

Risk Factors Comparison 2025-02-20 to 2024-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

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, and prospects.

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. **Index to Financial Statements** 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. **The Company derives a majority of its sales from residential and commercial construction and remodeling.** 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 during recessionary periods. **In addition, the combination of high interest rates and inflation has made mortgages less affordable and has increased the cost of home improvement projects, impacting the demand for the Company's products.** Cyclical economic downturns have caused, and could continue to cause, the industry to soften globally or in the local markets in which the Company operates. **The Company cannot predict when or if interest rates or inflation will stabilize or decrease, and what effect such changes might have on repair and remodeling activities, new construction, product demand, the Company's business, or its financial condition.** 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, financial condition, results of operations, and prospects.

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. **The Some of the Company's may also encounter competition is from companies competitors introducing new products or technologies that better meet customers' needs, whether through pricing, sustainability, quality, versatility or other characteristics. In addition, some of the Company's competitors are** located outside of the major markets in which the Company participates, and these competitors may benefit from lower input costs or state subsidies. **Price competition or overcapacity may limit the Company's ability to raise prices for its products, may force the Company to reduce prices and may Also also ;result in reduced levels of demand for the Company's products and cause the Company to lose market share. Competitors may also engage in unfair trade tariffs may impact both practices. For example, in 2024, the U. S. International Trade Commission investigated Indian ceramic tile producers for unfairly selling the their products Company and its competitors in the U different and unpredictable ways. Maintaining S. at less than fair value and for unfairly benefiting from government subsidies, causing harm to the U. S. ceramic tile industry. To maintain the Company's competitive position , the Company must continue to develop new products that meet changing consumer preferences and successfully market and commercialize its innovation, which** 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 financial Statements condition, results of operations, and prospects.**

International Risks 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 generates approximately 45 % of its annual sales in countries outside of the U. S. In addition,** the Company continues to expand internationally through acquisitions, construction of new manufacturing operations and investments in existing ones. Currently, Flooring ROW has significant operations in **Australia, Brazil,** Europe, **Russia, Brazil,** Malaysia, **Australia and** New Zealand and **Russia,** Global Ceramic has significant operations in Brazil, Europe, **Mexico and** Russia, and **Flooring NA maintains LVT and pad manufacturing operations in** 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 **have been, and may in the future be, impacted by** 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; • 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; • 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; • 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, **financial condition, results of operations, and prospects. Increased tariffs may increase the Company's costs of goods sold and / or decrease consumer discretionary spending, which could have a material adverse effect on the Company's business. The Company manufactures its products in 19 countries and sells its products in approximately 180 countries. In addition, a significant percentage of the Company's sourcing and upstream and downstream supply chain processes occur outside the U. S. or with vendors, suppliers, or customers located outside the U. S. Current U. S. government trade policy includes the imposition of tariffs on certain foreign goods. If the U. S. increases tariffs or other restrictions on foreign imports from Mexico, China or other countries, or any related countermeasures are taken, the Company's business, financial condition, results of operations, and growth prospects may be adversely affected. Tariffs may increase the Company's cost of goods sold, which could result in lower gross margins on certain products. Raising prices to account for any such increase in costs of goods may negatively impact the competitiveness, and in turn market share, of the Company's products. If prices increase generally, consumer discretionary spending may decrease. In addition, as companies seek to avoid tariffs by routing impacted supply chains away from tariff- targeted jurisdictions, the Company may face supply chain disruption as global supply chains are reworked. In each case, increased tariffs on imports from Mexico, China, or other countries could materially and adversely affect the Company's business, financial condition, results of operations, and prospects. The Company is subject to risks and uncertainties associated with doing business in emerging markets.** 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 **United States 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, **financial condition, results of operations, and prospects.** **The Given the volatility in the current global economic climate and geopolitical events around the world, including the Russian military actions in Ukraine and ongoing military conflict conflicts between Russia and Ukraine has impacted and may continue in the Middle East, it is difficult for the Company to affect-predict the Company's complete impact of the foregoing matters on its business and, financial condition, results of operations, and prospects.** **As Specifically, as a result of ongoing Russian military actions in Ukraine, the Company suspended new investment in Russia as of the first quarter of 2022. The Company has experienced and may continue to experience supply chain disruption and price increases of raw materials sourced from Ukraine, as well as other materials and spare parts needed in the Company's Russian operations if alternative sources identified in other countries cannot fulfill these needs. The U Company can 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. S. In addition, the United States, the European Union and other governments have imposed and extended-broadened sanctions on certain individuals and financial institutions in Russia and have proposed to use broader further extend economic sanctions. Any future consequences of Since first quarter 2022, the Company has suspended new investments conflict, including additional economic sanctions, may result in an adverse effect on the Company's Russia Russian operations, which represented approximately 4 % of net sales for the year ended December 31, 2024.** 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 **or seizure and sale of their assets**; increased tensions between the **United States-U.S.** 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 % of net sales for the year ended December 31, 2023.** 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**. 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 **Company is exposed to currency exchange rate fluctuations. International sales have represented a significant percentage of the Company's total sales, with approximately 45 % of annual sales generated by international operations. The Company also maintains manufacturing facilities in 18 countries outside the U. S. The Company expects that a significant amount of its future sales will continue to come from outside the U. S. The Company is also exposed to currency exchange rate fluctuations by its purchase of raw materials and component parts from suppliers in multiple countries. The Company experiences currency- related gains and losses where sales or purchases are denominated in currencies other than the functional currency. In addition, 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**

effectively, 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..... 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 There is no assurance the Company will be able** 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**. **Any of the above** could result in a material adverse effect on the Company's **business and, financial condition,** results of operations, **and prospects**. 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-conflicts** in the Middle East and Russian military actions in Ukraine), pandemics (such as the COVID- 19 pandemic), labor shortages, weather conditions, natural disasters, governmental programs, regulations and trade and tariff policies, inflation and increased demand, among other factors. 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. 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, financial condition, results of operations, and prospects have** 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-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. For example, the Russian invasion of Ukraine resulted in supply chain disruption of raw materials sourced from Ukraine (primarily clay) in fiscal 2022, and the ongoing **conflict-conflicts** 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 could disrupt the Company's operations, which could have a material adverse effect on the Company's business, **financial condition, results of operations, and prospects**. 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 \$ **480 520** million of capital investments in **2024-2025**. 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 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 business, financial condition, results of operations,** and **profitability prospects**. 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 business, financial condition,** results **of operations, and prospects**. 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. In addition, economic conditions may fluctuate in the various regions where newly acquired companies operate, which may present foreign exchange and operational risks to** 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, **financial condition, results of operations, and prospects**. 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, **financial condition, results of operations, and prospects**. 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 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, **Increased focus by the U. S., including European Union and other governmental authorities on climate change and other environmental matters has led to enhanced regulation in these regions, which is expected to result in increased compliance costs and could subject the Company to additional potential liabilities. The extent of these costs and risks is difficult to predict and will depend, in large part, on the extent of final regulations and the ways in which those regulations are enforced governing air emissions, wastewater discharges, and the use, storage, treatment, recycling and disposal of materials and finished 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 the Company's operations and supply chain have become, and 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 additional due diligence and disclosure requirements addressing sustainability that the Company expects will apply to its operations and supply chain in the coming years, such as California's Climate Corporate Data Accountability Act in the **United States-U. S.** and the Corporate Sustainability Reporting Directive ("CSRD") and Corporate Sustainability Due Diligence Directive ("CSDDD") in the European Union. **The Company believes political and scientific attention to issues concerning climate change and ESG matters will continue, with increasingly numerous and complex laws and regulations that could affect the Company's financial condition. The lack of consistent climate legislation in the jurisdictions in which the Company operates creates economic and regulatory uncertainty. If these laws or regulations impose significant operational restrictions and compliance requirements on the Company, they could increase costs associated with the Company's operations, including costs for raw materials and transportation. Non-compliance with climate change treaties, regulations and disclosure requirements could also negatively impact the Company's reputation. The Company could also face increased costs related to defending and resolving legal claims and other litigation related to climate change and the alleged impact of the Company's operations on the environment. In addition, energy prices could increase as a result of climate change legislation or other environmental mandates**. Also, the Company's manufacturing facilities may become subject to further limitations on emissions due to public policy concerns regarding climate change or other environmental or health and safety concerns. Because the Company's manufacturing processes use a significant amount of energy, especially natural gas, the imposition of greenhouse gas emissions limitations, such as a "cap- and- trade" system, 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 **business, financial condition, results of operations, and prospects** market competitiveness, and result in reputational harm and increased risk of litigation. **In addition, investor advocacy groups, certain institutional investors, investment funds, lenders, market participants, stockholders, customers, and other stakeholders have focused increasingly on ESG and sustainability practices of companies. These parties have placed increased importance on the implications of the social cost of their investments. If Mohawk's ESG practices do not meet investor, lender, or other industry stakeholder expectations and standards, which continue to evolve, the Company's access to capital may be negatively impacted based on an assessment of Mohawk's ESG practices. These limitations, in both the debt and equity markets, may materially negatively affect the Company's ability to manage its liquidity, refinance existing debt, grow its businesses, and implement its strategies, as well as adversely impact the Company's business, financial condition, results of operations, and prospects. It is possible that investor advocacy groups, certain institutional investors, investment funds, lenders, market participants, stockholders, customers, and other stakeholders may not be satisfied with Mohawk's ESG practices or the speed of their adoption. In addition to the costs associated with the activities discussed above, the Company could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices. Also, the Company's failure, or perceived failure, to meet the standards set forth in the Impact Report could negatively impact its reputation, employee retention, and the willingness of customers and suppliers to do business with the Company.** 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 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, **financial condition, results of operations, and prospects**. 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** **15**, 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 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, **patents have a certain validity period so the current** revenue- producing patents ~~have expired or~~ will expire **over time**. The failure to **continue to** develop alternative **patents and** revenues to replace expired or invalidated patents in the future could have a material adverse effect on the Company's business, **financial condition, results of operations, and prospects**. 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 ~~and~~ 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 **United States** ~~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, **financial condition, results of operations, and prospects** 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~~ **its information systems, including its computer hardware, software applications and network**, 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 -- **store** , **delivery** -- **deliver** and **transmit** transmission of data to the Company's sales and distribution systems -- ; and • **manage and conduct** 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 **Company's** service time could disrupt the Company's normal operations . **Interruption, impediment or failure of the Company's information systems has in the past caused, and in the future could cause, unanticipated disruptions in service, decreased customer service and customer satisfaction, harm to the Company's reputation and loss or misappropriation of sensitive data, which could result in loss of customers, increased operating expenses and financial losses** . There can be no assurance that the Company can effectively carry out its disaster recovery plan to handle the **interruption or** 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~~ **there can be no assurance that the Company can effectively manage the resources necessary to sustain and protect an appropriate information system infrastructure, or effectively implement system upgrades in a timely manner.** 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. ~~The~~ **If the Company does not effectively manage the** ~~'s third- party business partners could also be resources -- sources of operational~~ **necessary to sustain and protect an and appropriate data security risk to the Company, including from breakdowns or failures of their own systems or capacity constraints. Any issues that arise from the Company's third- party business partners, including those resulting from disruptions in communication services provided by a business partner, regulatory restrictions, fines, 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** information technology infrastructure, or ~~does not effectively implement system systems upgrades in and its ability to conduct its business.~~ **In addition, the misappropriation or misuse of customer, consumer, employee, supplier or Company data resulting from a timely manner, failure of the Company's information systems or the those Company's of its third- party business partners or financial results could be negatively impacted- result in significant costs, lost sales, fines, lawsuits and damage to the Company's reputation** . 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,~~ **both itself and through third- party** business **partners,** 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- information systems** , 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 system infrastructure~~, ~~they such controls and actions~~ may be insufficient to prevent, or respond to, physical and electronic break- ins, cyber- attacks or other security breaches to the Company's systems. **There can be no assurance that the Company can effectively carry out its disaster recovery plan to address cyber- attacks or other security breaches to the Company's systems, or that the Company will be able to restore its operational capacity within sufficient time to avoid material disruption to its business.** Furthermore, third - party business partners provide a number of ~~the~~ key components necessary to the Company's ~~information business functions and systems~~. Any problems caused by these ~~third- party~~ 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 ~~information systems and its~~ 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 ~~business, financial condition, results of operations, and prospects~~. 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 would~~ decrease to \$ 1, 485 ~~million~~. **On August 5, 2024, the Company entered into a Lender Joinder Agreement, which increased commitments under the Senior Credit Facility by an additional \$ 100 million until August 12, 2027, and further amended the Senior Credit Facility to permit the Company to increase the commitments under the Senior Credit Facility by an aggregate amount not to exceed \$ 500 million.** Any outstanding borrowings under the Company's ~~United States U.S.~~ and European commercial paper programs also reduce availability under the Senior Credit Facility. Including commercial paper borrowings, the Company has utilized approximately \$ ~~536 67.9~~ million under the Senior Credit Facility resulting in a total of \$ 1, ~~049 882.4~~ million available as of December 31, ~~2023~~ **2024**. 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 future material non- cash 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. 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 **(loss)** 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 **were** ~~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; 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.~~