
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 2, 2021.

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-14077

WILLIAMS-SONOMA, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

3250 Van Ness Avenue, San Francisco, CA

(Address of principal executive offices)

94-2203880

(I.R.S. Employer
Identification No.)

94109

(Zip Code)

Registrant's telephone number, including area code: (415) 421-7900

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Common Stock, par value \$.01 per share	WSM	New York Stock Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 30, 2021, 75,119,077 shares of the registrant’s Common Stock were outstanding.

**WILLIAMS-SONOMA, INC.
REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MAY 2, 2021**

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ITEM 1. FINANCIAL STATEMENTS

WILLIAMS-SONOMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Thirteen Weeks Ended	
	May 2, 2021	May 3, 2020
<i>In thousands, except per share amounts</i>		
Net revenues	\$ 1,749,029	\$ 1,235,203
Cost of goods sold	996,176	820,943
Gross profit	752,853	414,260
Selling, general and administrative expenses	477,676	365,615
Operating income	275,177	48,645
Interest expense, net	1,872	2,159
Earnings before income taxes	273,305	46,486
Income taxes	45,503	11,063
Net earnings	\$ 227,802	\$ 35,423
Basic earnings per share	\$ 3.01	\$ 0.46
Diluted earnings per share	\$ 2.90	\$ 0.45
Shares used in calculation of earnings per share:		
Basic	75,800	77,262
Diluted	78,485	78,399

See Notes to Condensed Consolidated Financial Statements.

WILLIAMS-SONOMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Thirteen Weeks Ended	
	May 2, 2021	May 3, 2020
<i>In thousands</i>		
Net earnings	\$ 227,802	\$ 35,423
Other comprehensive income (loss):		
Foreign currency translation adjustments	3,700	(5,276)
Change in fair value of derivative financial instruments, net of tax (tax benefit) of \$(241) and \$196	(665)	549
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax (tax benefit) of \$(55) and \$13	153	(37)
Comprehensive income	\$ 230,990	\$ 30,659

See Notes to Condensed Consolidated Financial Statements.

WILLIAMS-SONOMA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>In thousands, except per share amounts</i>	May 2, 2021	January 31, 2021	May 3, 2020
ASSETS			
Current assets			
Cash and cash equivalents	\$ 639,670	\$ 1,200,337	\$ 861,002
Accounts receivable, net	142,459	143,728	104,829
Merchandise inventories, net	1,087,528	1,006,299	1,070,681
Prepaid expenses	58,837	93,822	90,433
Other current assets	20,502	22,894	22,099
Total current assets	1,948,996	2,467,080	2,149,044
Property and equipment, net	875,384	873,894	907,219
Operating lease right-of-use assets	1,054,746	1,086,009	1,175,402
Deferred income taxes, net	57,499	61,854	33,320
Goodwill	85,435	85,446	85,335
Other long-term assets, net	88,180	87,141	67,795
Total assets	\$ 4,110,240	\$ 4,661,424	\$ 4,418,115
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$ 574,876	\$ 542,992	\$ 423,375
Accrued expenses	174,139	267,592	137,495
Gift card and other deferred revenue	389,640	373,164	299,353
Income taxes payable	93,282	69,476	24,049
Current debt	—	299,350	—
Borrowings under revolving line of credit	—	—	487,823
Operating lease liabilities	208,739	209,754	224,541
Other current liabilities	78,597	85,672	85,458
Total current liabilities	1,519,273	1,848,000	1,682,094
Deferred lease incentives	19,505	20,612	26,254
Long-term debt	—	—	299,868
Long-term operating lease liabilities	999,288	1,025,057	1,109,473
Other long-term liabilities	124,878	116,570	81,497
Total liabilities	2,662,944	3,010,239	3,199,186
Commitments and contingencies – See Note F			
Stockholders' equity			
Preferred stock: \$0.01 par value; 7,500 shares authorized; none issued	—	—	—
Common stock: \$0.01 par value; 253,125 shares authorized; 75,235, 76,340 and 77,759 shares issued and outstanding at May 2, 2021, January 31, 2021 and May 3, 2020, respectively	753	764	778
Additional paid-in capital	556,305	638,375	596,184
Retained earnings	894,878	1,019,762	641,917
Accumulated other comprehensive loss	(3,929)	(7,117)	(19,351)
Treasury stock, at cost: 4, 8 and 8 shares as of May 2, 2021, January 31, 2021 and May 3, 2020, respectively	(711)	(599)	(599)
Total stockholders' equity	1,447,296	1,651,185	1,218,929
Total liabilities and stockholders' equity	\$ 4,110,240	\$ 4,661,424	\$ 4,418,115

See Notes to Condensed Consolidated Financial Statements.

WILLIAMS-SONOMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

<i>In thousands</i>	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balance at January 31, 2021	76,340	\$ 764	\$ 638,375	\$ 1,019,762	\$ (7,117)	\$ (599)	\$ 1,651,185
Net earnings	—	—	—	227,802	—	—	227,802
Foreign currency translation adjustments	—	—	—	—	3,700	—	3,700
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	(665)	—	(665)
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	153	—	153
Conversion/release of stock-based awards ¹	686	7	(97,958)	—	—	(500)	(98,451)
Repurchases of common stock	(1,791)	(18)	(9,239)	(306,272)	—	—	(315,529)
Reissuance of treasury stock under stock-based compensation plans ¹	—	—	(344)	(44)	—	388	—
Stock-based compensation expense	—	—	25,471	—	—	—	25,471
Dividends declared	—	—	—	(46,370)	—	—	(46,370)
Balance at May 2, 2021	75,235	\$ 753	\$ 556,305	\$ 894,878	\$ (3,929)	\$ (711)	\$ 1,447,296

<i>In thousands</i>	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balance at February 2, 2020	77,137	\$ 772	\$ 605,822	\$ 644,794	\$ (14,587)	\$ (941)	\$ 1,235,860
Net earnings	—	—	—	35,423	—	—	35,423
Foreign currency translation adjustments	—	—	—	—	(5,276)	—	(5,276)
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	549	—	549
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	(37)	—	(37)
Conversion/release of stock-based awards ¹	622	6	(28,747)	—	—	(171)	(28,912)
Reissuance of treasury stock under stock-based compensation plans ¹	—	—	(499)	(14)	—	513	—
Stock-based compensation expense	—	—	19,608	—	—	—	19,608
Dividends declared	—	—	—	(38,286)	—	—	(38,286)
Balance at May 3, 2020	77,759	\$ 778	\$ 596,184	\$ 641,917	\$ (19,351)	\$ (599)	\$ 1,218,929

¹ Amounts are shown net of shares withheld for employee taxes.

See Notes to Condensed Consolidated Financial Statements.

WILLIAMS-SONOMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Thirteen Weeks Ended	
	May 2, 2021	May 3, 2020
<i>In thousands</i>		
Cash flows from operating activities:		
Net earnings	\$ 227,802	\$ 35,423
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,922	46,224
Loss on disposal/impairment of assets	195	16,185
Amortization of deferred lease incentives	(1,108)	(1,405)
Non-cash lease expense	52,955	54,262
Deferred income taxes	(3,981)	(2,585)
Tax benefit related to stock-based awards	10,146	12,039
Stock-based compensation expense	26,330	19,703
Other	(223)	129
Changes in:		
Accounts receivable	1,522	8,950
Merchandise inventories	(79,726)	28,513
Prepaid expenses and other assets	34,562	(215)
Accounts payable	27,910	(92,871)
Accrued expenses and other liabilities	(90,883)	(29,050)
Gift card and other deferred revenue	16,174	9,960
Operating lease liabilities	(53,633)	(57,629)
Income taxes payable	22,917	6,240
Net cash provided by operating activities	238,881	53,873
Cash flows from investing activities:		
Purchases of property and equipment	(42,360)	(42,321)
Other	93	242
Net cash used in investing activities	(42,267)	(42,079)
Cash flows from financing activities:		
Repurchases of common stock	(315,529)	—
Repayment of long-term debt	(300,000)	—
Tax withholdings related to stock-based awards	(98,451)	(28,912)
Payment of dividends	(45,576)	(39,391)
Borrowings under revolving line of credit	—	487,823
Net cash (used in) provided by financing activities	(759,556)	419,520
Effect of exchange rates on cash and cash equivalents	2,275	(2,474)
Net (decrease) increase in cash and cash equivalents	(560,667)	428,840
Cash and cash equivalents at beginning of period	1,200,337	432,162
Cash and cash equivalents at end of period	\$ 639,670	\$ 861,002

See Notes to Condensed Consolidated Financial Statements.

WILLIAMS-SONOMA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE A. FINANCIAL STATEMENTS - BASIS OF PRESENTATION

These financial statements include Williams-Sonoma, Inc. and its wholly owned subsidiaries (“we,” “us” or “our”). The Condensed Consolidated Balance Sheets as of May 2, 2021 and May 3, 2020, the Condensed Consolidated Statements of Earnings, the Condensed Consolidated Statements of Comprehensive Income, the Condensed Consolidated Statements of Stockholders’ Equity, and the Condensed Consolidated Statements of Cash Flows for the thirteen weeks then ended, have been prepared by us, without audit. In our opinion, the financial statements include all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position at the balance sheet dates and the results of operations for the thirteen weeks then ended. Intercompany transactions and accounts have been eliminated. The balance sheet as of January 31, 2021, presented herein, has been derived from our audited Consolidated Balance Sheet included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

The results of operations for the thirteen weeks ended May 2, 2021 are not necessarily indicative of the operating results of the full year.

Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been omitted. These financial statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

COVID-19

In March 2020, we announced the temporary closures of all of our retail store operations to protect our employees, customers and the communities in which we operate and to help contain the COVID-19 pandemic. As of May 2, 2021, all of our U.S.-based and the majority of our global retail stores have reopened for in-person shopping. However, we continue to experience intermittent closures or restrictions on retail capacity in certain geographies, in accordance with state and local guidelines, which may continue to impact our store traffic and retail revenues in the future and result in future store impairments. We continue to operate our e-commerce sites and distribution centers and continue to deliver products to our customers. However, we have experienced, and expect to continue to experience, delays in inventory receipts, increased raw material costs and higher shipping-related charges as a result of port slowdowns and congestions, as well as shipping container and foam shortages, due in part to the impact from COVID-19.

New Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (Topic 740). This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in Accounting Standards Codification (“ASC”) 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. This ASU was effective for us in the first quarter of fiscal 2021. The adoption of this ASU did not have an impact on our financial condition, results of operations or cash flows.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848). The ASU is intended to ease the potential accounting and financial reporting burden of reference rate reform, including the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The guidance provides optional expedients and scope exceptions for transactions if certain criteria are met. These transactions include contract modifications, hedge accounting, and the sale or transfer of debt securities classified as held-to-maturity. We may elect to apply the provisions of the new standard prospectively through December 31, 2022. Unlike other topics, the provisions of this update are only available until December 31, 2022, by which time the reference rate replacement activity is expected to be completed. We have yet to elect an adoption date, but do not believe any adoption would have a material impact on our financial condition, results of operations or cash flows.

NOTE B. BORROWING ARRANGEMENTS

Credit Facility

We have a credit facility which provides for a \$500,000,000 unsecured revolving line of credit (“revolver”). The revolver may be used to borrow revolving loans or request the issuance of letters of credit. We may, upon notice to the administrative agent, request existing or new lenders, at such lenders’ option, to increase the revolver by up to \$250,000,000 to provide for a total of \$750,000,000 of unsecured revolving credit. Our credit facility also provided for a \$300,000,000 unsecured term loan facility (“term loan”). In February 2021, prior to maturity, we repaid the full outstanding balance of \$300,000,000 on our term loan.

During the first quarter of fiscal 2021, we had no borrowings under the revolver. Additionally, as of May 2, 2021, \$12,601,000 in issued but undrawn standby letters of credit were outstanding under the revolver. The standby letters of credit were primarily issued to secure the liabilities associated with workers’ compensation and other insurance programs. During the first quarter of fiscal 2020, we drew down \$487,823,000 on our revolver (at a weighted average interest rate of 2.00%), all of which was repaid prior to the end of fiscal 2020. The revolver matures on January 8, 2023, at which time all outstanding borrowings must be repaid and all outstanding letters of credit must be cash collateralized. We may elect to extend the maturity date for an additional year, subject to lender approval.

The interest rate applicable to the credit facility is variable, and may be elected by us as: (i) the LIBOR plus an applicable margin based on our leverage ratio ranging from 0.91% to 1.775% for a revolver borrowing, and 1.75% to 2.5% for the term loan, or (ii) a base rate as defined in the credit facility, plus an applicable margin ranging from 0% to 0.775% for a revolver borrowing, and 0.75% to 1.5% for the term loan.

In addition to the credit facility, during the second quarter of fiscal 2020 we entered into a new agreement (the “364-Day Credit Agreement”) for an additional \$200,000,000 unsecured revolving line of credit. Under the 364-Day Credit Agreement, the interest rate is variable and may be elected by us as: (i) LIBOR plus an applicable margin based on our leverage ratio ranging from 1.75% to 2.5% or (ii) a base rate as defined in the agreement, plus an applicable margin ranging from 0.75% to 1.5%. During the first quarter of fiscal 2021, we had no borrowings under the 364-Day Credit Agreement. We did not renew the 364-Day Credit Agreement upon its maturity in May 2021.

The credit facility contains and the 364-Day Credit Agreement contained certain restrictive loan covenants, including, among others, a financial covenant requiring a maximum leverage ratio (funded debt adjusted for lease and rent expense to earnings before interest, income tax, depreciation, amortization and rent expense), and covenants limiting our ability to incur indebtedness, grant liens, make acquisitions, merge or consolidate, and dispose of assets. As of May 2, 2021, we were in compliance with our covenants under the credit facility and the 364-Day Credit Agreement and based on current projections, we expect to remain in compliance with our covenants under the remaining credit facility throughout the next 12 months.

Letter of Credit Facilities

We have three unsecured letter of credit reimbursement facilities for a total of \$35,000,000, each of which matures on August 22, 2021. The letter of credit facilities contain covenants that are consistent with our credit facility. Interest on unreimbursed amounts under the letter of credit facilities accrues at a base rate as defined in the credit facility, plus an applicable margin based on our leverage ratio. As of May 2, 2021, an aggregate of \$5,836,000 was outstanding under the letter of credit facilities, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. The latest expiration date possible for any future letters of credit issued under the facilities is January 19, 2022.

NOTE C. STOCK-BASED COMPENSATION

Equity Award Programs

Our Amended and Restated 2001 Long-Term Incentive Plan (the “Plan”) provides for grants of incentive stock options, nonqualified stock options, stock-settled stock appreciation rights, restricted stock awards, restricted stock units (including those that are performance-based), deferred stock awards (collectively, “stock awards”) and dividend equivalents up to an aggregate of 36,570,000 shares. As of May 2, 2021, there were approximately 1,242,000 shares available for future grant. Awards may be granted under the Plan to officers, employees and non-employee members of the board of directors of the company (the “Board”) or any parent or subsidiary. Shares issued as a result of award exercises or releases are primarily funded with the issuance of new shares.

Stock Awards

Annual grants of stock awards are limited to 1,000,000 shares on a per person basis. Stock awards granted to employees generally vest evenly over a period of four years for service-based awards. Certain performance-based awards, which have variable payout conditions based on predetermined financial targets, generally vest three years from the date of grant. Certain stock awards and other agreements contain vesting acceleration clauses resulting from events including, but not limited to, retirement, disability, death, merger or a similar corporate event. Stock awards granted to non-employee Board members generally vest in one year. Non-employee Board members automatically receive stock awards on the date of their initial election to the Board and annually thereafter on the date of the annual meeting of stockholders (so long as they continue to serve as a non-employee Board member).

Stock-Based Compensation Expense

During the thirteen weeks ended May 2, 2021 and May 3, 2020, we recognized total stock-based compensation expense, as a component of selling, general and administrative expenses of \$26,330,000 and \$19,703,000, respectively.

Restricted Stock Units

The following table summarizes our restricted stock unit activity during the thirteen weeks ended May 2, 2021:

	Shares
Balance at January 31, 2021	3,118,884
Granted	359,230
Granted, with vesting subject to performance conditions	107,075
Released ¹	(1,029,356)
Cancelled	(29,652)
Balance at May 2, 2021	2,526,181
Vested plus expected to vest at May 2, 2021	2,309,979

¹ Excludes 228,666 incremental shares released due to achievement of performance conditions above target.

NOTE D. EARNINGS PER SHARE

Basic earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding and common stock equivalents outstanding for the period. Common stock equivalents consist of shares subject to stock-based awards with exercise prices less than or equal to the average market price of our common stock for the period, to the extent their inclusion would be dilutive.

The following is a reconciliation of net earnings and the number of shares used in the basic and diluted earnings per share computations:

<i>In thousands, except per share amounts</i>	Net Earnings	Weighted Average Shares	Earnings Per Share
Thirteen weeks ended May 2, 2021			
Basic	\$ 227,802	75,800	\$ 3.01
Effect of dilutive stock-based awards		2,685	
Diluted	\$ 227,802	78,485	\$ 2.90
Thirteen weeks ended May 3, 2020			
Basic	\$ 35,423	77,262	\$ 0.46
Effect of dilutive stock-based awards		1,137	
Diluted	\$ 35,423	78,399	\$ 0.45

Stock-based awards of 12,000 and 8,000 were excluded from the computation of diluted earnings per share for the thirteen weeks ended May 2, 2021 and May 3, 2020, respectively, as their inclusion would be anti-dilutive.

NOTE E. SEGMENT REPORTING

We identify our operating segments according to how our business activities are managed and evaluated. Each of our brands are operating segments. Because they share similar economic and other qualitative characteristics, we have aggregated our operating segments into a single reportable segment.

The following table summarizes our net revenues by brand for the thirteen weeks ended May 2, 2021 and May 3, 2020.

<i>In thousands</i>	Thirteen Weeks Ended	
	May 2, 2021	May 3, 2020
Pottery Barn	\$ 679,055	\$ 479,615
West Elm	477,317	315,430
Williams Sonoma	265,607	199,302
Pottery Barn Kids and Teen	236,067	188,552
Other ¹	90,983	52,304
Total ²	\$ 1,749,029	\$ 1,235,203

¹ Primarily consists of net revenues from our international franchise operations, Rejuvenation and Mark and Graham.

² Includes net revenues related to our international operations (including our operations in Canada, Australia, the United Kingdom and our franchise businesses) of approximately \$99.9 million and \$55.2 million for the thirteen weeks ended May 2, 2021 and May 3, 2020, respectively.

Long-lived assets by geographic location are as follows:

<i>In thousands</i>	May 2, 2021	May 3, 2020
U.S.	\$ 2,012,572	\$ 2,117,469
International	148,672	151,602
Total	\$ 2,161,244	\$ 2,269,071

NOTE F. COMMITMENTS AND CONTINGENCIES

We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. These disputes, which are not currently material, are increasing in number as our business expands and our company grows. We review the need for any loss contingency reserves and establish reserves when, in the opinion of management, it is probable that a matter would result in liability, and the amount of loss, if any, can be reasonably estimated. In view of the inherent difficulty of predicting the outcome of these matters, it may not be possible to determine whether any loss is probable or to reasonably estimate the amount of the loss until the case is close to resolution, in which case no reserve is established until that time. Any claims against us, whether meritorious or not, could result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources. The results of these lawsuits, claims and proceedings cannot be predicted with certainty. However, we believe that the ultimate resolution of these current matters will not have a material adverse effect on our Condensed Consolidated Financial Statements taken as a whole.

NOTE G. STOCK REPURCHASE PROGRAM AND DIVIDENDS

Stock Repurchase Program

In March 2021, our Board of Directors authorized a new stock repurchase program for \$1,000,000,000, which replaced our existing program. During the thirteen weeks ended May 2, 2021, we repurchased 1,790,725 shares of our common stock at an average cost of \$176.20 per share for a total cost of approximately \$315,529,000 under our prior and new stock repurchase programs. As of May 2, 2021, there was approximately \$703,833,000 remaining under our current stock repurchase program. During the thirteen weeks ended May 3, 2020, we did not repurchase any shares of our common stock. As of May 2, 2021 and May 3, 2020, we held treasury stock of \$711,000 and \$599,000, respectively, that represents the cost of shares available for issuance that are intended to satisfy future stock-based award settlements in certain foreign jurisdictions.

Stock repurchases under our program may be made through open market and privately negotiated transactions at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, capital availability and other market conditions.

Dividends

In March 2021, our Board of Directors authorized a \$0.06, or 11.3%, increase in our quarterly cash dividend, from \$0.53 to \$0.59 per common share, subject to capital availability. We declared cash dividends of \$0.59 and \$0.48 per common share during the thirteen weeks ended May 2, 2021 and May 3, 2020, respectively. Our quarterly cash dividend may be limited or terminated at any time.

NOTE H. DERIVATIVE FINANCIAL INSTRUMENTS

We have retail and e-commerce businesses in Canada, Australia and the United Kingdom, and operations throughout Asia and Europe, which expose us to market risk associated with foreign currency exchange rate fluctuations. Substantially all of our purchases and sales are denominated in U.S. dollars, which limits our exposure to this risk. However, some of our foreign operations have a functional currency other than the U.S. dollar. To mitigate this risk, we hedge a portion of our foreign currency exposure with foreign currency forward contracts in accordance with our risk management policies. We do not enter into such contracts for speculative purposes. The assets or liabilities associated with the derivative financial instruments are measured at fair value and recorded in either other current or long-term assets or other current or long-term liabilities. As discussed below, the accounting for gains and losses resulting from changes in fair value depends on whether the derivative financial instrument is designated as a hedge and qualifies for hedge accounting in accordance with the ASC 815, *Derivatives and Hedging*.

Cash Flow Hedges

We enter into foreign currency forward contracts designated as cash flow hedges (to sell Canadian dollars and purchase U.S. dollars) for forecasted inventory purchases in U.S. dollars by our Canadian subsidiary. These hedges have terms of up to 12 months. All hedging relationships are formally documented, and the forward contracts are designed to mitigate foreign currency exchange risk on hedged transactions. We record the effective portion of changes in the fair value of our cash flow hedges in other comprehensive income ("OCI") until the earlier of when the hedged forecasted inventory purchase occurs or the respective contract reaches maturity. Subsequently, as the inventory is sold to the customer, we reclassify amounts previously recorded in OCI to cost of goods sold.

Changes in the fair value of the forward contract related to interest charges (or forward points) are excluded from the assessment and measurement of hedge effectiveness and are recorded in cost of goods sold. Based on the rates in effect as of May 2, 2021, we expect to reclassify a net pre-tax loss of approximately \$1,677,000 from OCI to cost of goods sold over the next 12 months.

As of May 2, 2021 and May 3, 2020, we had foreign currency forward contracts outstanding (in U.S. dollars) with notional values as follows:

<i>In thousands</i>		May 2, 2021	May 3, 2020
Contracts designated as cash flow hedges	\$	18,000	\$ 11,600

Hedge effectiveness is evaluated prospectively at inception, on an ongoing basis, as well as retrospectively using regression analysis. Any measurable ineffectiveness of the hedge is recorded in selling, general and administrative expenses. No gain or loss was recognized for cash flow hedges due to hedge ineffectiveness and all hedges were deemed effective for assessment purposes for the thirteen weeks ended May 2, 2021 and May 3, 2020.

The effect of derivative instruments in our Condensed Consolidated Financial Statements from gains or losses recognized in income was not material for the thirteen weeks ended May 2, 2021 and May 3, 2020.

The fair values of our derivative financial instruments are presented in other current assets and or other current liabilities in our Condensed Consolidated Balance Sheets. All fair values were measured using Level 2 inputs as defined by the fair value hierarchy described in Note I. We record all derivative assets and liabilities on a gross basis. They do not meet the balance sheet

netting criteria as discussed in ASC 210, Balance Sheet, because we do not have master netting agreements established with our derivative counterparties that would allow for net settlement.

NOTE I. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

We determine the fair value of financial and non-financial assets and liabilities using the fair value hierarchy established by ASC 820, *Fair Value Measurement*, which defines three levels of inputs that may be used to measure fair value, as follows:

- Level 1: inputs which include quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs which include observable inputs other than Level 1 inputs, such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability; and
- Level 3: inputs which include unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability.

The fair values of our cash and cash equivalents are based on Level 1 inputs, which include quoted prices in active markets for identical assets.

Foreign Currency Derivatives and Hedging Instruments

We use the income approach to value our derivatives using observable Level 2 market data at the measurement date and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated but not compelled to transact. Level 2 inputs are limited to quoted prices that are observable for the assets and liabilities, which include interest rates and credit risk ratings. We use mid-market pricing as a practical expedient for fair value measurements. Key inputs for foreign currency derivatives are the spot rates, forward rates, interest rates and credit derivative market rates.

The counterparties associated with our foreign currency forward contracts are large credit-worthy financial institutions, and the derivatives transacted with these entities are relatively short in duration, therefore, we do not consider counterparty concentration and non-performance to be material risks at this time. Both we and our counterparties are expected to perform under the contractual terms of the instruments. None of the derivative contracts we entered into are subject to credit risk-related contingent features or collateral requirements.

Long-lived Assets

We review the carrying value of all long-lived assets for impairment, primarily at an individual store level, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We measure property and equipment at fair value on a nonrecurring basis using Level 3 inputs as defined in the fair value hierarchy. We measure right-of-use assets on a nonrecurring basis using Level 2 inputs that are corroborated by market data. Where Level 2 inputs are not readily available, we use Level 3 inputs. Fair value of these long-lived assets is based on the present value of estimated future cash flows using a discount rate commensurate with the risk.

The significant unobservable inputs used in the fair value measurement of our store assets are sales growth/decline, gross margin, employment costs, lease escalations, market rental rates, changes in local real estate markets in which we operate, inflation and the overall economics of the retail industry. Significant fluctuations in any of these inputs individually could significantly impact our measurement of fair value.

During the thirteen weeks ended May 2, 2021, no impairment charges were recognized. During the thirteen weeks ended May 3, 2020, we recognized impairment charges of \$11,825,000 related to the impairment of property and equipment and \$3,795,000 related to the impairment of operating lease right-of-use assets, due to lower projected revenues and fair market values resulting from the impact of COVID-19.

There were no transfers in and out of Level 3 categories during the thirteen weeks ended May 2, 2021 or May 3, 2020.

NOTE J. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income (loss) by component, net of tax, are as follows:

<i>In thousands</i>	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at January 31, 2021	\$ (6,398)	\$ (719)	\$ (7,117)
Foreign currency translation adjustments	3,700	—	3,700
Change in fair value of derivative financial instruments	—	(665)	(665)
Reclassification adjustment for realized (gain) loss on derivative financial instruments ¹	—	153	153
Other comprehensive income (loss)	3,700	(512)	3,188
Balance at May 2, 2021	\$ (2,698)	\$ (1,231)	\$ (3,929)
Balance at February 2, 2020	\$ (14,593)	\$ 6	\$ (14,587)
Foreign currency translation adjustments	(5,276)	—	(5,276)
Change in fair value of derivative financial instruments	—	549	549
Reclassification adjustment for realized (gain) loss on derivative financial instruments ¹	—	(37)	(37)
Other comprehensive income (loss)	(5,276)	512	(4,764)
Balance at May 3, 2020	\$ (19,869)	\$ 518	\$ (19,351)

¹ Refer to Note H for additional disclosures about reclassifications out of accumulated other comprehensive income.

NOTE K. REVENUE

The majority of our revenues are generated from sales of merchandise to our customers through our e-commerce websites, our direct mail catalogs, or at our retail stores and include shipping fees received from customers for delivery of merchandise to their homes. The remainder of our revenues are primarily generated from sales to our franchisees and other wholesale transactions, breakage income related to stored-value cards, and incentives received from credit card issuers in connection with our private label and co-branded credit cards.

We recognize revenue as control of promised goods or services are transferred to our customers. We record a liability at each period end where we have an obligation to transfer goods or services for which we have received consideration or have a right to consideration. We exclude from revenue any taxes assessed by governmental authorities, including value-added and other sales-related taxes, that are imposed on and are concurrent with revenue-generating activities. Our payment terms are primarily at the point of sale for merchandise sales and for most services.

See Note E for the disclosure of our net revenues by operating segment.

Merchandise Sales

Revenues from the sale of our merchandise through our e-commerce websites, at our retail stores, as well as to our franchisees and wholesale customers are, in each case, recognized at a point in time when control of merchandise is transferred to the customer. Merchandise can either be picked up in our stores or delivered to the customer. For merchandise picked up in the store, control is transferred at that time. For merchandise delivered to the customer, control is transferred when either delivery has been completed or, for certain merchandise, upon conveyance of the merchandise to the carrier for delivery. We exclude from revenue any taxes assessed by governmental authorities, including value-added and other sales-related taxes, that are imposed on and are concurrent with revenue-generating activities. Our payment terms are primarily at the point of sale for merchandise sales and for most services. We have elected to account for shipping and handling as fulfillment activities, and not as a separate performance obligation.

Revenue from the sale of merchandise is reported net of sales returns. We estimate future returns based on historical return trends together with current product sales performance. As of May 2, 2021 and May 3, 2020, we recorded a liability for

expected sales returns of approximately \$34,266,000 and \$33,357,000, respectively, within other current liabilities and a corresponding asset for the expected net realizable value of the merchandise inventory to be returned of approximately \$10,166,000 and \$11,603,000, respectively, within other current assets in our Condensed Consolidated Balance Sheet.

Stored-value Cards

We issue stored-value cards that may be redeemed on future merchandise purchases. Our stored-value cards have no expiration dates. Revenue from stored-value cards is recognized at a point in time upon redemption of the card and as control of the merchandise is transferred to the customer. Revenue from estimated unredeemed stored-value cards (breakage) is recognized in a manner consistent with our historical redemption patterns over the estimated period of redemption of our cards of approximately four years, the majority of which is recognized within one year of the card issuance. Breakage revenue is not material to our Condensed Consolidated Financial Statements.

Credit Card Incentives

We enter into agreements with credit card issuers in connection with our private label and co-branded credit cards whereby we receive cash incentives in exchange for promised services, such as licensing our brand names and marketing the credit card program to customers. Services promised under these agreements are interrelated and are thus considered a single performance obligation. Revenue is recognized over time as we transfer promised services throughout the contract term.

Customer Loyalty Programs

We have customer loyalty programs which allow members to earn points for each qualifying purchase. Points earned enable members to receive certificates that may be redeemed on future merchandise purchases. This customer option is a material right and, accordingly, represents a separate performance obligation to the customer. The allocated consideration for the points earned by our loyalty program members is deferred based on the standalone selling price of the points and recorded within gift card and other deferred revenue within our Condensed Consolidated Balance Sheet. The measurement of standalone selling prices takes into consideration the discount the customer would receive in a separate transaction for the delivered item, as well as our estimate of certificates expected to be redeemed, based on historical redemption patterns. This measurement is applied to our portfolio of performance obligations for points earned, as all obligations have similar economic characteristics. We believe the impact to our Condensed Consolidated Financial Statements would not be materially different if this measurement was applied to each individual performance obligation. Revenue is recognized for these performance obligations at a point in time when certificates are redeemed by the customer. These obligations relate to contracts with terms less than one year, as our certificates generally expire within six months from issuance.

Deferred Revenue

We defer revenue when cash payments are received in advance of satisfying performance obligations, primarily associated with our stored-value cards, merchandise sales, and incentives received from credit card issuers. As of May 2, 2021 and May 3, 2020, we had recorded \$392,807,000 and \$301,031,000 for gift card and other deferred revenue in our Condensed Consolidated Balance Sheet, substantially all of which is expected to be recognized into revenue within the next 12 months.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or are proven incorrect, could cause our business and results of operations to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements include statements related to: the continuing impact of the COVID-19 pandemic on our business, results of operations and financial condition; our revenue growth; our expanded operating margin; production, transportation and supply chain; our strategic initiatives; our beliefs regarding customer behavior and industry trends; our merchandise strategies; our growth strategies for our brands; our beliefs regarding the resolution of current lawsuits, claims and proceedings; our stock repurchase program; our expectations regarding our cash flow hedges and foreign currency risks; our planned use of cash, including our commitment to continue or increase quarterly dividend payments; our future compliance with the financial covenants contained in our credit facility; our belief that our cash on-hand, in addition to our available credit facility, will provide adequate liquidity for our business operations over the next 12 months; our beliefs regarding our exposure to foreign currency exchange rate fluctuations; and our beliefs regarding seasonal patterns associated with our business, as well as statements of belief and statements of assumptions underlying any of the foregoing. You can identify these and other forward-looking statements by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "potential,"

“continue,” or the negative of such terms, or other comparable terminology. The risks, uncertainties and assumptions referred to above that could cause our results to differ materially from the results expressed or implied by such forward-looking statements include, but are not limited to, those discussed under the heading “Risk Factors” in this document and our Annual Report on Form 10-K for the year ended January 31, 2021, and the risks, uncertainties and assumptions discussed from time to time in our other public filings and public announcements. All forward-looking statements included in this document are based on information available to us as of the date hereof, and we assume no obligation to update these forward-looking statements.

OVERVIEW

Williams-Sonoma, Inc. is a specialty retailer of high-quality sustainable products for the home. Our products, representing distinct merchandise strategies – Williams Sonoma, Pottery Barn, Pottery Barn Kids, Pottery Barn Teen, West Elm, Williams Sonoma Home, Rejuvenation, and Mark and Graham – are marketed through e-commerce websites, direct-mail catalogs and retail stores. These brands are also part of The Key Rewards, our free-to-join loyalty program that offers members exclusive benefits across the Williams-Sonoma family of brands. We operate in the U.S., Puerto Rico, Canada, Australia and the United Kingdom, offer international shipping to customers worldwide, and have unaffiliated franchisees that operate stores in the Middle East, the Philippines, Mexico, South Korea, and India as well as e-commerce websites in certain locations. We are also proud to lead the industry with our Environmental, Social and Governance (“ESG”) efforts.

The following discussion and analysis of financial condition, results of operations, and liquidity and capital resources for the thirteen weeks ended May 2, 2021 (“first quarter of fiscal 2021”), as compared to the thirteen weeks ended May 3, 2020 (“first quarter of fiscal 2020”), should be read in conjunction with our Condensed Consolidated Financial Statements and the notes thereto. All explanations of changes in operational results are discussed in order of magnitude.

COVID-19

In March 2020, we announced the temporary closures of all of our retail store operations to protect our employees, customers and the communities in which we operate and to help contain the COVID-19 pandemic. As of May 2, 2021, all of our U.S.-based and the majority of our global retail stores have reopened for in-person shopping. However, we continue to experience intermittent closures or restrictions on retail capacity in certain geographies, in accordance with state and local guidelines, which may continue to impact our store traffic and retail revenues in the future and result in future store impairments. We continue to operate our e-commerce sites and distribution centers and continue to deliver products to our customers. However, we have experienced, and expect to continue to experience, delays in inventory receipts, increased raw material costs and higher shipping-related charges as a result of port slowdowns and congestions, as well as shipping container and foam shortages, due in part to the impact from COVID-19.

First Quarter of Fiscal 2021 Financial Results

Net revenues in the first quarter of fiscal 2021 increased by \$513,826,000 or 41.6%, compared to the first quarter of fiscal 2020, with comparable brand revenue growth of 40.4% and double-digit comparable revenue growth across all our brands. This was primarily driven by strength in both our e-commerce and retail channels due to an increase in demand for our product and higher average selling prices, which includes the impact of stores operating at a limited capacity due to COVID-19 during the first quarter of fiscal 2020. The increase in net revenues also included an 81.2% increase in international revenues primarily related to our franchise and company-owned operations. On a two-year basis, despite the impact of COVID-19 during the first quarter of fiscal 2020, comparable brand revenues increased 43.0%, with growth in both channels.

For the first quarter of fiscal 2021, we delivered double-digit comparable brand revenue growth across all our brands. In West Elm, we delivered strong comparable brand revenue growth of 50.9% during the quarter. Our aggressive expansion in the outdoor category has been successful, and our outdoor furniture business growth was driven by line extensions in our top performing collections and new product introductions. The Pottery Barn brand delivered comparable brand revenue growth of 41.3% for the quarter. Our rustic modern, casual point of view in furniture, home furnishings, and decorating drove growth in all categories. Growth in our bath renovation business accelerated, and our Marketplace business gained momentum. The Williams Sonoma brand delivered comparable brand revenue growth of 35.3% where cooking at home and now entertaining at home are driving our customers’ purchases. This quarter we saw significant growth in all areas of entertaining, particularly outdoors and Easter gatherings. In our Pottery Barn Kids and Teen business, we delivered 27.6% comparable brand revenue growth. We continue to strengthen our leadership in the children’s home furnishings market with our emphasis on design and sustainability. Our furniture remains a core driver of growth for the brand, and we also saw outsized growth in key initiatives such as Baby, and our aesthetic expansion into Modern. And, our emerging brands Rejuvenation and Mark and Graham, combined delivered another quarter of double-digit comparable brand revenue growth of 35.1%.

As of May 2, 2021, we had approximately \$639,670,000 in cash and generated positive operating cash flow of \$238,881,000 year-to-date. In addition to our strong cash balance, we also ended the quarter with no amount outstanding under our line of credit. This strong liquidity position allowed us to fund the operations of the business, provide shareholder returns of approximately \$361,105,000 through share repurchases and dividends, and repay in full, prior to maturity, our \$300,000,000 term loan facility.

For the first quarter of fiscal 2021, diluted earnings per share was \$2.90 (which included a \$0.03 impact related to acquisition-related compensation expense and amortization of acquired intangibles of Outward, Inc.), versus \$0.45 in the first quarter of fiscal 2020 (which included a \$0.15 impact related to store asset impairments, an \$0.11 impact related to inventory write-offs, and a \$0.03 impact related to acquisition-related compensation expense and amortization of acquired intangibles of Outward, Inc.).

Looking Ahead

Looking forward to the balance of the year, we will continue to focus on driving net revenue and operating margin growth. We believe our revenue growth will be driven by the continued strength of our business year-to-date, the strong housing environment and people's deeper appreciation for the home, the momentum in our growth initiatives, and planned improvement in our inventory enabling us to fill our backorders throughout the year. We believe our operating margin expansion will be driven by overall sales leverage, continued occupancy leverage from the renegotiation of our lease agreements and store closures, continued expansion in our merchandise margins from our on-going focus on more content-led marketing and more value-engineered products, as well as from overall strong financial discipline. However, production and global transportation constraints remain challenging industry-wide and, as a result, we continue to see elevated backorders and delays throughout the supply chain. Further, we have experienced and may continue to experience shipping and product cost increases that continue to pressure the industry. In addition, we continue to experience intermittent closures or restrictions on retail capacity in certain geographies, in accordance with state and local guidelines, which may continue to impact our store traffic and retail revenues in the future and result in future store impairments. Overall, the long-term impact of COVID-19 on our business, results of operations and financial condition still remains uncertain. For more information on risks associated with COVID-19, please see "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

NET REVENUES

Net revenues primarily consist of sales of merchandise to our customers through our e-commerce websites, direct mail catalogs, and at our retail stores and include shipping fees received from customers for delivery of merchandise to their homes. Our revenues also include sales to our franchisees and wholesale customers, breakage income related to our stored-value cards, and incentives received from credit card issuers in connection with our private label and co-branded credit cards.

Net revenues in the first quarter of fiscal 2021 increased by \$513,826,000 or 41.6%, compared to the first quarter of fiscal 2020, with comparable brand revenue growth of 40.4% and double-digit comparable revenue growth across all our brands. This was primarily driven by strength in both our e-commerce and retail channels due to an increase in demand for our product and higher average selling prices, which includes the impact of stores operating at a limited capacity due to COVID-19 during the first quarter of fiscal 2020. The increase in net revenues also included an 81.2% increase in international revenues primarily related to our franchise and company-owned operations. On a two-year basis, despite the impact of COVID-19 during the first quarter of fiscal 2020, comparable brand revenues increased 43.0%, with growth in both channels.

Comparable Brand Revenue

Comparable brand revenue includes comparable store sales and e-commerce sales, including through our direct mail catalogs, as well as shipping fees, sales returns and other discounts associated with current period sales. Comparable stores are typically defined as permanent stores where gross square footage did not change by more than 20% in the previous 12 months and which have been open for at least 12 consecutive months without closure for seven or more consecutive days. Comparable stores that were temporarily closed due to COVID-19 were not excluded from the comparable stores calculation. Outlet comparable store net revenues are included in their respective brands. Sales to our international franchisees are excluded from comparable brand revenue as their stores and e-commerce websites are not operated by us. Sales from certain operations are also excluded until such time that we believe those sales are meaningful to evaluating their performance. Additionally, comparable brand revenue growth for newer concepts is not separately disclosed until such time that we believe those sales are meaningful to evaluating the performance of the brand.

Comparable brand revenue growth (decline)	Thirteen Weeks Ended	
	May 2, 2021	May 3, 2020
Pottery Barn	41.3 %	(1.1 %)
West Elm	50.9 %	3.3 %
Williams Sonoma	35.3 %	5.4 %
Pottery Barn Kids and Teen	27.6 %	8.5 %
Total ¹	40.4 %	2.6 %

¹ Total comparable brand revenue growth includes the results of Rejuvenation and Mark and Graham.

STORE DATA

	Store Count ¹					Average Leased Square Footage Per Store	
	January 31, 2021	Openings	Closings	May 2, 2021	May 3, 2020	May 2, 2021	May 3, 2020
Williams Sonoma	198	—	(3)	195	212	6,800	6,900
Pottery Barn	195	2	(2)	195	201	14,600	14,400
West Elm	121	—	—	121	119	13,100	13,200
Pottery Barn Kids	57	—	—	57	74	7,800	7,700
Rejuvenation	10	—	—	10	10	8,500	8,500
Total	581	2	(5)	578	616	10,900	10,700
Store selling square footage at period-end						3,972,000	4,148,000
Store leased square footage at period-end						6,289,000	6,580,000

¹ Store count data does not reflect temporary closures due to COVID-19.

COST OF GOODS SOLD

In thousands	Thirteen Weeks Ended			
	May 2, 2021	% Net Revenues	May 3, 2020	% Net Revenues
Cost of goods sold ¹	\$ 996,176	57.0 %	\$ 820,943	66.5 %

¹ Includes total occupancy expenses of \$175.7 million and \$174.9 million for the first quarter of fiscal 2021 and the first quarter of fiscal 2020, respectively.

Cost of goods sold includes cost of goods, occupancy expenses and shipping costs. Cost of goods consists of cost of merchandise, inbound freight expenses, freight-to-store expenses and other inventory related costs such as replacements, damages, obsolescence and shrinkage. Occupancy expenses consist of rent, depreciation and other occupancy costs, including common area maintenance, property taxes and utilities. Shipping costs consist of third-party delivery services and shipping materials.

Our classification of expenses in cost of goods sold may not be comparable to other public companies, as we do not include non-occupancy related costs associated with our distribution network in cost of goods sold. These costs, which include distribution network employment, third-party warehouse management and other distribution related administrative expenses, are recorded in selling, general and administrative expenses.

First Quarter of Fiscal 2021 vs. First Quarter of Fiscal 2020

Cost of goods sold increased by \$175,233,000, or 21.3%, in the first quarter of fiscal 2021 compared to the first quarter of fiscal 2020. Cost of goods sold as a percentage of net revenues decreased to 57.0% in the first quarter of fiscal 2021 from 66.5% in the first quarter of fiscal 2020. This decrease was primarily driven by higher merchandise margins, driven by reduced promotional activity, the leverage of occupancy costs, inventory write-offs of \$11,378,000 (from the closure of our outlet stores

due to COVID-19 in the first quarter of fiscal 2020 that did not recur in the first quarter of fiscal 2021), and the leverage of shipping costs (which reflects a higher mix of retail revenues versus the first quarter of fiscal 2020).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands</i>	Thirteen Weeks Ended			
	May 2, 2021	% Net Revenues	May 3, 2020	% Net Revenues
Selling, general and administrative expenses	\$ 477,676	27.3 %	\$ 365,615	29.6 %

Selling, general and administrative expenses consist of non-occupancy related costs associated with our retail stores, distribution and manufacturing facilities, customer care centers, supply chain operations (buying, receiving and inspection) and corporate administrative functions. These costs include employment, advertising, third party credit card processing and other general expenses.

First Quarter of Fiscal 2021 vs. First Quarter of Fiscal 2020

Selling, general and administrative expenses increased by \$112,061,000, or 30.7%, in the first quarter of fiscal 2021, compared to the first quarter of fiscal 2020. Selling, general and administrative expenses as a percentage of net revenues decreased to 27.3% in the first quarter of fiscal 2021 from 29.6% in the first quarter of fiscal 2020. This decrease was primarily driven by the leverage of employment costs and other general expenses from higher sales and overall cost discipline, as well as store asset impairment charges of approximately \$15,620,000 due to the impact of COVID-19 on our retail stores in the first quarter of fiscal 2020 that did not recur in fiscal 2021. This decrease was partially offset by higher advertising costs in the first quarter of fiscal 2021 compared to significantly reduced advertising costs as a result of our initial financial response to COVID-19 in the first quarter of fiscal 2020.

INCOME TAXES

The effective tax rate was 16.6% for the first quarter of fiscal 2021 compared to 23.8% for the first quarter of fiscal 2020. The decrease in the effective tax rate is primarily due to an increase in our excess tax benefit from stock-based compensation in the first quarter of fiscal 2021 compared to the first quarter of fiscal 2020.

LIQUIDITY AND CAPITAL RESOURCES

As of May 2, 2021, we held \$639,670,000 in cash and cash equivalents, the majority of which was held in interest-bearing demand deposit accounts and money market funds, and of which \$152,431,000 was held by our international subsidiaries. As is consistent within our industry, our cash balances are seasonal in nature, with the fourth quarter historically representing a significantly higher level of cash than other periods.

For the remainder of fiscal 2021, we plan to use our cash resources to fund our inventory and inventory-related purchases, employment-related costs, advertising and marketing initiatives, stock repurchases and dividend payments, and property and equipment purchases.

In addition to our cash balances, we have a credit facility which provides for a \$500,000,000 unsecured revolving line of credit (“revolver”). The revolver may be used to borrow revolving loans or to request the issuance of letters of credit. We may, upon notice to the administrative agent, request existing or new lenders to increase the revolver by up to \$250,000,000, at such lenders’ option, to provide for a total of \$750,000,000 of unsecured revolving credit. Our credit facility also provided for a \$300,000,000 unsecured term loan facility (“term loan”). In February 2021, prior to maturity, we repaid the full outstanding balance of \$300,000,000 on our term loan.

During the first quarter of fiscal 2021, we had no borrowings under the revolver. Additionally, as of May 2, 2021, a total of \$12,601,000 in issued but undrawn standby letters of credit was outstanding under the credit facility. The standby letters of credit were primarily issued to secure the liabilities associated with workers’ compensation and other insurance programs.

In addition to the credit facility, during the second quarter of fiscal 2020 we entered into a new agreement (the “364-Day Credit Agreement”) for an additional \$200,000,000 unsecured revolving line of credit. During the first quarter of fiscal 2021, we had no borrowings under the 364-Day Credit Agreement. We did not renew the 364-Day Credit Agreement upon its maturity in May 2021.

The credit facility contains and the 364-Day Credit Agreement contained certain restrictive loan covenants, including, among others, a financial covenant requiring a maximum leverage ratio (funded debt adjusted for lease and rent expense to earnings before interest, income tax, depreciation, amortization and rent expense), and covenants limiting our ability to incur indebtedness, grant liens, make acquisitions, merge or consolidate, and dispose of assets. As of May 2, 2021, we were in compliance with our financial covenants under the credit facility and the 364-Day Credit Agreement and, based on our current projections, we expect to remain in compliance with the remaining credit facility throughout the next 12 months. We believe our cash on hand, in addition to our available credit facility, will provide adequate liquidity for our business operations over the next 12 months.

Letter of Credit Facilities

We have three unsecured letter of credit reimbursement facilities for a total of \$35,000,000, each of which matures on August 22, 2021. The letter of credit facilities contain covenants that are consistent with our credit facility. Interest on unreimbursed amounts under the letter of credit facilities accrues at a base rate as defined in the credit facility, plus an applicable margin based on our leverage ratio. As of May 2, 2021, an aggregate of \$5,836,000 was outstanding under the letter of credit facilities, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. The latest expiration date possible for any future letters of credit issued under the facilities is January 19, 2022.

Cash Flows from Operating Activities

For the first quarter of fiscal 2021, net cash provided by operating activities was \$238,881,000 compared to \$53,873,000 for the first quarter of fiscal 2020. For the first quarter of fiscal 2021, net cash provided by operating activities was primarily attributable to net earnings adjusted for non-cash items, partially offset by a decrease in accrued expenses and other liabilities as well as an increase in merchandise inventories. Net cash provided by operating activities for the first quarter of fiscal 2021 increased compared to the first quarter of fiscal 2020 primarily due to an increase in net earnings and an increase in accounts payable, partially offset by an increase in merchandise inventories.

Cash Flows from Investing Activities

For the first quarter of fiscal 2021, net cash used in investing activities was \$42,267,000 compared to \$42,079,000 for the first quarter of fiscal 2020, and was primarily attributable to purchases of property and equipment.

Cash Flows from Financing Activities

For the first quarter of fiscal 2021, net cash used in financing activities was \$759,556,000 compared to net cash provided by financing activities of \$419,520,000 for the first quarter of fiscal 2020. For the first quarter of fiscal 2021, net cash used in financing activities was primarily attributable to the repurchases of common stock, the repayment of our term loan and tax withholdings related to stock-based awards. Net cash used in financing activities for the first quarter of fiscal 2021 increased compared to net cash provided by financing activities for the first quarter of fiscal 2020 primarily due to borrowings under our revolving line of credit in the first quarter of fiscal 2020 that did not recur in the first quarter of fiscal 2021, an increase in repurchases of common stock, and the repayment of our term loan in the first quarter of fiscal 2021.

Stock Repurchase Program and Dividends

See Note G to our Condensed Consolidated Financial Statements, *Stock Repurchase Program and Dividends*, within Item 1 of this Quarterly Report on Form 10-Q for further information.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ significantly from these estimates. During the first quarter of fiscal 2021, there were no significant changes to the critical accounting policies discussed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

Seasonality

Our business is subject to substantial seasonal variations in demand. Historically, a significant portion of our revenues and net earnings have been realized during the period from October through January, and levels of net revenues and net earnings have typically been lower during the period from February through September. We believe this is the general pattern associated with the retail industry. In preparation for and during our holiday selling season, we hire a substantial number of additional temporary employees, primarily in our retail stores, customer care centers and distribution facilities, and incur significant fixed catalog production and mailing costs.

Contractual Obligations, Commitments, Contingencies and Off-balance Sheet Arrangements

There were no material changes during the quarter to the Company's contractual obligations, commitments, contingencies and off-balance sheet arrangements that are described in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2021, which is incorporated herein by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, which include significant deterioration of the U.S. and foreign markets, changes in U.S. interest rates, foreign currency exchange rate fluctuations, and the effects of economic uncertainty which may affect the prices we pay our vendors in the foreign countries in which we do business. We do not engage in financial transactions for trading or speculative purposes.

Interest Rate Risk

Our revolver has a variable interest rate which, when drawn upon, subjects us to risks associated with changes in that interest rate. During the first quarter of fiscal 2021, we had no borrowings under the revolver. A hypothetical increase or decrease of one percentage point on our existing variable rate debt instruments would not materially affect our results of operations or cash flows.

In addition, we have fixed and variable income investments consisting of short-term investments classified as cash and cash equivalents, which are also affected by changes in market interest rates. As of May 2, 2021, our investments, made primarily in interest-bearing demand deposit accounts and money market funds, are stated at cost and approximate their fair values.

Foreign Currency Risks

We purchase the majority of our inventory from vendors outside of the U.S. in transactions that are denominated in U.S. dollars and, as such, any foreign currency impact related to our international purchase transactions was not significant to us during the first quarter of fiscal 2021 or the first quarter of fiscal 2020. Since we pay for the majority of our international purchases in U.S. dollars, however, a decline in the U.S. dollar relative to other foreign currencies would subject us to risks associated with increased purchasing costs from our vendors in their effort to offset any lost profits associated with any currency devaluation. We cannot predict with certainty the effect these increased costs may have on our financial statements or results of operations.

In addition, our businesses in Canada, Australia and the United Kingdom, and our operations throughout Asia and Europe, expose us to market risk associated with foreign currency exchange rate fluctuations. Substantially all of our purchases and sales are denominated in U.S. dollars, which limits our exposure to this risk. However, some of our foreign operations have a functional currency other than the U.S. dollar. While the impact of foreign currency exchange rate fluctuations was not material to us in the first quarter of fiscal 2021 or the first quarter of fiscal 2020, we have continued to see volatility in the exchange rates in the countries in which we do business. As we continue to expand globally, the foreign currency exchange risk related to our foreign operations may increase. To mitigate this risk, we hedge a portion of our foreign currency exposure with foreign currency forward contracts in accordance with our risk management policies (see Note H to our Condensed Consolidated Financial Statements).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of May 2, 2021, an evaluation was performed by management, with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures are effective.

to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for timely discussions regarding required disclosures, and that such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the first quarter of fiscal 2021, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

Information required by this Item is contained in Note F to our Condensed Consolidated Financial Statements within Part I of this Form 10-Q.

ITEM 1A. RISK FACTORS

See Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 31, 2021 for a description of the risks and uncertainties associated with our business. There were no material changes to such risk factors in the current quarterly reporting period.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In March 2021, our Board of Directors authorized a new stock repurchase program for a total of \$1,000,000,000, which replaced our existing program. The following table provides information as of May 2, 2021 with respect to shares of common stock we repurchased during the first quarter of fiscal 2021 under our prior and new stock repurchase programs. For additional information, please see Note G to our Condensed Consolidated Financial Statements within Part I of this Form 10-Q.

Fiscal Period	Total Number of Shares Purchased ¹	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program ¹	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Program
February 1, 2021 – February 28, 2021	85,932	\$ 127.37	85,932	\$ 414,036,000
March 1, 2021 – March 28, 2021	361,807	\$ 167.29	361,807	\$ 947,889,000
March 29, 2021 – May 2, 2021	1,342,986	\$ 181.73	1,342,986	\$ 703,833,000
Total	1,790,725	\$ 176.20	1,790,725	\$ 703,833,000

¹ Excludes shares withheld for employee taxes upon vesting of stock-based awards.

Stock repurchases under our program may be made through open market and privately negotiated transactions at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, capital availability and other market conditions. The stock repurchase program does not have an expiration date and may be limited or terminated at any time without prior notice.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Exhibit Description
10.1+*	Williams-Sonoma, Inc. 2021 Incentive Bonus Plan
31.1*	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
31.2*	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended May 2, 2021, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Earnings, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Interactive Data Files submitted under Exhibit 101).

+ Indicates a management contract or compensatory plan or arrangement.

* Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WILLIAMS-SONOMA, INC.

By: /s/ Julie Whalen

Julie Whalen

Duly Authorized Officer and Chief Financial Officer

Date: June 9, 2021

WILLIAMS-SONOMA, INC.
2021 INCENTIVE BONUS PLAN

1. Adoption, Name and Effective Date. The Williams-Sonoma, Inc. (the “Company”) 2021 Incentive Bonus Plan (this “Plan”) became effective on March 16, 2021.

2. Purpose. The purpose of this Plan is to provide additional compensation as an incentive to executive officers and key employees to attain certain specified performance objectives of the Company and to help ensure the continued availability of their full-time or part-time services to the Company and its subsidiaries and affiliated corporations.

3. Administrative Committee. This Plan will be administered by the Compensation Committee (the “Committee”) of the Company’s Board of Directors. The Committee is hereby vested with full powers of administration, subject only to the provisions set forth herein.

The Committee may adopt, amend or revoke such rules and procedures as it deems proper for the administration of this Plan.

The Committee shall have the full and final discretion and authority, subject to the provisions of this Plan, to grant awards pursuant to this Plan, to construe and interpret this Plan and to make all other determinations and take all other actions, which it deems necessary or appropriate for the proper administration of this Plan. All such interpretations, actions and determinations shall be conclusively binding for all purposes and upon all persons.

4. Eligibility. For each Company fiscal year, the participants eligible to share in the benefits of this Plan are persons (collectively, “executives” or “participants”) who are “executive officers” of the Company, as such term is defined in Rule 3b-7 under the Securities Exchange Act of 1934, as amended (or any successor rule or regulation), or who are otherwise key employees, in each case, that have been selected to participate in the Plan for such fiscal year by the Committee. Except as otherwise provided by the Committee, a participant whose employment or service relationship with the Company is terminated for any reason prior to the end of any award period will not be entitled to participate in this Plan or receive any benefits with respect to the then current or any later fiscal year, unless he or she again becomes eligible to participate in this Plan under the first sentence of this Section 4.

5. Determination of Awards; Award Limits.

5.1 Performance Goals for Determination of Awards. The Committee in its discretion may establish, for each participant in this Plan and for each performance award period, a performance award opportunity based upon the achievement of any one or more of the following performance criteria (applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, division, department, business unit, affiliate, subsidiary or business segment, and measured either on an absolute basis, a per-share basis or relative to a pre-established target, to a previous period’s results or to a designated comparison group), which may be adjusted pursuant to items adopted by the Committee at the time the performance goal is established: (i) revenue (on an absolute basis or adjusted for currency effects); (ii) cash flow (including, without limitation, operating cash flow, free cash flow or net cash flow); (iii) cash position; (iv) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings or earnings before interest, taxes, depreciation and amortization); (v) earnings per share; (vi) gross margin; (vii) net income; (viii) operating expenses or operating expenses as a percentage of revenue; (ix) operating income or net operating income; (x) return on assets or net assets; (xi) return on equity; (xii) return on sales; (xiii) total stockholder return; (xiv) stock price; (xv) growth in stockholder value relative to the moving average of the S&P 500 Index, or another index; (xvi) return on capital; (xvii) return on investment; (xviii) economic value added; (xix) operating margin; (xx) market share; (xxi) overhead or other expense reduction; (xxii) credit rating; (xxiii) objective customer indicators; (xxiv) objective improvements in productivity; (xxv) attainment of objective operating goals; (xxvi) objective employee metrics; (xxvii) return ratios; (xxviii) profit; (xxix) objective qualitative milestones; or (xxx) other objective financial or other metrics relating to the progress of the Company or region, division, department, business unit, affiliate, subsidiary or business segment thereof. The performance goals may differ from participant to participant, within or between award periods and from award to award.

5.2 Award Limits. The maximum award under this Plan for each award period to any participant shall not exceed \$10,000,000. Each performance goal established under this Plan shall be established by the Committee not later than the earlier of the date which is 90 days after the first day of the performance award period, or the date on which 25% of the award period has elapsed.

5.3 Determination of Amount of Individual Awards. For each award period, each participant for such award period shall receive an award equal to the specific amount (subject to decrease as provided in this Section 5.3) determined under the performance goals established pursuant to Section 5.1; provided, however, that the Committee may waive (or provide for the waiver of) the applicable performance goal(s) in the event of a change in control, in the event of a participant’s death or disability or in the

event of other circumstances determined by the Committee. The Committee shall not have the discretion to increase, but shall have the discretion to decrease (for any reason, including, without limitation, individual performance), any award determined in accordance with this Plan.

6. Award Periods; Payment of Awards.

6.1 Award Periods. All awards shall be made on the basis of an award period, which shall consist of one or more fiscal years of the Company, or one or more quarters thereof. The award period may be different for different awards.

6.2 Committee Certifications. As a condition precedent to the payment of any award, the Committee shall certify, following the end of the award period, that the objective performance goal for the award has been satisfied. The Committee shall make such determination by means of a written resolution or certification of the Committee that is maintained in the minute book of the Company.

6.3 Payment of Awards. Awards under this Plan will be paid in cash, reasonably promptly following the conclusion of the award period and the certification of the Committee as set forth in Section 6.2, but in no event later than the fifteenth (15th) day of the third month immediately following the conclusion of the fiscal year of the Company in which or with which the award period ends. All awards under this Plan will be subject to withholding for applicable employment and income taxes.

6.4 Termination of Employment. Except as otherwise determined by the Committee, an award that would otherwise be payable to a participant who is not employed by the Company on the last day of an award period will not be paid (or will not be granted, as the case may be). It is the intent of this Plan to comply with the short-term deferral exemption under Section 409A so that none of the awards payable hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Agreement, "Section 409A" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any final Treasury Regulations and other Internal Revenue Service guidance thereunder, as each may be amended from time to time.

7. Nonassignment. The interest of any participant in this Plan is not assignable either by voluntary or involuntary assignment or operation of law (except that, in the event of death, earned and unpaid amounts shall be payable to the legal successor of a participant).

8. Indemnification. No employee, member of the Committee or director of the Company will have any liability for any decision or action if made or done in good faith, nor for any error or miscalculation unless such error or miscalculation is the result of his or her fraud or deliberate disregard of any provisions of this Plan. The Company will indemnify each director, member of the Committee and any employee acting in good faith pursuant to the Plan against any loss or expense arising therefrom.

9. Amendment, Suspension or Termination. The Committee may from time to time amend, suspend or terminate, in whole or in part, any or all the provisions of this Plan; provided, however, that no such action shall adversely affect the right of any participant with respect to any award of which he or she may have become entitled to payment hereunder prior to the effective date of such amendment, suspension or termination.

10. Limitations; Participation in Other Plans. This Plan is not to be construed as constituting a contract of employment or for services. Nothing contained herein will affect or impair the Company's right to terminate the employment or other contract for services of a participant hereunder, with or without cause or notice, or entitle a participant to receive any particular level of compensation. The Company's obligation hereunder to make awards merely constitutes the unsecured promise of the Company to make such awards from its general assets, and no participant hereunder will have any interest in, or a lien or prior claim upon, any property of the Company. Nothing herein nor the participation by any participant shall limit the ability of such participant to participate in any other compensatory plan or arrangement of the Company, or to receive a bonus from the Company other than under this Plan.

11. Governing Law. The terms of this Plan will be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflict of laws.

12. Term. This Plan shall continue in place until terminated by the Committee as provided in Section 9.

CERTIFICATION

I, Laura Alber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Williams-Sonoma, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2021

By: /s/ Laura Alber
 Laura Alber
 Chief Executive Officer

CERTIFICATION

I, Julie Whalen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Williams-Sonoma, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2021

By: /s/ Julie Whalen
 Julie Whalen
 Chief Financial Officer

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended May 2, 2021 of Williams-Sonoma, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Laura Alber, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

By: /s/ Laura Alber
Laura Alber
Chief Executive Officer

Date: June 9, 2021

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended May 2, 2021 of Williams-Sonoma, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Julie Whalen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

By: /s/ Julie Whalen
Julie Whalen
Chief Financial Officer

Date: June 9, 2021