

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 27, 2024.

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)

(415) 421-7900

(Registrant's telephone number, including area code)

(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

Non-accelerated filer

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 November 17, 2024, 123,099,943 shares of the registrant's Common Stock were outstanding.

**WILLIAMS-SONOMA, INC.
REPORT ON FORM 10-Q
FOR THE QUARTER ENDED OCTOBER 27, 2024**

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ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

<i>(In thousands, except per share amounts)</i>	For the Thirteen Weeks Ended		For the Thirty-nine Weeks Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Net revenues	\$ 1,800,668	\$ 1,853,650	\$ 5,249,323	\$ 5,471,715
Cost of goods sold	958,953	1,031,290	2,778,767	3,216,729
Gross profit	841,715	822,360	2,470,556	2,254,986
Selling, general and administrative expenses	521,072	507,283	1,536,169	1,468,884
Operating income	320,643	315,077	934,387	786,102
Interest income, net	11,802	7,182	43,063	16,015
Earnings before income taxes	332,445	322,259	977,450	802,117
Income taxes	83,492	84,974	237,086	206,794
Net earnings	\$ 248,953	\$ 237,285	\$ 740,364	\$ 595,323
Basic earnings per share	\$ 1.99	\$ 1.85	\$ 5.81	\$ 4.60
Diluted earnings per share	\$ 1.96	\$ 1.83	\$ 5.74	\$ 4.56
Shares used in calculation of earnings per share:				
Basic	125,333	128,285	127,334	129,436
Diluted	126,892	129,549	129,019	130,596

See Notes to Condensed Consolidated Financial Statements.

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

<i>(In thousands)</i>	For the Thirteen Weeks Ended		For the Thirty-nine Weeks Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Net earnings	\$ 248,953	\$ 237,285	\$ 740,364	\$ 595,323
Other comprehensive income (loss):				
Foreign currency translation adjustments	(13)	(4,028)	(1,404)	(4,062)
Change in fair value of derivative financial instruments, net of tax of \$0, \$27, \$0, and \$57.	—	78	1	163
Reclassification adjustment for realized gains (losses) on derivative financial instruments, net of tax of \$0, \$40, \$(33), and \$316.	—	(114)	94	(896)
Comprehensive income	\$ 248,940	\$ 233,221	\$ 739,055	\$ 590,528

See Notes to Condensed Consolidated Financial Statements.

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

	As of		
	October 27, 2024	January 28, 2024	October 29, 2023
<i>(In thousands, except per share amounts)</i>			
ASSETS			
Current assets			
Cash and cash equivalents	\$ 826,784	\$ 1,262,007	\$ 698,807
Accounts receivable, net	105,620	122,914	124,238
Merchandise inventories, net	1,450,135	1,246,369	1,396,864
Prepaid expenses	84,810	59,466	100,045
Other current assets	19,432	29,041	27,381
Total current assets	2,486,781	2,719,797	2,347,335
Property and equipment, net	1,019,874	1,013,189	1,026,819
Operating lease right-of-use assets	1,147,673	1,229,650	1,235,425
Deferred income taxes, net	109,444	110,656	76,272
Goodwill	77,301	77,306	77,279
Other long-term assets, net	127,267	122,950	120,639
Total assets	\$ 4,968,340	\$ 5,273,548	\$ 4,883,769
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$ 665,803	\$ 607,877	\$ 675,505
Accrued expenses	235,146	264,306	203,958
Gift card and other deferred revenue	583,022	573,904	528,403
Income taxes payable	28,400	96,554	53,139
Operating lease liabilities	231,667	234,517	231,236
Other current liabilities	101,272	103,157	96,745
Total current liabilities	1,845,310	1,880,315	1,788,986
Long-term operating lease liabilities	1,083,809	1,156,104	1,163,631
Other long-term liabilities	132,612	109,268	117,918
Total liabilities	3,061,731	3,145,687	3,070,535
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; 123,876, 128,301 and 128,270 shares issued and outstanding at October 27, 2024, January 28, 2024 and October 29, 2023, respectively	1,239	1,284	1,283
Additional paid-in capital	545,205	587,960	571,765
Retained earnings	1,377,461	1,555,595	1,260,216
Accumulated other comprehensive loss	(16,861)	(15,552)	(18,604)
Treasury stock, at cost: 4, 6 and 6 shares as of October 27, 2024, January 28, 2024 and October 29, 2023, respectively	(435)	(1,426)	(1,426)
Total stockholders' equity	1,906,609	2,127,861	1,813,234
Total liabilities and stockholders' equity	\$ 4,968,340	\$ 5,273,548	\$ 4,883,769

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 28, 2024	128,301	\$ 1,284	\$ 587,960	\$1,555,595	\$ (15,552)	\$ (1,426)	\$ 2,127,861
Net earnings	—	—	—	265,666	—	—	265,666
Foreign currency translation adjustments	—	—	—	—	(1,342)	—	(1,342)
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	1	—	1
Release of stock-based awards ¹	687	6	(86,787)	—	—	(227)	(87,008)
Repurchases of common stock	(313)	(2)	(957)	(42,822)	—	—	(43,781)
Reissuance of treasury stock under stock-based compensation plans ¹	—	—	(1,218)	—	—	1,218	—
Stock-based compensation expense	—	—	22,191	—	—	—	22,191
Dividends declared	—	—	—	(74,030)	—	—	(74,030)
Balance at April 28, 2024	128,675	\$ 1,288	\$ 521,189	\$1,704,409	\$ (16,893)	\$ (435)	\$ 2,209,558
Net earnings	—	—	—	225,745	—	—	225,745
Foreign currency translation adjustments	—	—	—	—	(49)	—	(49)
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	94	—	94
Release of stock-based awards ¹	35	—	(1,842)	—	—	—	(1,842)
Repurchases of common stock ²	(922)	(10)	(2,808)	(127,700)	—	—	(130,518)
Stock-based compensation expense	—	—	21,633	—	—	—	21,633
Dividends declared	—	—	—	(74,391)	—	—	(74,391)
Balance at July 28, 2024	127,788	\$ 1,278	\$ 538,172	\$1,728,063	\$ (16,848)	\$ (435)	\$ 2,250,230
Net earnings	—	—	—	248,953	—	—	248,953
Foreign currency translation adjustments	—	—	—	—	(13)	—	(13)
Release of stock-based awards ¹	17	—	(1,883)	—	—	—	(1,883)
Repurchases of common stock ²	(3,929)	(39)	(12,155)	(526,955)	—	—	(539,149)
Stock-based compensation expense	—	—	21,071	—	—	—	21,071
Dividends declared	—	—	—	(72,600)	—	—	(72,600)
Balance at October 27, 2024	123,876	\$ 1,239	\$ 545,205	\$1,377,461	\$ (16,861)	\$ (435)	\$ 1,906,609

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

² Repurchases of common stock include accrued excise taxes of \$6.0 million as of October 27, 2024, which is recorded in retained earnings.

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 29, 2023	132,453	\$ 1,325	\$ 572,455	\$ 1,141,819	\$ (13,809)	\$ (739)	\$ 1,701,051
Net earnings	—	—	—	156,531	—	—	156,531
Foreign currency translation adjustments	—	—	—	—	(2,205)	—	(2,205)
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	242	—	242
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	(486)	—	(486)
Release of stock-based awards ¹	996	10	(49,327)	—	—	(201)	(49,518)
Repurchases of common stock ²	(5,005)	(50)	(14,778)	(286,573)	—	(1,000)	(302,401)
Reissuance of treasury stock under stock-based compensation plans ¹	—	—	(334)	(180)	—	514	—
Stock-based compensation expense	—	—	23,282	—	—	—	23,282
Dividends declared	—	—	—	(59,671)	—	—	(59,671)
Balance at April 30, 2023	128,444	\$ 1,285	\$ 531,298	\$ 951,926	\$ (16,258)	\$ (1,426)	\$ 1,466,825
Net earnings	—	—	—	201,507	—	—	201,507
Foreign currency translation adjustments	—	—	—	—	2,171	—	2,171
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	(157)	—	(157)
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	(296)	—	(296)
Release of stock-based awards ¹	25	—	(432)	—	—	—	(432)
Repurchases of common stock ²	(180)	(2)	(547)	(9,547)	—	—	(10,096)
Stock-based compensation expense	—	—	20,547	—	—	—	20,547
Dividends declared	—	—	—	(59,114)	—	—	(59,114)
Balance at July 30, 2023	128,289	\$ 1,283	\$ 550,866	\$ 1,084,772	\$ (14,540)	\$ (1,426)	\$ 1,620,955
Net earnings	—	—	—	237,285	—	—	237,285
Foreign currency translation adjustments	—	—	—	—	(4,028)	—	(4,028)
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	78	—	78
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	(114)	—	(114)
Release of stock-based awards ¹	24	—	(1,159)	—	—	—	(1,159)
Repurchases of common stock ²	(43)	—	(131)	(2,883)	—	—	(3,014)
Stock-based compensation expense	—	—	22,189	—	—	—	22,189
Dividends declared	—	—	—	(58,958)	—	—	(58,958)
Balance at October 29, 2023	128,270	\$ 1,283	\$ 571,765	\$ 1,260,216	\$ (18,604)	\$ (1,426)	\$ 1,813,234

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

² Repurchases of common stock include accrued excise taxes of \$2.5 million as of October 29, 2023, which is recorded in retained earnings.

See Notes to Condensed Consolidated Financial Statements.

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

<i>(In thousands)</i>	For the Thirty-nine Weeks Ended	
	October 27, 2024	October 29, 2023
Cash flows from operating activities:		
Net earnings	\$ 740,364	\$ 595,323
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	171,657	166,027
Loss on disposal/impairment of assets	4,494	19,143
Non-cash lease expense	192,501	186,764
Deferred income taxes	(9,003)	(7,993)
Tax benefit related to stock-based awards	10,472	12,455
Stock-based compensation expense	66,061	66,435
Other	(2,205)	(2,411)
Changes in:		
Accounts receivable	17,287	(8,928)
Merchandise inventories	(203,937)	56,770
Prepaid expenses and other assets	(21,393)	(35,857)
Accounts payable	37,239	164,958
Accrued expenses and other liabilities	(17,060)	(48,978)
Gift card and other deferred revenue	9,367	49,878
Operating lease liabilities	(200,947)	(200,168)
Income taxes payable	(68,154)	(8,005)
Net cash provided by operating activities	726,743	1,005,413
Cash flows from investing activities:		
Purchases of property and equipment	(154,354)	(134,830)
Other	360	402
Net cash used in investing activities	(153,994)	(134,428)
Cash flows from financing activities:		
Repurchases of common stock	(707,477)	(313,001)
Payment of dividends	(208,861)	(174,571)
Tax withholdings related to stock-based awards	(90,733)	(51,108)
Net cash used in financing activities	(1,007,071)	(538,680)
Effect of exchange rates on cash and cash equivalents	(901)	(842)
Net (decrease) increase in cash and cash equivalents	(435,223)	331,463
Cash and cash equivalents at beginning of period	1,262,007	367,344
Cash and cash equivalents at end of period	\$ 826,784	\$ 698,807

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 ("Company," "we," "us" or "our"). The Condensed Consolidated Balance Sheets as of October 27, 2024, January 28, 2024 and October 29, 2023, the Condensed Consolidated Statements of Earnings, the Condensed Consolidated Statements of Comprehensive Income, and the Condensed Consolidated Statements of Stockholders' Equity for the thirteen and thirty-nine weeks then ended and the Condensed Consolidated Statements of Cash Flows for the thirty-nine weeks then ended, have been prepared by us, and have not been audited. In our opinion, the financial statements include all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position at the balance sheet dates and the results of operations for the thirteen and thirty-nine weeks then ended. Intercompany transactions and accounts have been eliminated in our consolidation. The balance sheet as of January 28, 2024, 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 28, 2024.

The Company's fiscal year ends on the Sunday closest to January 31. All references to "fiscal 2024" represent the 53-week fiscal year that will end on February 2, 2025 and to "fiscal 2023" represent the 52-week fiscal year that ended January 28, 2024.

The results of operations for the thirteen and thirty-nine weeks ended October 27, 2024 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 28, 2024.

Beginning in fiscal 2021 and continuing through fiscal 2022, global supply chain disruptions caused delays in inventory receipts and backorder delays, increased raw material costs, and higher shipping-related charges. These disruptions improved in the fourth quarter of fiscal 2022. However, the costs from these supply chain challenges impacted our Condensed Consolidated Statement of Earnings in the first half of fiscal 2023.

Common Stock Split

On July 9, 2024, the Company effected a 2-for-1 stock split of its common stock through a stock dividend. All historical share and per share amounts, excluding treasury share amounts, in this Quarterly Report on Form 10-Q have been retroactively adjusted to reflect the stock split. The shares of common stock retain a par value of \$0.01 per share. Accordingly, an amount equal to the par value of the increased shares resulting from the stock split was reclassified from additional paid-in capital to common stock.

Out-of-Period Adjustment

Subsequent to the filing of our Form 10-K, in April 2024, the Company determined that it over-recognized freight expense in fiscal years 2021, 2022 and 2023 for a cumulative amount of \$49.0 million. The Company evaluated the error, both qualitatively and quantitatively, and determined that no prior interim or annual periods were materially misstated. The Company then evaluated whether the cumulative amount of the over-accrual was material to its projected fiscal 2024 results, and determined the cumulative amount was not material. Therefore, the Condensed Consolidated Financial Statements for the thirty-nine weeks ended October 27, 2024 include an out-of-period adjustment of \$49.0 million, recorded in the first quarter of fiscal 2024, to reduce cost of goods sold and accounts payable, which corrected the cumulative error on the Consolidated Balance Sheet as of January 28, 2024.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The ASU updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We are currently assessing the impact of this ASU on our Consolidated Financial Statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The improvements in the ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. This ASU is effective for fiscal years beginning after December 15, 2024,

with early adoption permitted. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The ASU requires public business entities to disclose in the notes to the financial statements, among other things, specific information about certain costs and expenses including purchases of inventory, employee compensation, and depreciation and amortization. This ASU is effective for fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements and related disclosures.

NOTE B. BORROWING ARRANGEMENTS

Credit Facility

We have a credit facility (the "Credit Facility") which provides for a \$500 million unsecured revolving line of credit (the "Revolver"). Our 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, at such lenders' option, to increase the Revolver by up to \$250 million to provide for a total of up to \$750 million of unsecured revolving credit.

During the thirteen and thirty-nine weeks ended October 27, 2024 and October 29, 2023, we had no borrowings under our Revolver. Additionally, as of October 27, 2024, issued but undrawn standby letters of credit of \$12.1 million were outstanding under our Revolver. The standby letters of credit were primarily issued to secure the liabilities associated with workers' compensation and other insurance programs. Our Revolver matures on September 30, 2026, 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, subject to lender approval.

The interest rate applicable to the Revolver is variable and may be elected by us as: (i) the Secured Overnight Financing Rate ("SOFR") plus 10 basis points and an applicable margin based on our leverage ratio, ranging from 0.91% to 1.775% or (ii) a base rate as defined in the Credit Facility, plus an applicable margin based on our leverage ratio, ranging from 0% to 0.775%.

Our Credit Facility contains certain restrictive loan covenants, including, among others, a financial covenant requiring a maximum leverage ratio (funded debt adjusted for operating lease liabilities 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 October 27, 2024, we were in compliance with our financial covenants under our Credit Facility and, based on our current projections, we expect to remain in compliance throughout the next 12 months.

Letter of Credit Facilities

We have three unsecured letter of credit facilities for a total of \$35 million. Our letter of credit facilities contain covenants that are consistent with our Credit Facility. Interest on unreimbursed amounts under our 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 October 27, 2024, the aggregate amount outstanding under our letter of credit facilities was \$0.8 million, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. On August 16, 2024, we renewed two of our letter of credit facilities totaling \$30 million on substantially similar terms. The two letter of credit facilities mature on August 18, 2025, and the latest expiration date possible for future letters of credit issued under these facilities is January 15, 2026. One of the letter of credit facilities totaling \$5 million matures on September 30, 2026, which is also the latest expiration date possible for future letters of credit issued under the facility.

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 85.4 million shares. As of October 27, 2024, there were approximately 9.4 million shares available for future grant. Awards may be granted under our Plan to officers, associates and non-associate 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 two million shares on a per person basis. Stock awards granted to associates 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 which cover events including, but not limited to, retirement, disability, death, merger or a similar corporate event. Stock awards granted to non-associate Board members generally vest in one year. Non-associate 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-associate Board member). Non-associate directors may also elect, on terms prescribed by the Company, to receive all of their annual cash compensation to be earned in respect of the applicable fiscal year either in the form of (i) fully vested stock units or (ii) fully vested deferred stock units.

Stock-Based Compensation Expense

During the thirteen and thirty-nine weeks ended October 27, 2024, we recognized total stock-based compensation expense, as a component of selling, general and administrative expenses ("SG&A") of \$21.3 million and \$66.1 million, respectively. During the thirteen and thirty-nine weeks ended October 29, 2023, we recognized total stock-based compensation expense, as a component of SG&A of \$22.2 million and \$66.4 million, respectively.

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 using the treasury stock method. Common stock equivalents consist of shares subject to stock-based awards 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 October 27, 2024			
Basic	\$ 248,953	125,333	\$ 1.99
Effect of dilutive stock-based awards		1,559	
Diluted	\$ 248,953	126,892	\$ 1.96
Thirteen weeks ended October 29, 2023			
Basic	\$ 237,285	128,285	\$ 1.85
Effect of dilutive stock-based awards		1,264	
Diluted	\$ 237,285	129,549	\$ 1.83
Thirty-nine weeks ended October 27, 2024			
Basic	\$ 740,364	127,334	\$ 5.81
Effect of dilutive stock-based awards		1,685	
Diluted	\$ 740,364	129,019	\$ 5.74
Thirty-nine weeks ended October 29, 2023			
Basic	\$ 595,323	129,436	\$ 4.60
Effect of dilutive stock-based awards		1,160	
Diluted	\$ 595,323	130,596	\$ 4.56

The effect of anti-dilutive stock-based awards was not material for the thirteen and thirty-nine weeks ended October 27, 2024 and October 29, 2023, respectively.

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 and thirty-nine weeks ended October 27, 2024 and October 29, 2023.

<i>(In thousands)</i>	For the Thirteen Weeks Ended ¹		For the Thirty-nine Weeks Ended ¹	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Pottery Barn	\$ 718,240	\$ 777,475	\$ 2,120,898	\$ 2,331,497
West Elm	450,490	466,360	1,339,578	1,402,859
Williams Sonoma	252,125	252,408	730,231	736,342
Pottery Barn Kids and Teen	287,259	276,715	768,469	748,923
Other ²	92,554	80,692	290,147	252,094
Total ³	\$ 1,800,668	\$ 1,853,650	\$ 5,249,323	\$ 5,471,715

¹ Includes business-to-business net revenues within each brand.

² Primarily consists of net revenues from Rejuvenation, our international franchise operations, Mark and Graham, and GreenRow.

³ Includes net revenues related to our international operations (including our operations in Canada, Australia, the United Kingdom, and our franchise businesses) of approximately \$76.8 million and \$72.5 million for the thirteen weeks ended October 27, 2024 and October 29, 2023, respectively, and approximately \$229.3 million and \$225.3 million for the thirty-nine weeks ended October 27, 2024 and October 29, 2023, respectively.

Long-lived assets by geographic location, which excludes deferred income taxes, goodwill, and intangible assets, are as follows:

<i>(In thousands)</i>	As of		
	October 27, 2024	January 28, 2024	October 29, 2023
U.S.	\$ 2,212,022	\$ 2,273,905	\$ 2,285,829
International	70,569	79,720	85,256
Total	\$ 2,282,591	\$ 2,353,625	\$ 2,371,085

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 PROGRAMS AND DIVIDENDS

Stock Repurchase Programs

During the thirteen weeks ended October 27, 2024, we repurchased 3,929,491 shares of our common stock at an average cost of \$135.86 per share for an aggregate cost of \$533.9 million, excluding excise taxes on stock repurchases (net of issuances) of \$5.3 million. During the thirty-nine weeks ended October 27, 2024, we repurchased 5,164,755 shares of our common stock at an average cost of \$136.98 per share for an aggregate cost of \$707.5 million, excluding excise taxes on stock repurchases (net of issuances) of \$6.0 million. As of October 27, 2024, there was \$292.5 million remaining under the \$1.0 billion stock repurchase program we announced in March 2024. In September 2024, our Board of Directors authorized a new \$1.0 billion stock repurchase program. The total stock repurchase authorization remaining under these programs was approximately \$1.3 billion.

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During the thirteen weeks ended October 29, 2023, we repurchased 42,868 shares of our common stock at an average cost of \$70.00 per share for an aggregate cost of \$3.0 million, excluding excise taxes on stock repurchases (net of issuances). During the thirty-nine weeks ended October 29, 2023, we repurchased 5,243,722 shares of our common stock at an average cost of \$59.69 per share for an aggregate cost of \$313.0 million, excluding excise taxes on stock repurchases (net of issuances) of \$2.5 million.

As of October 27, 2024, January 28, 2024 and October 29, 2023, we held treasury stock of \$0.4 million, \$1.4 million and \$1.4 million, respectively, that represents the cost of shares available for issuance intended to satisfy future stock-based award settlements in certain foreign jurisdictions.

Stock repurchases under our programs 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

On July 9, 2024, the Company effected a 2-for-1 stock split of its common stock through a stock dividend. The prior cash dividends per share have been retroactively adjusted to reflect the stock split. See [Note A](#) for further information.

We declared cash dividends of \$0.57 and \$0.45 per common share during the thirteen weeks ended October 27, 2024 and October 29, 2023, respectively.

We declared cash dividends of \$1.71 and \$1.35 during the thirty-nine weeks ended October 27, 2024 and October 29, 2023. Our quarterly cash dividend may be limited or terminated at any time.

NOTE H. 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.

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 October 27, 2024, we recognized impairment charges of \$1.6 million, which consisted of (i) the write-off of property and equipment of \$1.0 million and (ii) the write-down of operating lease right-of-use-assets of \$0.6 million, for one underperforming store. During the thirty-nine weeks ended October 27, 2024, we recognized impairment charges of \$2.9 million, which consisted of (i) the write-down of operating lease right-of-use-assets of \$1.6 million for four underperforming stores and (ii) the write-off of property and equipment of \$1.3 million for two underperforming stores.

During the thirteen weeks ended October 29, 2023, we recognized impairment charges of \$1.6 million, which consisted of (i) the write-down of leasehold improvements of \$1.1 million for four underperforming stores and (ii) the write-down of operating lease right-of-use-assets of \$0.5 million. During the thirty-nine weeks ended October 29, 2023, we recognized impairment charges of \$13.0 million, which consisted of (i) the write-down of leasehold improvements of \$4.9 million for eight underperforming stores, (ii) the write-down of operating lease right-of-use-assets of \$4.4 million, and (iii) the write-off of property and equipment of \$3.7 million resulting from the exit of Aperture, a division of our Outward, Inc. subsidiary.

There were no transfers in and out of Level 3 categories during the thirteen and thirty-nine weeks ended October 27, 2024 and October 29, 2023.

NOTE I. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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 28, 2024	\$ (15,457)	\$ (95)	\$ (15,552)
Foreign currency translation adjustments	(1,342)	—	(1,342)
Change in fair value of derivative financial instruments	—	1	1
Other comprehensive income (loss)	(1,342)	1	(1,341)
Balance at April 28, 2024	\$ (16,799)	\$ (94)	\$ (16,893)
Foreign currency translation adjustments	(49)	—	(49)
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	94	94
Other comprehensive income (loss)	(49)	94	45
Balance at July 28, 2024	\$ (16,848)	\$ —	\$ (16,848)
Foreign currency translation adjustments	(13)	—	(13)
Other comprehensive income (loss)	(13)	—	(13)
Balance at October 27, 2024	\$ (16,861)	\$ —	\$ (16,861)
Balance at January 29, 2023	\$ (14,458)	\$ 649	\$ (13,809)
Foreign currency translation adjustments	(2,205)	—	(2,205)
Change in fair value of derivative financial instruments	—	242	242
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	(486)	(486)
Other comprehensive income (loss)	(2,205)	(244)	(2,449)
Balance at April 30, 2023	\$ (16,663)	\$ 405	\$ (16,258)
Foreign currency translation adjustments	2,171	—	2,171
Change in fair value of derivative financial instruments	—	(157)	(157)
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	(296)	(296)
Other comprehensive income (loss)	2,171	(453)	1,718
Balance at July 30, 2023	\$ (14,492)	\$ (48)	\$ (14,540)
Foreign currency translation adjustments	(4,028)	—	(4,028)
Change in fair value of derivative financial instruments	—	78	78
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	(114)	(114)
Other comprehensive income (loss)	(4,028)	(36)	(4,064)
Balance at October 29, 2023	\$ (18,520)	\$ (84)	\$ (18,604)

NOTE J. REVENUE

Merchandise Sales

Revenues from the sale of our merchandise through our e-commerce channel, at our retail stores as well as to our business-to-business customers and franchisees 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 the time of the sale to the customer. For merchandise delivered to the customer, control is transferred either when delivery has been completed, or when we have a present right to payment which, for certain merchandise, occurs 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 October 27, 2024, January 28, 2024 and October 29, 2023, we recorded a liability for expected sales returns of approximately \$29.2 million, \$52.4 million and \$47.1 million, respectively, within other current liabilities and a corresponding asset for the expected net realizable value of the merchandise inventory to be returned of approximately \$7.2 million, \$16.3 million and \$14.9 million, respectively, within other current assets in our Condensed Consolidated Balance Sheets.

See [Note E](#) for the disclosure of our net revenues by operating segment.

Gift Card and Other Deferred Revenue

We defer revenue and record a liability when cash payments are received in advance of satisfying performance obligations, primarily associated with our merchandise sales, stored-value cards, customer loyalty programs, and incentives received from credit card issuers.

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. Breakage is recognized in a manner consistent with our historical redemption patterns taking into consideration escheatment laws as applicable. Breakage is recognized 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.

We have customer loyalty programs, which allow members to earn points for each qualifying purchase. Customers can earn points through spend on both our private label and co-branded credit cards, or can earn points as part of our non-credit card related loyalty program. Points earned through both loyalty programs 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 or certificates 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 issued and redeemed, based on historical patterns. This measurement is applied to our portfolio of performance obligations for points or certificates 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.

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. These separate non-loyalty program related 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.

As of October 27, 2024, January 28, 2024 and October 29, 2023, we had recorded \$583.0 million, \$573.9 million and \$528.4 million, respectively, for gift card and other deferred revenue within current liabilities in our Condensed Consolidated Balance Sheets. The increase in our gift card and other deferred revenue balance as of October 27, 2024 compared to October 29, 2023 was primarily due to advance payments collected on certain product categories.

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: continuing changes in general economic, political, competitive and other conditions beyond our control, and the impact on consumer confidence and consumer spending; the continuing impact of inflation and measures to control inflation, including changing interest rates, on consumer spending; the impact of current and potential future tariffs and our ability to mitigate impacts; the outcome of our growth initiatives; our ability to anticipate consumer preferences and buying trends; dependence on timely introduction and customer acceptance of our merchandise; our ability to introduce and grow new brands and brand extensions; delays in store openings; competition from companies with concepts or products similar to ours; labor and material shortages; timely and effective sourcing of merchandise from our foreign and domestic vendors and delivery of merchandise through our supply chain to our stores and customers; effective inventory management; our ability to manage customer returns; uncertainties in e-marketing, infrastructure and regulation; multi-channel and multi-brand complexities; challenges associated with our increasing global presence; the continuing impact of global conflicts, such as the conflicts in Ukraine and the Middle East, and shortages of various raw materials on our global supply chain, retail store operations and customer demand; dependence on external funding sources for operating capital; disruptions in the financial markets; our ability to control employment, occupancy, supply chain, product, transportation and other operating costs; our ability to improve our systems and processes; changes to our information technology infrastructure; new interpretations of or changes to current accounting rules; impact of actual and potential wars, conflicts or acts of terrorism; the potential for increased corporate income taxes; and other risks and uncertainties, 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 fiscal year ended January 28, 2024, 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. ("Company", "we", or "us") is a specialty retailer of high-quality sustainable products for the home. Our products in our portfolio of nine brands – Williams Sonoma, Pottery Barn, Pottery Barn Kids, Pottery Barn Teen, West Elm, Williams Sonoma Home, Rejuvenation, Mark and Graham, and GreenRow – are marketed through e-commerce websites, direct-mail catalogs and our retail stores. These brands are also part of The Key Rewards, our loyalty and credit card 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 be a leader in our industry with our values-based culture and commitment to achieving our sustainability goals.

The following discussion and analysis of financial condition, results of operations, and liquidity and capital resources for the thirteen weeks ended October 27, 2024 ("third quarter of fiscal 2024"), as compared to the thirteen weeks ended October 29, 2023 ("third quarter of fiscal 2023") and thirty-nine weeks ended October 27, 2024 ("first thirty-nine weeks of fiscal 2024"), as compared to the thirty-nine weeks ended October 29, 2023 ("first thirty-nine weeks of fiscal 2023"), 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.

Third Quarter of Fiscal 2024 Financial Results

Net revenues in the third quarter of fiscal 2024 decreased \$53.0 million or 2.9%, with company comparable brand revenue ("company comp") decline of 2.9%. This decrease was driven by continuing customer hesitancy towards furniture purchases, partially offset by strength in our emerging brands and our children's home furnishings business.

In the third quarter of fiscal 2024, Pottery Barn, our largest brand, saw 7.5% comparable brand revenue ("brand comp") decline driven by reduced furniture sales, partially offset by relative strength from our decorating, entertaining, and seasonal holiday categories. The Pottery Barn Kids and Teen brands saw 3.8% brand comp growth in the third quarter of fiscal 2024 driven by strength in decor, seasonal products, textiles and collaborations.

West Elm saw 3.5% brand comp decline in the third quarter of fiscal 2024, driven by the continuing impacts of the customer pull back in furniture as a result of the brand's high percentage of its assortment in the furniture category, partially offset by strength from new product introductions across categories including textiles, kids and furniture.

The Williams Sonoma brand saw 0.1% brand comp decline in the third quarter of fiscal 2024 with strength in the brand's kitchen business driven by high ticket electrics and tabletop.

For the third quarter of fiscal 2024, diluted earnings per share was \$1.96, compared to \$1.83 in the third quarter of fiscal 2023.

As of October 27, 2024, we had \$827 million in cash and cash equivalents and generated operating cash flow of \$726.7 million in the first thirty-nine weeks of fiscal 2024. In addition to our cash balance, we also ended the third quarter of fiscal 2024 with no outstanding borrowings under our revolving line of credit. Our liquidity position allowed us to fund the operations of the business by investing \$154.4 million in capital expenditures in the first thirty-nine weeks of fiscal 2024, and to provide stockholder returns of \$916.3 million in the first thirty-nine weeks of fiscal 2024 through stock repurchases and dividends.

Out-of-Period Adjustment

Subsequent to the filing of our Form 10-K, in April 2024, the Company determined that it over-recognized freight expense in fiscal years 2021, 2022 and 2023 for a cumulative amount of \$49.0 million. The Company evaluated the error, both qualitatively and quantitatively, and determined that no prior interim or annual periods were materially misstated. The Company then evaluated whether the cumulative amount of the over-accrual was material to its projected fiscal 2024 results, and determined the cumulative amount was not material. Therefore, the Condensed Consolidated Financial Statements for the thirty-nine weeks ended October 27, 2024 include an out-of-period adjustment of \$49.0 million, recorded in the first quarter of fiscal 2024, to reduce cost of goods sold and accounts payable, which corrected the cumulative error on the Consolidated Balance Sheet as of January 28, 2024.

Looking Ahead

As we look forward to the balance of the year, we are focused on three key priorities, which include (i) returning to growth, (ii) elevating our world-class customer service and (iii) driving earnings. We believe these key priorities will set us apart from our competition and allow us to drive long-term growth and profitability. We believe we have a powerful portfolio of brands, serving a range of categories, aesthetics, and life stages and we have built a strong omni-channel platform and infrastructure, which will position us well for the next stage of growth. However, the uncertain macroeconomic environment with the slow housing market, elevated interest rates, layoffs, inflationary pressure, political uncertainty and global geopolitical tension may continue to impact our results. For information on risks, please see "[Risk Factors](#)" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

NET REVENUES

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

Third Quarter of Fiscal 2024 vs. Third Quarter of Fiscal 2023

Net revenues in the third quarter of fiscal 2024 decreased \$53.0 million or 2.9%, with company comp decline of 2.9%. This decrease was driven by continuing customer hesitancy towards furniture purchases, partially offset by strength in our emerging brands and our children's home furnishings business.

First Thirty-nine Weeks of Fiscal 2024 vs. First Thirty-nine Weeks of Fiscal 2023

Net revenues for the first thirty-nine weeks of fiscal 2024 decreased by \$222.4 million, or 4.1%, with company comp decline of 3.7%. This was driven by continuing customer hesitancy towards furniture purchases, partially offset by strength in our emerging brands and children's home furnishings.

Comparable Brand Revenue

Comparable brand revenue includes comparable e-commerce sales, including through our direct-mail catalog, and store sales, as well as shipping fees, sales returns and other discounts associated with current period sales. Comparable stores are 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 more than seven days within the same fiscal month. Outlet comparable store revenues are included in their respective brands. Business-to-business revenues are included in comparable brand revenue for each of our 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 for newer concepts is not separately disclosed until such time that we believe those sales are meaningful to evaluating the performance of the brand.

<i>Comparable brand revenue growth (decline)</i>	For the Thirteen Weeks Ended ¹		For the Thirty-nine Weeks Ended ¹	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Pottery Barn	(7.5)%	(16.6)%	(8.4)%	(9.7)%
West Elm	(3.5)	(22.4)	(4.1)	(19.8)
Williams Sonoma	(0.1)	(1.9)	0.0	(2.3)
Pottery Barn Kids and Teen	3.8	(6.9)	2.7	(6.7)
Total ²	(2.9)%	(14.6)%	(3.7)%	(11.1)%

¹ Comparable brand revenue includes business-to-business revenues within each brand.

² Total comparable brand revenue growth includes the results of Rejuvenation, Mark and Graham, and GreenRow.

STORE DATA

	Store Count				Average Leased Square Footage Per Store		
	July 28, 2024	Openings	Closings	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Pottery Barn	185	2	(1)	186	191	15,000	15,000
Williams Sonoma	158	2	—	160	163	6,900	6,900
West Elm	122	—	—	122	123	13,200	13,200
Pottery Barn Kids	45	1	—	46	46	7,800	7,800
Rejuvenation	11	—	—	11	10	8,100	8,200
Total	521	5	(1)	525	533	11,400	11,400
Store selling square footage at period-end						3,886,000	3,905,000
Store leased square footage at period-end						5,972,000	6,061,000

GROSS PROFIT

Gross profit is equal to our net revenues less cost of goods sold. Cost of goods sold includes (i) cost of goods, which consists of cost of merchandise, inbound freight expenses, freight-to-store expenses and other inventory related costs such as replacements, damages, obsolescence and shrinkage; (ii) occupancy expenses, which consists of rent, other occupancy costs (including property taxes, common area maintenance and utilities) and depreciation; and (iii) shipping costs, which consists 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 ("SG&A").

<i>(In thousands)</i>	For the Thirteen Weeks Ended					
	October 27, 2024	% Net Revenues	October 29, 2023	% Net Revenues	October 30, 2022	% Net Revenues
Gross profit ¹	\$ 841,715	46.7 %	\$ 822,360	44.4 %	\$ 910,526	41.5 %

¹ Includes occupancy expenses of \$195.0 million, \$200.4 million and \$202.3 million for the third quarter of fiscal 2024, fiscal 2023 and fiscal 2022, respectively.

Third Quarter of Fiscal 2024 vs. Third Quarter of Fiscal 2023

Gross profit increased \$19.4 million, or 2.4%, compared to the third quarter of fiscal 2023. Gross margin increased to 46.7% from 44.4% in the third quarter of fiscal 2023. The increase in gross margin of 230 basis points was driven by (i) higher merchandise margins of 130 basis points and (ii) supply chain efficiencies of 100 basis points, including reductions in returns, replacements, accommodations and damages as well as limiting out-of-market and multiple shipments. Occupancy rate was flat compared to the third quarter of fiscal 2023.

Third Quarter of Fiscal 2023 vs. Third Quarter of Fiscal 2022

Gross profit decreased \$88.2 million or 9.7%, compared to the third quarter of fiscal 2022. Gross margin increased to 44.4% from 41.5% in the third quarter of fiscal 2022. The increase in gross margin of 290 basis points was primarily driven by (i) improvement in input costs resulting from lower ocean freight, detention and demurrage, (ii) lower customer shipping and other inventory costs, including reductions in out-of-market shipments, multiple shipments, returns, replacements, damages, and accommodations and (iii) higher pricing power of our proprietary products and our focus on full-price selling, partially offset by (iv) deleveraged occupancy costs resulting from lower revenues.

<i>(In thousands)</i>	For the Thirty-nine Weeks Ended					
	October 27, 2024	% Net Revenues	October 29, 2023	% Net Revenues	October 30, 2022	% Net Revenues
Gross profit ¹	\$ 2,470,556	47.1 %	\$ 2,254,986	41.2 %	\$ 2,667,883	42.9 %

¹ Includes occupancy expenses of \$588.3 million, \$606.3 million and \$581.7 million for the first thirty-nine weeks of fiscal 2024, fiscal 2023 and fiscal 2022, respectively.

First Thirty-nine Weeks of Fiscal 2024 vs. First Thirty-nine Weeks of Fiscal 2023

Gross profit increased \$215.6 million, or 9.6%, compared to the first thirty-nine weeks of fiscal 2023. Gross margin increased to 47.1% from 41.2% for the first thirty-nine weeks of fiscal 2023. This increase in gross margin of 590 basis points was driven by (i) higher merchandise margins of 330 basis points, (ii) supply chain efficiencies of 170 basis points, including reductions in returns, replacements, accommodations and damages as well as limiting out-of-market and multiple shipments, and (iii) an out-of-period freight adjustment of 100 basis points, partially offset by (iv) the deleverage of occupancy costs of 10 basis points resulting from lower sales.

First Thirty-nine Weeks of Fiscal 2023 vs. First Thirty-nine Weeks of Fiscal 2022

Gross profit decreased \$412.9 million, or 15.5%, compared to the first thirty-nine weeks of fiscal 2022. Gross margin decreased to 41.2% from 42.9% for the first thirty-nine weeks of fiscal 2022. The decline in gross margin of 170 basis points was primarily driven by (i) higher input costs resulting from ocean freight, detention and demurrage in the first half of fiscal 2023, which improved in the third quarter of fiscal 2023 and (ii) higher occupancy costs resulting from incremental costs from our new distribution centers on the East and West Coasts to support our long-term growth, partially offset by (iii) higher pricing power of our proprietary products and our focus on full-price selling.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A consists 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, impairment and other general expenses.

<i>(In thousands)</i>	For the Thirteen Weeks Ended				For the Thirty-nine Weeks Ended			
	October 27, 2024	% Net Revenues	October 29, 2023	% Net Revenues	October 27, 2024	% Net Revenues	October 29, 2023	% Net Revenues
Selling, general and administrative expenses	\$ 521,072	28.9 %	\$ 507,283	27.4 %	\$1,536,169	29.3 %	\$1,468,884	26.8 %

Third Quarter of Fiscal 2024 vs. Third Quarter of Fiscal 2023

SG&A increased \$13.8 million, or 2.7%, compared to the third quarter of fiscal 2023. SG&A as a percentage of net revenues increased to 28.9% from 27.4% in the third quarter of fiscal 2023. This increase of 150 basis points was primarily driven by (i) an increase in employment expense of 160 basis points due to higher performance-based incentive compensation and employee benefits costs and (ii) an increase in advertising expenses of 20 basis points; partially offset by (iii) lower general expenses of 30 basis points from timing of administrative expenses.

First Thirty-nine Weeks of Fiscal 2024 vs. First Thirty-nine Weeks of Fiscal 2023

SG&A increased \$67.3 million, or 4.6%, compared to the first thirty-nine weeks of fiscal 2023. SG&A as a percentage of net revenues increased to 29.3% from 26.8% for the first thirty-nine weeks of fiscal 2023. This increase of 250 basis points was primarily driven by (i) an increase in employment expense of 150 basis points due to higher performance-based incentive compensation, which does not include a benefit from the out-of-period freight adjustment and (ii) an increase in advertising expenses of 110 basis points, partially offset by (iii) exit costs of \$15.8 million and reduction-in-force initiatives of \$8.3 million recorded in the first thirty-nine weeks of fiscal 2023 which did not recur in the first thirty-nine weeks of fiscal 2024.

INCOME TAXES

The effective tax rate was 24.3% for the first thirty-nine weeks of fiscal 2024, and 25.8% for the first thirty-nine weeks of fiscal 2023. The decrease in the effective tax rate was primarily due to (i) higher excess tax benefit from stock-based compensation in first thirty-nine weeks of fiscal 2024 and (ii) the tax effect of earnings mix change, partially offset by (iii) the expiration of the statutes of limitations related to uncertain tax positions in fiscal 2023.

Since the Organization for Economic Co-operation and Development ("OECD") announced the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting ("Framework") in 2021, a number of countries have begun to enact legislation to implement the OECD international tax framework, including the Pillar Two minimum tax regime. To mitigate the administrative burden for Multinational Enterprises in complying with the OECD Global Anti-Base Erosion rules during the initial years of implementation, the OECD developed the temporary "Transitional Country-by-Country Safe Harbor" ("Safe Harbor"). This transitional Safe Harbor applies for fiscal years beginning on or before December 31, 2026, but not including a fiscal year that ends after June 30, 2028. Under the Safe Harbor, the top-up tax for such jurisdiction is deemed to be zero, provided that at least one of the Safe Harbor tests is met for the jurisdiction.

In the regions in which we operate, Canada, United Kingdom, Netherlands, Italy and Vietnam have implemented Pillar Two frameworks effective January 1, 2024. The Company's subsidiaries are not subject to Pillar Two minimum tax in the first thirty-nine weeks of fiscal 2024 under the Safe Harbor rules.

Pillar Two minimum tax will be treated as a period cost in future periods when it is applicable. We are continuing to evaluate the potential impact on future periods of the Pillar Two Framework, and monitoring legislative developments by other countries, especially in the regions in which we operate.

LIQUIDITY AND CAPITAL RESOURCES

Material Cash Requirements

There were no material changes during the quarter to the Company's material cash requirements, commitments and contingencies that are described in [Part II, Item 7](#) of the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2024, which is incorporated herein by reference.

Stock Repurchase Programs and Dividends

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

Liquidity Outlook

For the remainder of fiscal 2024, we plan to use our cash resources to fund our inventory and inventory-related purchases, employment-related costs, advertising and marketing initiatives, stock repurchases, property and equipment purchases, dividend payments, rental payments on our leases and the payment of income taxes.

We believe our cash on hand, cash flows from operations and our available credit facilities will provide adequate liquidity for our business operations as well as stock repurchases, dividends, capital expenditures and other liquidity requirements associated with our business operations over the next 12 months. We are currently not aware of any other trends or demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, our liquidity increasing or decreasing in any material way that will impact our capital needs during or beyond the next 12 months.

Sources of Liquidity

As of October 27, 2024, we held \$826.8 million in cash and cash equivalents, the majority of which was held in interest-bearing demand deposit accounts and money market funds, and of which \$82.7 million 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.

In addition to our cash balances on hand, we have a credit facility (the "Credit Facility") which provides for a \$500 million unsecured revolving line of credit (the "Revolver"). Our 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, at such lenders' option, to increase the Revolver by up to \$250 million to provide for a total of up to \$750 million of unsecured revolving credit.

During the thirteen and thirty-nine weeks ended October 27, 2024 and October 29, 2023, we had no borrowings under our Revolver. Additionally, as of October 27, 2024, issued but undrawn standby letters of credit of \$12.1 million were outstanding under our Revolver. The standby letters of credit were primarily issued to secure the liabilities associated with workers' compensation and other insurance programs.

Our Credit Facility contains certain restrictive loan covenants, including, among others, a financial covenant requiring a maximum leverage ratio (funded debt adjusted for operating lease liabilities 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 October 27, 2024, we were in compliance with our financial covenants under our Credit Facility and, based on our current projections, we expect to remain in compliance throughout the next 12 months.

Letter of Credit Facilities

We have three unsecured letter of credit facilities for a total of \$35 million. Our letter of credit facilities contain covenants that are consistent with our Credit Facility. Interest on unreimbursed amounts under our 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 October 27, 2024, the aggregate amount outstanding under our letter of credit facilities was \$0.8 million, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. On August 16, 2024, we renewed two of our letter of credit facilities totaling \$30 million on substantially similar terms. The two letter of credit facilities mature on August 18, 2025, and the latest expiration date possible for future letters of credit issued under these facilities is January 15, 2026. One of the letter of credit facilities totaling \$5 million matures on September 30, 2026, which is also the latest expiration date possible for future letters of credit issued under the facility.

Cash Flows from Operating Activities

For the first thirty-nine weeks of fiscal 2024, net cash provided by operating activities was \$726.7 million compared to \$1.0 billion for the first thirty-nine weeks of fiscal 2023, and was primarily attributable to net earnings adjusted for non-cash items, partially offset by higher spending on merchandise inventories as a result of timing of seasonal receipts and a decrease in income taxes payable. Net cash provided by operating activities compared to the first thirty-nine weeks of fiscal 2023 decreased primarily due to higher spending on merchandise inventories, a decrease in accounts payable (as a result of supplier payment timing) and a decrease in income taxes payable, partially offset by an increase in net earnings adjusted for non-cash items.

Cash Flows from Investing Activities

For the first thirty-nine weeks of fiscal 2024, net cash used in investing activities was \$154.0 million compared to \$134.4 million for the first thirty-nine weeks of fiscal 2023, and was primarily attributable to purchases of property and equipment related to technology, store construction and supply chain enhancements.

Cash Flows from Financing Activities

For the first thirty-nine weeks of fiscal 2024, net cash used in financing activities was \$1.0 billion compared to \$538.7 million for the first thirty-nine weeks of fiscal 2023, primarily driven by repurchases of common stock, payment of dividends and tax withholdings remittance related to stock-based awards. Net cash used in financing activities for the first thirty-nine weeks of fiscal 2024 increased compared to the first thirty-nine weeks of fiscal 2023, primarily due to an increase in repurchases of common stock.

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 associates, primarily in our retail stores, distribution facilities and customer care centers.

CRITICAL ACCOUNTING ESTIMATES

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 third quarter of fiscal 2024, there were no significant changes to the critical accounting estimates discussed in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

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 third quarter of fiscal 2024, we had no borrowings under our Revolver.

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 October 27, 2024, 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 suppliers outside of the U.S. in transactions that are primarily denominated in U.S. dollars and, as such, any foreign currency impact related to these international purchase transactions was not significant to us during the third quarter of fiscal 2024 or the third quarter of fiscal 2023. 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 suppliers 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 third quarter of fiscal 2024 or the third quarter of fiscal 2023, we have continued to see volatility in the exchange rates in the countries in which we do business. Additionally, the effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical or current Condensed Consolidated Financial Statements. As we continue to expand globally, the foreign currency exchange risk related to our foreign operations may increase. To mitigate this risk, we may hedge a portion of our foreign currency exposure with foreign currency forward contracts in accordance with our risk management policies.

Inflation

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we have experienced varying levels of inflation, resulting in part from various supply chain disruptions, increased shipping and transportation costs, increased product costs, increased labor costs in the supply chain and other disruptions caused by the pandemic and the uncertain economic environment. We believe the effects of inflation, if any, on our financial statements and results of operations have been immaterial to date. However, there can be no assurance that our results of operations and financial condition will not be materially impacted by inflation in the future, including by the heightened levels of inflation experienced globally during the third quarter of fiscal 2024 and the third quarter of fiscal 2023. Global trends, including inflationary pressures, are weakening customer sentiment, negatively impacting consumer spending behavior and slowing down consumer demand for our products. However, our unique operating model and pricing power helped mitigate these increased costs during the third quarter of fiscal 2024 and the third quarter of fiscal 2023. Our inability or failure to offset the impact of inflation could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of October 27, 2024, 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, as amended, 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 third quarter of fiscal 2024, 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 28, 2024 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

The following table provides information as of October 27, 2024 with respect to shares of common stock we repurchased during the third quarter of fiscal 2024 under the \$1.0 billion stock repurchase program announced in March 2024 (the “March 2024 program”).

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	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
July 29, 2024 - August 25, 2024	1,450,334	\$ 137.90	1,450,334	\$ 626,397,000
August 26, 2024 - September 22, 2024	1,759,199	\$ 132.94	1,759,199	\$ 392,523,000
September 23, 2024 - October 27, 2024	719,958	\$ 138.90	719,958	\$ 292,523,000
Total	3,929,491	\$ 135.86	3,929,491	\$ 292,523,000

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

Additionally, in November 2024, we announced that in September 2024 our Board of Directors authorized a new \$1.0 billion stock repurchase program (together with the March 2024 program, “our programs”), which will become effective once our March 2024 program is fully utilized. As of October 27, 2024, we had a total of \$1.3 billion in stock repurchase authorization remaining under our programs. For additional information, please see [Note G](#) to our Condensed Consolidated Financial Statements within Part I of this Form 10-Q.

Stock repurchases under our programs 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 programs do 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

Insider Adoption or Termination of Trading Arrangements

During the third quarter of fiscal 2024, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408, except as described in the table below:

Name & Title	Date Adopted	Character of Trading Arrangement ¹	Aggregate Number of Shares of Common Stock to be Purchased or Sold Pursuant to Trading Arrangement	Duration ²	Other Material Terms	Date Terminated
Laura Alber, Director, President and Chief Executive Officer	September 10, 2024	Rule 10b5-1 Trading Arrangement	Up to 270,000 shares to be sold	January 21, 2025 through November 28, 2025	N/A	N/A
Jeff Howie, Executive Vice President and Chief Financial Officer	August 26, 2024	Rule 10b5-1 Trading Arrangement	Up to 78,724 shares to be sold ³	December 2, 2024 through September 30, 2025	N/A	N/A

¹ Except as indicated by footnote, each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the “Rule”).

² The Rule 10b5-1 Trading Arrangements permit transactions through and including the earlier to occur of (a) the completion of all purchases or sales or (b) the date listed in the table. The Rule 10b5-1 Trading Arrangements only permit transactions upon expiration of the applicable mandatory cooling-off period under the Rule. The Rule 10b5-1 Trading Arrangements also provide for automatic expiration in the event of written notice of death or legal incapacity, our filing of a bankruptcy petition, the closing of a merger, recapitalization, acquisition, tender or exchange offer, or other business combination or reorganization resulting in the exchange or conversion of our common stock into shares of another company, the conversion of our common stock into rights to receive fixed amounts of cash or into debt securities and/or preferred stock (whether in whole or in part), the termination of the Rule 10b5-1 Trading Arrangement by the executive, or, in the case of Mr. Howie, our common stock is no longer listed on a national securities exchange.

³ This number includes shares of our common stock issuable pursuant to unvested restricted stock units and unvested performance stock units (“PSUs”). The PSUs are subject to the achievement of certain performance conditions as set forth in the applicable PSU agreement. The actual number of PSUs that vest following the end of the applicable performance period, if any, and therefore the resulting shares of our common stock available for sale under the plan will depend on the attainment of the performance metrics.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Exhibit Description
3.1	Amended and Restated Bylaws of the Company, effective as of September 25, 2024, as amended (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2024 (File No. 001-14077), and incorporated herein by reference)
10.1+*	Williams-Sonoma, Inc. Director Compensation Policy
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 October 27, 2024, 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)

* Filed herewith.

+ Indicates a management contract or compensation plan or arrangement.

