net of tax) which the Company recorded during the three months ended October 1, 2022. The Company concluded goodwill of its other reporting units was not impaired at October 1, 2022.

The Company compared the estimated fair values of its indefinite-lived intangibles to their carrying values and determined that there were impairments of $7,257 ($5,939 net of tax) in the Flooring ROW and Flooring NA reporting units during the three months ended October 1, 2022.

A significant or prolonged deterioration in economic conditions, continued increases in the costs of raw materials and energy combined with an inability to pass these costs on to customers, a further decline in the Company's market capitalization or comparable company market multiples, projected future cash flows, or increases in the WACC, could impact the Company's assumptions and require a reassessment of goodwill or indefinite-lived intangible assets for impairment in future periods. The excess of fair value over carrying value for the Flooring ROW reporting unit was approximately 20% and the excess of fair value over carrying value for the Flooring NA reporting unit was less than 5% as of October 1, 2022. Future declines in estimated after tax cash flows, increases in the WACC or a decline in market capitalization could result in an additional indication of impairment in one or more of the Company's reporting units.

Recent Accounting Pronouncements

See Note 1 in the Notes to Condensed Consolidated Financial Statements of this Form 10-Q under the heading "*Recent Accounting Pronouncements*" for a discussion of new accounting pronouncements which is incorporated herein by reference.

Impact of Inflation

Inflation affects the Company's manufacturing costs, distribution costs and operating expenses. The Company expects raw material prices, many of which are petroleum-based, to fluctuate based upon worldwide supply and demand of commodities utilized in the Company's production process. Although the Company attempts to pass on increases in raw material, labor, energy and fuel-related costs to its customers, the Company's ability to do so is dependent upon the rate and magnitude of any increase, competitive pressures and market conditions for the Company's products. There have been in the past, and may be in the future, periods of time during which increases in these costs cannot be fully recovered. In the past, the Company has often been able to enhance productivity, reduce costs and develop new product innovations to help offset increases in costs resulting from inflation in its operations.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements as of October 1, 2022.

Seasonality

The Company is a calendar year-end company. With respect to its Global Ceramic Segment, the second quarter typically sees higher net sales, followed by the third and first quarters, while the fourth quarter shows weaker net sales. For the Global Ceramic Segment's operating income, generally, the second quarter shows stronger earnings, followed by third and first quarters, and the fourth quarter shows weaker earnings. The Flooring NA Segment's second quarter typically produces higher net sales followed by moderate third and fourth quarters, and a weaker first quarter. For the Flooring NA Segment's operating income, historically, the third quarter shows stronger earnings, followed by second and fourth quarters, and a weaker first quarter. The Flooring ROW Segment's second quarter historically produces higher net sales followed by moderate fourth and third quarters, and a weaker first quarter. For the Flooring ROW Segment's operating income, generally, the second quarter shows stronger earnings, followed by first and third quarters, and the fourth quarter shows weaker earnings.

Forward-Looking Information

Certain of the statements in this Form 10-Q, particularly those anticipating future performance, business prospects, growth and operating strategies, and similar matters, and those that include the words “could,” “should,” “believes,” “anticipates,” “expects” and “estimates” or similar expressions constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For those statements, Mohawk claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. There can be no assurance that the forward-looking statements will be accurate because they are based on many assumptions, which involve risks and uncertainties. The following important factors could cause future results to differ: changes in economic or industry conditions; competition; inflation and deflation in raw material prices, freight and other input costs; inflation and deflation in consumer markets; currency fluctuations; energy costs and supply; timing and level of capital expenditures; timing and implementation of price increases for the Company’s products; impairment charges; integration of acquisitions; international operations; introduction of new products; rationalization of operations; tax and tax reform, product and other claims; litigation; Russian military actions in Ukraine or other geopolitical events; the risks and uncertainty related to the COVID-19 pandemic; regulatory and political changes in the jurisdictions in which the Company does business; and other risks identified in Mohawk’s SEC reports and public announcements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of October 1, 2022, approximately 64% of the Company’s debt portfolio was comprised of fixed-rate debt and 36% 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 $2.3 million and $7.0 million for the three and nine months ended October 1, 2022.

There have been no significant changes to the Company’s exposure to market risk as disclosed in the Company’s 2021 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, 2021 and Part II, Item 1A to our quarterly report on Form 10-Q for the period ended April 2, 2022. The risk factors disclosed in these reports, in addition to the other information set forth in this report, could materially affect our 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. In the third quarter of 2022, the Company purchased $0.4 million of its common stock. As of October 1, 2022, there remains $229.2 million authorized under the 2022 Share Repurchase Program.

Under the 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 share repurchase program and the 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 October 1, 2022.

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
July 3 through August 6, 2022	0.0	$ 120.00	0.0	$ 229.2
August 7 through September 3, 2022	0.0	$ —	0.0	$ 229.2
September 4 through October 1, 2022	0.0	$ —	0.0	$ 229.2
Total	0.0	$ 120.00	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.)
10.1	Fourth Amendment to Second Amended and Restated Credit Agreement, dated as of August 12, 2022, by and among the Company and certain of its subsidiaries, as borrowers, Wells Fargo Bank, National Association, as administrative agent, swing line lender, and an L/C issuer, and the other lenders party thereto. (Incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 12, 2022.)
10.2	Credit Agreement, dated as of August 12, 2022, by and among the Company and Mohawk International Holdings S.à r.l., as borrowers, certain of its subsidiaries, as guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto. (Incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 12, 2022.)
10.3	First Amendment to Credit Agreement and Increase Agreement, dated as of October 3, 2022, by and among the Company and Mohawk International Holdings S.à r.l., as borrowers, certain of its subsidiaries, as guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto.
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	Interactive Data File

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:	October 28, 2022	By:	/s/ Jeffrey S. Lorberbaum
			JEFFREY S. LORBERBAUM Chairman and Chief Executive Officer (principal executive officer)
Dated:	October 28, 2022	By:	/s/ James F. Brunk
			JAMES F. BRUNK Chief Financial Officer (principal financial officer)

Exhibit 10.3

FIRST AMENDMENT TO CREDIT AGREEMENT AND INCREASE AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT AND INCREASE AGREEMENT (this "Agreement") is entered into as of October 3, 2022 (the "First Amendment Effective Date") among MOHAWK INDUSTRIES, INC., a Delaware corporation (the "Company"), MOHAWK INTERNATIONAL HOLDINGS S.À.R.L., a private limited liability company (*société à responsabilité limitée),* organized and existing under the laws of Luxembourg, having its registered address at 10B, Rue des Mérovingiens, L-8070 Bertrange, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B-110.608 ("Mohawk International"; Mohawk International, together with the Company, the "Borrowers"), each Guarantor party hereto, the Additional Commitment Lender (as defined below) party hereto, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as the Administrative Agent. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (as defined below).

RECITALS

WHEREAS, the Borrowers, the Guarantors party thereto, the Lenders from time to time party thereto, and Wells Fargo Bank, National Association, as the Administrative Agent, entered into that certain Credit Agreement, dated as of August 12, 2022 (as amended, restated, amended and restated, supplemented, extended, replaced or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Company has requested an increase in the Term A-1 Facility in the amount of $100,000,000 pursuant to Section 2.15 of the Credit Agreement (the "Incremental Increase");

WHEREAS, the Person identified on the signature pages hereto as the "Additional Commitment Lender" (the "Additional Commitment Lender") is willing to provide a Term A-1 Commitment on the First Amendment Effective Date in the amount set forth herein, subject to the terms and conditions set forth below; and

WHEREAS, in connection with the Incremental Increase, the Credit Agreement shall be amended as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Credit Agreement.

(a) The definition of "Aggregate Commitment Limit" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Aggregate Commitment Limit" means $900,000,000.

(b) The last sentence of the definition of "Term A-1 Commitment" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

As of the First Amendment Effective Date, the Aggregate Term A-1 Commitments shall equal $675,000,000.

(c) The definition of "First Amendment Effective Date" is hereby added in Section 1.01 of the Credit Agreement in the appropriate alphabetical order to read as follows:

"First Amendment Effective Date" means October 3, 2022.

(d) The reference to "$200,000,000" in clause (i) of the proviso to Section 2.15(a) of the Credit Agreement is hereby amended to read "$100,000,000".

(e) The following sentence is hereby added at the end of Section 2.15(a) of the Credit Agreement:

On the First Amendment Effective Date, the Company implemented an Incremental Increase in an aggregate principal amount of $100,000,000 pursuant to this Section 2.15.

(f) Schedule 2.01 to the Credit Agreement is hereby amended and restated in its entirety to read as set forth on Schedule 2.01 attached hereto.

2. Incremental Increase; Addition of Additional Commitment Lender.

(a) The Additional Commitment Lender hereby agrees to provide a Term A-1 Commitment on the First Amendment Effective Date in the amount set forth opposite its name in the table below.

Additional Commitment Lender	Term A-1 Commitment
Bank of America, N.A.	$100,000,000.00
Total:	**$100,000,000.00**

The Increase Effective Date for the Incremental Increase is the First Amendment Effective Date.

(b) By execution of this Agreement, the Additional Commitment Lender hereby acknowledges, agrees and confirms that the Additional Commitment Lender shall be deemed to be a party to the Credit Agreement as of the First Amendment Effective Date and a "Lender" for all purposes of the Credit Agreement and shall have all of the obligations of a Lender thereunder. The Additional Commitment Lender hereby ratifies, as of the First Amendment Effective Date, and agrees to be bound by, all of the terms, provisions and conditions applicable to Lenders contained in the Credit Agreement. The Additional Commitment Lender acknowledges and agrees to the provisions set forth in Section 2. Each Loan Party agrees that, as of the First Amendment Effective Date, the Additional Commitment Lender shall (i) be a party to the Credit Agreement, (ii) be a "Lender" for all purposes of the Credit Agreement and the other Loan Documents, and (iii) have the rights and obligations of a Lender under the Credit Agreement and the other Loan Documents.

(c) The Additional Commitment Lender (i) represents and warrants that (A) it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (B) it satisfies the requirements of an Eligible Assignee, (C) from and after the First Amendment Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and shall have the obligations of a Lender thereunder, (D) it is sophisticated with respect to its decision to enter into this Agreement and to become a Lender under the Credit Agreement and either it, or the Person exercising discretion in making its decision to enter into this Agreement and to become a Lender under the Credit Agreement, is experienced in transactions of this type, (E) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to the Credit Agreement and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Agreement and to become a Lender under the Credit Agreement, (F) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and become a Lender under the Credit Agreement, and (G) if it is a Foreign Lender, it has delivered any documentation required to be delivered by the Additional Commitment Lender pursuant to the terms of the Credit Agreement, duly completed and executed by the Additional Commitment Lender; and (ii) agrees that (A) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (B) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(d) The address of the Additional Commitment Lender for purposes of Section 11.02 of the Credit Agreement is as set forth in the Additional Commitment Lender's Administrative Questionnaire delivered by the Additional Commitment Lender to the Administrative Agent on or before the First Amendment Effective Date, or such other address as shall be designated by the Additional Commitment Lender in accordance with Section 11.02 of the Credit Agreement.

3. Conditions Precedent. The effectiveness of this Agreement is subject to satisfaction of the following conditions precedent:

(a) receipt by the Administrative Agent of executed counterparts of this Agreement duly executed by a Responsible Officer of each Loan Party, the Additional Commitment Lender, and the Administrative Agent;

(b) receipt by the Administrative Agent of a certificate of each Loan Party dated as of the First Amendment Effective Date and signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to the Incremental Increase, and (ii) in the case of the Borrowers, certifying that, before and after giving effect to the Incremental Increase, (A) the representations and warranties contained in Article V of the Credit Agreement and the other Loan Documents are true and correct in all material respects (or, if qualified by materiality or Material Adverse Effect, in all respects) on and as of the First Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 3(b)(ii)(A), the representations and warranties contained in Section 5.05(a) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.01(a) of the Credit Agreement, (B) no Default exists and is continuing, and (C) the Company and its Restricted Subsidiaries are in pro forma compliance with the financial covenant contained in Section 7.12 of the Credit Agreement; and

(c) receipt by the Administrative Agent, for the account of the Additional Commitment Lender, an upfront fee in an amount equal to 5.0 basis points of the Term A-1 Commitment of the Additional Commitment Lender provided in connection with this Agreement.

4. Payment of Expenses. The Loan Parties agree to reimburse the Administrative Agent for all reasonable out of pocket expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Agreement, including the reasonable and documented fees, charges and disbursements of Moore & Van Allen PLLC.

5. Miscellaneous.

(a) The Loan Documents and the obligations of the Loan Parties thereunder are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Agreement is (i) an amendment implemented in reliance on Section 2.15 of the Credit Agreement, and (ii) a Loan Document.

(b) Each Guarantor (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) reaffirms all of its obligations under the Loan Documents, subject to any applicable limitations included in the Loan Documents, and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Loan Documents.

(c) Each Loan Party represents and warrants that: (i) such Loan Party has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under this Agreement; (ii) the execution, delivery and performance by such Loan Party of this Agreement have been duly authorized by all necessary corporate or other organizational action, and do not and will not (A) contravene the terms of such Loan Party's Organization Documents, (B) conflict with or result in any breach or contravention of (1) any material Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any of its Restricted Subsidiaries, or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject, (C) result in the creation of any Lien under any material Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any of its Restricted Subsidiaries, except for Liens permitted under the Credit Agreement, or (D) violate any Law; (iii) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by such Loan Party of this Agreement; and (iv) this Agreement has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms; provided, that, the enforceability of this Agreement is subject in each case to general principles of equity and to bankruptcy, insolvency (including administration) and similar Laws affecting the enforcement of creditors' rights generally.

(d) Subject to Section 11.17 of the Credit Agreement, this Agreement may be in the form of an Electronic Record and may be executed using Electronic Signatures (including facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Agreement.

(e) If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(f) THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(g) The terms of Sections 11.14 and 11.15 of the Credit Agreement with respect to submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWERS: MOHAWK INDUSTRIES, INC.

By: /s/ Shailesh Bettadapur
Name: Shailesh Bettadapur
Title: Vice President and Treasurer

MOHAWK INTERNATIONAL HOLDINGS S.À. R.L.

By: /s/ Shailesh Bettadapur
Name: Shailesh Bettadapur
Title: Authorized Signatory

GUARANTORS: ALADDIN MANUFACTURING CORPORATION

By: /s/ Shailesh Bettadapur
Name: Shailesh Bettadapur
Title: Vice President and Treasurer

DAL-TILE DISTRIBUTION, LLC

By: /s/ Shailesh Bettadapur
Name: Shailesh Bettadapur
Title: Vice President and Treasurer

ADMINISTRATIVE AGENT: WELLS FARGO BANK, NATIONAL ASSOCIATION,
as the Administrative Agent

By: /s/ Kay Reedy
Name: Kay Reedy
Title: Managing Director

ADDITIONAL COMMITMENT LENDER: BANK OF AMERICA, N.A.,
as the Additional Commitment Lender
By: /s/ Erron Powers
Name: Erron Powers
Title: Director

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: October 28, 2022

/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: October 28, 2022

/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 October 1, 2022 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

October 28, 2022

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 October 1, 2022 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

October 28, 2022

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 nine months ended October 1, 2022.

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	—	—
Allamore Mill (4100869)	—	—	—	—	—	—	—	No	No	—	—
Wild Horse Plant (4101527)	—	—	—	—	—	—	—	No	No	—	—