Risk Factors Comparison 2024-02-23 to 2023-02-22 Form: 10-K

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In addition to the other information provided in this Form 10- K, the following risk factors should be considered when evaluating an investment in shares of the Company' s Common Stock. If any of the events described in these risks were to occur, it could have a material adverse effect on the Company' s business, financial condition and results of operations. Industry and Economic Risks The floor covering industry is sensitive to changes in general economic conditions, such as consumer confidence, income and spending, corporate and government spending, interest rate levels, availability of credit and demand for housing. Significant or prolonged declines in the U. S. or global economies could have a material adverse effect on the Company' s business. Downturns in the U. S. and global economies negatively impact the floor covering industry and the Company' s business. During times of economic uncertainty or decline, end consumers tend to spend less on remodeling their homes, which is how the Company derives a majority of its sales. Likewise, new home construction- and the corresponding need for new flooring materials- tends to slow ~~down~~ during recessionary periods. ~~In the foreseeable future, cyclical~~ **Cyclical economic** downturns **have caused, and** could **continue to** cause **,** the industry to ~~deteriorate~~ **soften** globally or in the local markets in which the Company operates. A significant or prolonged decline in residential or commercial remodeling or new construction activity could have a material adverse effect on the Company' s business and results of operations. The Company faces intense competition in the flooring industry that could decrease demand for the Company' s products or force it to lower prices, which could have a material adverse effect on the Company' s business. The floor covering industry is highly competitive. The Company faces competition from a number of manufacturers and independent distributors. Some of the Company' s competition is from companies located outside of the major markets in which the Company participates, and these competitors may benefit from lower input costs or state subsidies. Also, trade tariffs may impact both the Company and its competitors in different and unpredictable ways. Maintaining the Company' s competitive position may require substantial investments in the Company' s product development efforts, manufacturing facilities, distribution network and sales and marketing activities. Competitive pressures may also result in decreased demand for the Company' s products, force the Company to lower prices or prevent the Company from raising prices to keep up with inflation. Moreover, fluctuations in currency exchange rates and input costs may contribute to more attractive pricing for imports that compete with the Company' s products, which may put pressure on the Company' s pricing. Any of these factors could have a material adverse effect on the Company' s business. Index to Financial Statements ~~The COVID- 19 pandemic has materially impacted the Company' s business, and may continue to impact the Company' s business in the future. The COVID- 19 pandemic has impacted areas where the Company operates and sells its products and services. Mohawk generates sales in approximately 170 countries and maintains manufacturing operations in 19 countries. Due to its large global footprint, Mohawk' s business is sensitive to macroeconomic events in the United States and abroad, including the COVID- 19 pandemic. The Company may continue to see fluctuating demand across a number of its markets resulting from the COVID- 19 pandemic. During economic downturns, including downturns resulting from the COVID- 19 pandemic, demand for the Company' s products may significantly decrease. This reduced demand may lead to lower sales and intensified competitive pressures. In addition, the Company has experienced certain disruptions to its business related to the COVID- 19 pandemic, and further disruptions may occur that could materially affect the Company' s ability to obtain supplies, manufacture its products or deliver inventory in a timely manner. Although the Company believes that it can manage its exposure to these risks, there is no guarantee that the Company will be able to do so in the future. The extent to which the COVID- 19 pandemic may continue to impact the Company' s operations, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence. To the extent the COVID- 19 pandemic adversely affects the Company' s business, financial conditions and results of operations it may also have the effect of heightening many of the other risks described in this " Risk Factors " section.~~ International Risks The ongoing military conflict between Russia and...... have on its other global operations. The Company manufactures, sources and sells many products internationally and is exposed to risks associated with doing business globally. The Company' s international activities are significant to its manufacturing capacity, revenues and profits; and the Company continues to expand internationally through ~~the~~ **acquisitions,** construction of new manufacturing operations and investments in existing ones. Currently, Flooring ROW has significant operations in Europe, Russia, Brazil, Malaysia, Australia and New Zealand ~~,~~ and Global Ceramic has significant operations in Brazil, Europe, Russia and Mexico. In addition, the Company sources raw materials and finished goods from multiple international locations. The Company' s international sales, supply chain, operations and investments are subject to risks and uncertainties, including: • changes in foreign country regulatory requirements; • differing business practices associated with foreign operations; • various import / export restrictions and the availability of required import / export licenses; • imposition of foreign or domestic tariffs and other trade barriers; • foreign currency exchange rate fluctuations; • differing inflationary or deflationary market pressures ~~, including the recent increase in inflation globally~~ ; • foreign country tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations in tax laws; • differing labor laws and changes in those laws; • work stoppages and labor shortages ~~, including as a result of the COVID- 19 pandemic~~ ; • disruptions in the shipping of imported and exported products; • government price controls; • extended payment terms and the inability to collect accounts receivable; • potential difficulties repatriating cash from non- U. S. subsidiaries; ~~and~~ • compliance with laws governing international relations and trade, including those U. S. and European Union laws that relate to sanctions and corruption **; and • supply chain disruption or price escalations for oil, natural gas and other raw materials due to regional conflict** . The Company cannot assure investors that it will succeed in developing and implementing policies and strategies to address the foregoing risks effectively in each location where the Company does business, and ~~,~~ therefore that the foregoing factors will not have a material adverse effect on the Company' s business. The Company operates in emerging markets, including Brazil, eastern Europe, Malaysia, Mexico and Russia, and therefore has exposure to doing business in potentially unstable areas of the world. Operations in emerging markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Market conditions and the political structures that support them are subject to rapid change in these economies, and the Company may not be able to react quickly enough to protect its assets and business operations. In particular, developing markets in which the Company operates may be characterized by one or more of the following: • complex and conflicting laws and regulations, which may be inconsistently or arbitrarily enforced; • high incidences of corruption in state regulatory agencies; • volatile inflation; • widespread poverty and resulting political instability; • compliance with laws governing international relations and trade, including U. S. and European Union laws that relate to sanctions and corruption; • immature legal and banking systems; • uncertainty with respect to title to real and personal property; • underdeveloped infrastructure; • heavy state control of natural resources and energy supplies; • state ownership of transportation and supply chain assets; • high protective tariffs and inefficient customs processes; • high crime rates; and • war and / or armed conflict. Changes in any one or a combination of these factors could have a material adverse effect on the Company' s business. Fluctuations in currency exchange rates may impact the Company' s financial condition and results of operations and may affect the comparability of results between the Company' s financial periods. The results of the Company' s foreign subsidiaries are translated into U. S. dollars from the local currency for consolidated reporting. The exchange rates between some of these currencies and the U. S. dollar in recent years have fluctuated significantly and may continue to do so in the future. The Company may not be able to manage effectively its currency translation risks, and volatility in currency exchange rates may have a material adverse effect on the Company' s consolidated financial statements and affect comparability of the Company' s results between financial periods. The ongoing military conflict between Russia and Ukraine has impacted and may continue to affect the Company' s business and results of operations.As a result of ~~ongoing~~ Russian military actions in Ukraine **during fiscal 2022** ,the Company ~~has~~ experienced ~~and may continue to experience~~ supply chain disruption of raw materials sourced from Ukraine **(primarily clay)** ,as well as other materials and spare parts needed in the Company' s operations ~~if alternative sources identified in other countries cannot fulfill these needs~~ .The Company ~~can~~ **was** also ~~be~~ impacted by global increases in the cost of natural gas,oil and oil- based raw materials and chemicals ~~,which were among the broader consequences of Russia' s actions in the initial year of the conflict~~ .In addition,the United States,the European Union and other governments have imposed and extended sanctions on certain individuals and financial institutions and have proposed to use broader economic sanctions **.Russia also imposed reciprocal sanctions against the United States and European Union** .Since first quarter 2022,the Company has suspended new investments in Russia.The broader consequences of this conflict,which may include further economic sanctions,embargoes,regional instability,and geopolitical shifts;potential retaliatory actions,including nationalization of foreign-owned businesses;increased tensions between the United States and countries in which the Company operates;and the extent of the conflict' s effect on the Company' s business and results of operations,as well as the global economy,cannot be predicted.Any future consequences of the conflict,including additional economic sanctions,may result in an adverse effect on the Company' s Russian operations,which represented approximately ~~4~~ **5** % of net sales for the year ended December 31, ~~2023~~ **2022** .The Company continues to monitor the potential impacts **on its business and the ancillary impacts that the conflict may have on its other global operations.** Business and Operational Risks The Company may be unable to predict customer preferences or demand accurately, or to respond **effectively** to technological developments. The Company operates in a market sector where demand is strongly influenced by rapidly changing customer preferences as to product design, product category and technical features. Failure to quickly and effectively respond to changing customer demand or technological developments could have a material adverse effect on the business. In **addition, the rapid development of new technologies such as artificial intelligence, as well as other technologies in the future that are not foreseen today, continue to transform the markets within which the Company operates. In order to remain competitive, the Company will need to adapt to and integrate new technologies into its current and future operations, and also guard against existing and new competitors disrupting its business using such technologies. There can be no assurance that the Company will continue to compete effectively with its industry peers due to technological changes, which could result in a material adverse effect on the Company' s business and results of operations. In** periods of rising costs, the Company may be unable to pass raw materials, labor, energy and fuel- related cost increases on to its customers, which could have a material adverse effect on the Company' s business. The supply and prices of raw materials, labor, energy and fuel- related costs, including those related to oil and natural gas, are subject to market conditions and are impacted by many factors beyond the Company' s control, including geopolitical conflict **(such as the ongoing conflict in the Middle East and Russian military actions in Ukraine)** , pandemics (such as the COVID- 19 pandemic), ~~international conflicts,~~ labor shortages, weather conditions, natural disasters, governmental programs, regulations and trade and tariff policies, inflation and increased demand, among other factors ~~. For example, in fiscal 2021 and 2022, the price of the natural gas consumed in the Company' s manufacturing operations continued to increase significantly in some markets compared to historical averages~~ . Although the Company generally 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. ~~In addition to those experienced in fiscal 2021 and 2022, there~~ **There** have been in the past, and may be in the future, periods of time during which increases in these costs cannot be recovered. During such periods of time, the Company' s business has been and may be materially affected. The Company may be unable to obtain raw materials or sourced product on a timely basis, which could have a material adverse effect on the Company' s business. The principal raw materials used in the Company' s manufacturing operations include triexta, nylon, polypropylene, and polyester resins and fibers, which are used in the Company' s carpet and rug business; clay, talc, feldspar and glazes, including frit (ground glass), zircon and stains, which are used in the Company' s ceramic tile business; wood, paper and resins, which are used in the Company' s wood and laminate flooring businesses and panels business; and glass fiber, plasticizers, and pvc resins, which are used in the Company' s sheet vinyl and luxury vinyl tile businesses. In addition to raw materials, the Company sources finished goods. For certain raw materials and sourced products, the Company is dependent on one or a small number of suppliers. A material temporary or long- term adverse change in the Company' s relationship with such a supplier, the financial condition of such a supplier or such a supplier' s ability to manufacture or deliver such raw materials or sourced products to the Company could lead to an interruption of supply or require the Company to purchase more expensive alternatives. Also, the Company' s ability to obtain raw materials or source products at reasonable costs may be impacted by tariffs, global trade uncertainties and international crises, such as **ongoing geopolitical conflict** ~~the COVID- 19 pandemic~~ . **For example** ~~While the Company continues to monitor the COVID- 19 pandemic and government restrictions enacted to address the pandemic, the long- term impact on its supply chain is unpredictable. In addition~~ , the Russian invasion of Ukraine ~~has~~ resulted in supply chain disruption of raw materials sourced from Ukraine (primarily clay) in **fiscal** 2022 **, and the ongoing conflict in the Middle East may result in an escalation of oil and petroleum- based chemical prices as well as the introduction of sanctions or transportation barriers, which could impact the Company' s operations** . An extended interruption in the supply of sourced products or raw materials used in the Company' s business or in the supply of suitable substitute materials or products ~~would~~ **could** disrupt the Company' s operations, which could have a material adverse effect on the Company' s business. The Company makes significant capital investments in its business and such capital investments may not be successful or achieve their intended results. The Company' s business requires significant capital investment to expand capacity to support its growth, introduce new products, enter new markets and improve operating efficiencies. The Company has historically made significant capital investments each year and will continue to make capital investments in future periods, including approximately $ ~~560~~ **480** million of capital investments in ~~2023~~ **2024** . While the Company believes that many of its past capital investments have been successful, there is no guarantee that the return on investment from the Company' s recent or future capital ~~projects~~ **expenditures** will be sufficient to recover the expenses and opportunity costs associated with these projects. Furthermore, a meaningful portion of the Company' s capital investment is based on forecasted growth in its business, which is subject to uncertainty such as general economic trends, increased competition and consumer preferences. If the Company does not accurately forecast its future capital investment needs, the Company could have excess capacity or insufficient capacity, either of which would negatively affect its revenues and profitability .The long- term performance of the Company' s business relies on its ability to attract,develop and retain talented personnel.The Company' s ability to attract,develop and retain qualified and talented personnel in management,sales,marketing,product design and operations,including in new international markets into which the Company may enter,is key to the Company' s overall success.The Company competes with multinational firms for these employees and invests resources in recruiting,developing,motivating and retaining them.The failure to attract,develop,motivate and retain key employees could negatively affect the Company' s competitive position and its operating results . The Company may experience certain risks associated with acquisitions, joint ventures and strategic investments. The Company intends to grow its business through a combination of organic growth and acquisitions. Growth through acquisitions involves risks, many of which may continue to affect the Company after the acquisition. The Company cannot give assurance that an acquired company will achieve the levels of revenue, profitability and production that the Company expects. Acquisitions may require the issuance of additional securities or the incurrence of additional indebtedness, which may dilute the ownership interests of existing security holders or impose higher interest costs on the Company. Additional challenges related to the Company' s acquisition strategy include: • maintaining executive offices in different locations; • manufacturing and selling different types of products through different distribution channels; • conducting business from various locations; • maintaining different operating systems and software on different computer hardware; and • retaining key employees. Failure to successfully manage and integrate an acquisition with the Company' s existing operations could lead to the potential loss of customers of the acquired business, the potential loss of employees who may be vital to the new operations, the potential loss of business opportunities or other adverse consequences that could have a material adverse effect on the Company' s business. Even if integration occurs successfully, failure of the acquisition to achieve levels of anticipated sales growth, profitability, or otherwise perform as expected, may result in goodwill or other asset impairments or otherwise have a material adverse effect on the Company' s business. Finally, acquisition targets may be subject to material liabilities that are not properly identified in due diligence and that are not covered by seller indemnification obligation or third- party insurance. The unknown liabilities of the Company' s acquisition targets may have a material adverse effect on the Company' s business. In addition, the Company has made certain investments, including through joint ventures, in which the Company has a minority equity interest and lacks management and operational control. The controlling joint venture partner may have business interests, strategies or goals that are inconsistent with those of the Company. Business decisions or other actions or omissions of the controlling joint venture partner, or the joint venture company, may result in harm to the Company' s reputation or adversely affect the value of the Company' s investment in the joint venture. A failure to identify suitable acquisition candidates or partners for strategic investments and to complete acquisitions could have a material adverse effect on the Company' s business. As part of the Company' s business strategy, the Company intends to pursue a wide array of potential strategic transactions, including acquisitions of complementary businesses, as well as strategic investments and joint ventures. Although the Company regularly evaluates such opportunities, the Company may not be able to successfully identify suitable acquisition candidates, to secure certain required governmental approvals necessary to consummate such strategic transactions or to obtain sufficient financing on acceptable terms to fund such strategic transactions, which may slow the Company' s growth and have a material adverse effect on the Company' s business. The Company has been, and in the future may be, subject to costs, liabilities and other obligations under existing or new laws and regulations, which could have a material adverse effect on the Company' s business. The Company is subject to increasingly numerous and complex laws, regulations and licensing requirements in each of the jurisdictions in which the Company conducts business. In addition, new laws and regulations may be enacted in the U. S. or abroad, the compliance ~~of~~ **with** which may require the Company to incur additional personnel- related, environmental, or other costs on an ongoing basis. In particular, the Company' s operations are subject to various environmental, **social, and** health and safety laws and regulations, including those governing air emissions, wastewater discharges, and the use, storage, treatment, recycling and disposal of materials and finished ~~product~~ **products , and other sustainability related matters** . The applicable requirements under these laws are subject to amendment, to the imposition of new or additional requirements and to changing interpretations of agencies or courts. The Company may incur material costs in order to comply with new or existing regulations, including fines and penalties and increased costs of its operations. For example, **certain aspects of** ~~Extended Producer Responsibility laws place a shared responsibility for post-consumer product management on various entities involved in~~ the **Company' s operations and** supply chain **have become** , ~~including producers~~ and ~~manufacturers~~ **are expected to become increasingly subject to federal, state, local and international laws, regulations and international treaties and industry standards related to climate change** . **Many governing bodies have introduced** ~~Expansion of Extended Producer Responsibility legislation in the jurisdictions where the Company operates could impose~~ additional ~~responsibility on~~ **due diligence and disclosure requirements addressing sustainability that** the Company ~~in relation~~ **expects will apply** to ~~the ultimate treatment or disposal of~~ its **operations** ~~products, which could lead to an~~ **and** ~~increase~~ **supply chain** in ~~total costs related to~~ the ~~Company~~ **coming years, such as California** ' s ~~products~~ **Climate Corporate Data Accountability Act in the United States and the Corporate Sustainability Reporting Directive in the European Union** . Also, the Company' s manufacturing facilities may become subject to further limitations on ~~the emission~~ **emissions** ~~of " greenhouse gases "~~ due to public policy concerns regarding climate change ~~issues~~ or other environmental or health and safety concerns. ~~While~~ **Because** the ~~form of any additional regulations cannot be predicted, a " cap- and- trade " system similar to the system that applies to the Company' s businesses in the European Union could be adopted in the United States. The~~ Company' s manufacturing processes use a significant amount of energy, especially natural gas ~~. Any~~ **, the imposition of greenhouse gas emissions limitations,** such **as a** " cap- and- trade " system **,** ~~or other limitations imposed on the emission of " greenhouse gases "~~ could require the Company to increase its capital expenditures, use its cash to acquire emission credits or restructure its manufacturing operations, any of which could have a material adverse effect on its business. **Failure to attain certain sustainability targets and goals could have a material adverse effect on the Company' s business. The Company has established strategies, goals and targets related to climate change and other sustainability matters. The Company' s ability to achieve any such strategies, goals or targets depends on a number of factors, including, but not limited to, evolving regulatory standards, changes in carbon markets, consumer demand for low- carbon and sustainable products, technological developments, the conduct of third- party manufacturers and suppliers, climate change- related impacts, and raw material and supply chain disruptions. Actual or perceived failures or delays in achieving strategies, goals and targets related to climate change and other environmental matters could adversely affect the Company' s operations and market competitiveness, and result in reputational harm and increased risk of litigation.** The Company' s business operations could suffer significant losses from **climate change,** natural disasters, catastrophes, fire, pandemics or other unexpected events. Many of the Company' s business activities involve substantial investments in manufacturing facilities and many products are produced at a limited number of locations. These facilities could be materially damaged by natural disasters, such as floods, tornados, hurricanes and earthquakes, or by fire, pandemics ~~(including COVID- 19)~~ or other unexpected events **. Specifically, altered weather conditions associated with climate change may impact the Company' s ability to operate certain manufacturing facilities and could also limit general residential or commercial construction activity, which in turn could adversely impact consumer demand for the Company' s products** . The Company could incur uninsured losses and liabilities arising from such events, including damage to its reputation, and / or suffer material losses in operational capacity, which could have a material adverse impact on its business. The Company may be exposed to litigation, claims and other legal proceedings relating to its products, operations and compliance with various laws and regulations, which could have a material adverse effect on the Company' s business. In the ordinary course of business, the Company is subject to a variety of product-related claims, lawsuits and legal proceedings, including those relating to product liability, product warranty, product recall, personal injury, and other matters. The Company is also subject to various claims related to its operations and its compliance with various corporate laws and regulations, including matters described in Note 16, Commitments and Contingencies. A very large claim or several similar claims asserted by a large class of plaintiffs could have a material adverse effect on the Company' s business, if the Company is unable to successfully defend against or resolve these matters or if its insurance coverage is insufficient to satisfy any judgments against the Company or settlements relating to these matters. Although the Company has product liability insurance and other types of insurance, the policies may not provide coverage for certain claims against the Company or may not be sufficient to cover all possible liabilities. Further, the Company may not be able to maintain insurance at commercially acceptable premium levels. Moreover, adverse publicity arising from claims made against the Company, even if the claims are not successful, could adversely affect the Company' s reputation or the reputation and sales of its products . The long- term performance of...... s competitive position and its operating results . The Company' s inability to maintain its patent licensing revenues could have a material adverse effect on the Company' s business. The profit margins of certain of the Company' s businesses, particularly Flooring ROW, depend in part upon the Company' s ability to obtain, maintain and license proprietary technology used in the Company' s principal product families. The Company has filed and is continuing to file patents relating to many different aspects of the Company' s products and associated methods and is generating patent license revenues on these diverse patents; however, certain revenue- producing patents have expired or will expire. The failure to develop alternative revenues to replace expired or invalidated patents in the future could have a material adverse effect on the Company' s business. The Company' s inability to protect its intellectual property rights could have a material adverse effect on the Company' s business. The Company relies, in part, on the patent, trade secret and trademark laws of the U. S., countries in the European Union and elsewhere, as well as confidentiality agreements with some of the Company' s employees, to protect its intellectual property. The Company cannot assure investors that any patents owned by or issued to it will provide the Company with competitive advantages, that third parties will not challenge these patents, or that the Company' s pending patent applications will be approved. Furthermore, despite the Company' s efforts, the Company may be unable to prevent competitors and / or third parties from using the Company' s technology without the Company' s authorization, independently developing technology that is similar to that of the Company or designing around the Company' s patents. The use of the Company' s technology or similar technology by others could reduce or eliminate any competitive advantage the Company has developed, cause the Company to lose sales or otherwise harm the Company' s business. The Company has obtained and applied for numerous U. S. and foreign service marks and trademark registrations and will continue to evaluate the registration of additional service marks and trademarks, as appropriate. The Company cannot guarantee that any of the Company' s pending or future applications will be approved by the applicable governmental authorities. The failure to obtain trademark registrations in the U. S. and in other countries could limit the Company' s ability to protect its trademarks and impede its marketing efforts in those jurisdictions and could have a material effect on its business. The Company generally requires third parties with access to the Company' s trade secrets to agree to keep such information confidential. While such measures are intended to protect the Company' s trade secrets, there can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach or that the Company' s confidential and proprietary information and technology will not be independently developed by or become otherwise known to third parties. In any of these circumstances, the Company' s competitiveness could be significantly impaired, which would limit the Company' s growth and future revenue. Third parties may claim that the Company infringed their intellectual property or proprietary rights, which could cause the Company to incur significant expenses or prevent the Company from selling its products. In the past, third parties have claimed that certain technologies incorporated in the Company' s products infringe their patent rights. The Company cannot be certain that the Company' s products do not and will not infringe issued patents or other intellectual property rights of others. The Company might be required to pay substantial damages (including punitive damages and attorneys' fees), discontinue the use and sale of infringing products, expend significant resources to develop non- infringing technology or obtain licenses authorizing the use of infringing technology. There can be no assurance that licenses for disputed technology or intellectual property rights would be available on reasonable commercial terms, if at all. In the event of a successful claim against the Company along with failure to develop or license a substitute technology, the Company' s business would be materially and adversely affected. Information Technology Risks The Company relies on information systems in managing the Company' s operations and any system failure or deficiency of such systems may have an adverse effect on the Company' s business. The Company' s businesses rely on sophisticated software applications to obtain, process, analyze and manage data. The Company relies on these systems to, among other things: • facilitate the purchase, management, distribution, and payment for inventory items; • manage and monitor the daily operations of the Company' s distribution network; • receive, process and ship orders on a timely basis; • manage accurate billing to and collections from customers; • control logistics and quality control for the Company' s retail operations; • manage financial reporting; and • monitor point of sale activity. The Company also relies on its computer hardware, software and network for the storage, delivery and transmission of data to the Company' s sales and distribution systems, and certain of the Company' s production processes are managed and conducted by computer. Any event that causes interruptions to the input, retrieval and transmission of data or increase in the service time could disrupt the Company' s normal operations. There can be no assurance that the Company can effectively carry out its disaster recovery plan to handle the failure of its information systems, or that the Company will be able to restore its operational capacity within sufficient time to avoid material disruption to its business. The occurrence of any of these events could cause unanticipated disruptions in service, decreased customer service and customer satisfaction, harm to the Company' s reputation and loss or misappropriation of sensitive information, which could result in loss of customers, increased operating expenses and financial losses. Any such events could in turn have a material adverse effect on the Company' s business, financial condition, results of operations, and prospects. **In addition, the Company, both itself and through third party business partners, collects and processes proprietary, personal, confidential and sensitive data, which may include information about customers, employees, suppliers, distributors and others. Some of this data is stored, accessible or transferred internationally. If the Company does not effectively manage the resources necessary to sustain and protect an appropriate information technology infrastructure, or does not effectively implement system upgrades in a timely manner, the Company' s business or financial results could be negatively impacted. As the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to the Company' s business, compliance with those requirements could also result in additional costs to the Company. Any failure to comply with federal, state or international privacy- related or data protection laws and regulations could result in proceedings against the Company by government entities or others. In addition to reputational impacts, penalties could include significant legal liability.** The Company is subject to cybersecurity risks and expects to incur increasing costs in an effort to minimize those risks. The Company' s business employs **information technology** systems that allow for the secure storage and transmission of customers', consumers', vendors', employees' and its own sensitive and proprietary information. These systems may be subject to computer hacking, acts of vandalism or theft, malware, computer viruses or other malicious codes, phishing, employee error or malfeasance, catastrophes, unforeseen events or other cyber- attacks. Any significant compromise or breach of the Company' s data security, whether external or internal, or misuse of customer, consumer, employee, supplier or Company data, could result in significant costs, lost sales, fines, lawsuits and damage to the Company' s reputation. Furthermore, as cyber- attacks become more sophisticated, the Company expects to incur increasing costs to strengthen its systems from outside intrusions and to maintain insurance coverage related to the threat of such attacks. While the Company has implemented administrative and technical controls and has taken other preventive actions to reduce the risk of cyber incidents and protect its information technology, they may be insufficient to prevent, or respond to, physical and electronic break- ins, cyber- attacks or other security breaches to the Company' s systems ~~. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to the Company' s business, compliance with those requirements could also result in additional costs to the Company. Any failure to comply with federal, state or international privacy- related or data protection laws and regulations could result in proceedings against the Company by government entities or others. In addition to reputational impacts, penalties could include significant legal liability~~ . Furthermore, third party business partners provide a number of the key components necessary to the Company' s business functions and systems. Any problems caused by these business partners, including those resulting from disruptions in communication services provided by a business partner, cyber- attacks and security breaches, regulatory restrictions, fines, or orders or other regulatory action causing reputational harm, failure of a business partner to provide services for any reason or poor performance of services, could adversely affect the Company' s ability to conduct its business. In addition, the Company' s business partners could also be sources of operational and information security risk to the Company, including from breakdowns or failures of their own systems or capacity constraints. Replacing these third- party business partners could also create significant delay and expense. Financial and Liquidity Risks Changes in the global economy could affect the Company' s overall availability and cost of credit. A downturn in the U. S. or global economies could impact the Company' s ability to obtain financing in the future, including any financing necessary to refinance existing indebtedness. Further, negative economic conditions may factor into the Company' s periodic credit ratings assessment by Moody' s Investors Service, Inc. (" Moody' s "), Standard & Poor' s Financial Services, LLC (" S & P ") and Fitch, Inc. Any future changes in the credit rating agencies' methodology in assessing the Company' s credit strength and any downgrades in the Company' s credit ratings could increase the cost of its existing credit and could adversely affect the cost of and ability to obtain additional credit in the future. The Company can provide no assurances that downgrades will not occur. The cost and availability of credit during uncertain economic times could have a material adverse effect on the Company' s financial condition. If the Company were unable to meet certain covenants contained in its existing credit facilities, it may be required to repay borrowings under the credit facilities prior to their maturity and may lose access to the credit facilities for additional borrowings that may be necessary to fund its operations and growth strategy. On August 12, 2022, the Company entered into a fourth amendment (the " Amendment ") to its existing senior revolving credit facility (the " Senior Credit Facility ") that provides for revolving credit, including limited amounts of credit in the form of letters of credit and swingline loans. The Amendment, among other things, increased the amount available under the Senior Credit Facility from $ 1, 800 million to $ 1, 950 million until October 18, 2024, after which the amount available under the Senior Credit Facility will decrease to $ 1, 485 million. Any outstanding borrowings under the Company' s U. S. and European commercial paper programs also reduce availability under the Senior Credit Facility. Including commercial paper borrowings, the Company has utilized approximately $ ~~848~~ **67** . ~~4~~ **9** million under the Senior Credit Facility resulting in a total of $ 1, ~~101~~ **882** . ~~6~~ **1** million available as of December 31, ~~2022~~ **2023** . If the Company' s cash flow is worse than expected, the Company may need to refinance all or a portion of its indebtedness through a public and / or private debt offering or a new bank facility and may not be able to do so on terms acceptable to it, or at all. If the Company is unable to access debt markets at competitive rates or in sufficient amounts due to credit rating downgrades, market volatility, market disruption, or weakness in the Company' s businesses, the Company' s ability to finance its operations or repay existing debt obligations may be materially and adversely affected. Additionally, the Company' s credit facilities include certain affirmative and negative covenants that impose restrictions on the Company' s financial and business operations, including limitations on liens, indebtedness, fundamental changes, asset dispositions, dividends and other similar restricted payments, transactions with affiliates, payments and modifications of certain existing debt, future negative pledges, and changes in the nature of the Company' s business. In addition, the Senior Credit Facility, as amended, requires the Company to maintain a Consolidated Interest Coverage Ratio of at least 3. 5 to 1. 0. A failure to comply with the obligations contained in the Company' s current or future credit facilities or indentures relating to its outstanding public debt could result in an event of default or an acceleration of debt under other instruments that may contain cross- acceleration or cross- default provisions. The Company cannot be certain that it would have, or be able to obtain, sufficient funds to make these accelerated payments. Declines in the Company' s business conditions **have in the past and** may **in the future** result in an impairment of the Company' s assets **,** which **in turn has resulted in and** could result in ~~a~~ **future** material non- cash ~~charge~~ **charges** . A significant or prolonged decrease in the Company' s market capitalization, including a decline in stock price, or a negative long- term performance outlook, **has in the past resulted in and** could **in the future** result in an impairment of its assets ~~which results~~ **. An impairment occurs** when the carrying value of the Company' s assets exceed their fair value **. The Company tests the goodwill and intangible assets on its balance sheet for impairment on an annual basis, and also when events occur or circumstances change that indicate that the fair value of the reporting unit or intangible asset may be below its carrying amount. Fair value determinations require considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions. Declines in market conditions, a trend of weaker than anticipated financial performance for the Company' s reporting units or declines in projected revenue, a decline in stock price for a sustained period of time or an increase in the market-based weighted average cost of capital (" WACC "), among other factors, are indicators that the carrying value of the Company' s goodwill or indefinite- lived intangible assets may not be recoverable. A significant or prolonged deterioration in economic conditions, a further decline in the Company' s market capitalization or comparable company market multiples, a reduction in 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** . Negative tax consequences could materially and adversely affect the Company' s business. The Company is subject to the tax laws of the many jurisdictions in which it operates. These tax laws are complex, and the manner in which they apply to the Company' s facts is sometimes open to interpretation. In calculating the provision for income taxes, the Company must make judgments about the application of these inherently complex tax laws. The Company' s domestic and international tax liabilities are largely dependent upon the distribution of profit before tax among these many jurisdictions. However, the Company' s provision for income taxes also includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions, including assessments of future earnings of the Company that could impact the valuation of its deferred tax assets. The Company' s future results of operations and tax liability could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of the Company, changes in tax legislation and rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings permanently reinvested offshore, the results of audits and examinations of previously filed tax returns, and ongoing assessments of the Company' s tax exposures **. Certain countries in which the Company operates have enacted the Organization for Economic Co- operation and Development' s (" OECD ") Pillar Two Global Anti- Base Erosion (" GLOBE ") and Transitional Country- by- Country Reporting (" CBCR ") Safe Harbor rules. The OECD' s GLOBE model rules, and supplemental published administrative guidance, provide a framework that ensures that multinational enterprises (" MNE (s) ") with revenue above € 750 million pay a minimum level of tax of 15 % on their profits arising in each jurisdiction where they operate. The framework includes an income inclusion rule (" IIR ") and an undertaxed payments rule (" UTPR ") that work together to ensure a minimum level of tax in each jurisdiction in which a MNE operates. Further, countries can enact their own qualified domestic minimum top up tax (" QDMTT ") in order to limit the application of an IIR or UTPR to their domestic income. IIRs and QDMTTs are expected to be effective for the Company beginning in 2024 in some, but not all, of the jurisdictions in which the Company operates. The UTPR is expected to be effective for the Company beginning in 2025, which could subject the Company' s worldwide profits to a minimum level of tax regardless of whether the country in which the Company earned the income has adopted the GLOBE rules. The Company expects to be able to satisfy the requirements of certain CBCR Safe Harbor rules in many jurisdictions from 2024- 2026, limiting the impact of the GLOBE rules in the qualifying jurisdictions, and as such, the Company does not anticipate a material impact to its provision for income taxes in the near term. The Company continues to monitor the OECD' s guidance related to the GLOBE rules and related legislation in the countries in which the Company operates to assess their potential impact to the Company' s income tax position** . Forward- Looking Information Certain of the statements in this Form 10- K, 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 freight, raw material prices 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; taxes and tax reform; product and other claims; litigation; **geopolitical conflict** ~~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.