

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 November 2, 2025.

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	☒	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 November 23, 2025, 119,380,711 shares of the registrant’s Common Stock were outstanding.

**WILLIAMS-SONOMA, INC.
REPORT ON FORM 10-Q
FOR THE QUARTER ENDED NOVEMBER 2, 2025**

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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	
	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Net revenues	\$ 1,882,814	\$ 1,800,668	\$ 5,449,687	\$ 5,249,323
Cost of goods sold	1,015,081	983,102	2,951,522	2,832,649
Gross profit	867,733	817,566	2,498,165	2,416,674
Selling, general and administrative expenses	548,590	512,535	1,560,250	1,516,631
Operating income	319,143	305,031	937,915	900,043
Interest income, net	9,785	11,802	28,398	43,063
Earnings before income taxes	328,928	316,833	966,313	943,106
Income taxes	87,336	79,571	245,896	228,573
Net earnings	\$ 241,592	\$ 237,262	\$ 720,417	\$ 714,533
Basic earnings per share	\$ 1.99	\$ 1.89	\$ 5.89	\$ 5.61
Diluted earnings per share	\$ 1.96	\$ 1.87	\$ 5.82	\$ 5.54
Shares used in calculation of earnings per share:				
Basic	121,434	125,333	122,221	127,334
Diluted	123,273	126,892	123,875	129,019

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	
	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Net earnings	\$ 241,592	\$ 237,262	\$ 720,417	\$ 714,533
Other comprehensive income (loss):				
Foreign currency translation adjustments	(530)	(13)	5,120	(1,404)
Change in fair value of derivative financial instruments, net of tax	—	—	—	1
Reclassification adjustment for realized gains (losses) on derivative financial instruments, net of tax	—	—	—	94
Comprehensive income	\$ 241,062	\$ 237,249	\$ 725,537	\$ 713,224

See Notes to Condensed Consolidated Financial Statements.

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

	As of		
	November 2, 2025	February 2, 2025	October 27, 2024
<i>(In thousands, except per share amounts)</i>			
ASSETS			
Current assets			
Cash and cash equivalents	\$ 884,663	\$ 1,212,977	\$ 826,784
Accounts receivable, net	118,385	117,678	105,620
Merchandise inventories, net	1,530,896	1,332,429	1,396,253
Prepaid expenses	92,481	66,914	84,810
Other current assets	20,571	24,611	19,432
Total current assets	2,646,996	2,754,609	2,432,899
Property and equipment, net	1,061,354	1,033,934	1,019,874
Operating lease right-of-use assets	1,286,299	1,177,805	1,147,673
Deferred income taxes, net	88,608	120,657	109,444
Goodwill	77,374	77,260	77,301
Other long-term assets, net	150,750	137,342	127,267
Total assets	\$ 5,311,381	\$ 5,301,607	\$ 4,914,458
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$ 667,490	\$ 645,667	\$ 665,803
Accrued expenses	246,618	286,033	215,608
Gift card and other deferred revenue	592,490	584,791	583,022
Income taxes payable	37,771	67,696	19,887
Operating lease liabilities	220,239	234,180	231,667
Other current liabilities	90,436	93,607	101,272
Total current liabilities	1,855,044	1,911,974	1,817,259
Long-term operating lease liabilities	1,245,525	1,113,135	1,083,809
Other long-term liabilities	142,854	134,079	132,612
Total liabilities	3,243,423	3,159,188	3,033,680
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; 120,399, 123,125 and 123,876 shares issued and outstanding at November 2, 2025, February 2, 2025 and October 27, 2024, respectively	1,205	1,232	1,239
Additional paid-in capital	567,873	571,585	545,205
Retained earnings	1,517,368	1,591,630	1,351,630
Accumulated other comprehensive loss	(16,473)	(21,593)	(16,861)
Treasury stock, at cost: 14, 4 and 4 shares as of November 2, 2025, February 2, 2025 and October 27, 2024, respectively	(2,015)	(435)	(435)
Total stockholders' equity	2,067,958	2,142,419	1,880,778
Total liabilities and stockholders' equity	\$ 5,311,381	\$ 5,301,607	\$ 4,914,458

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 February 2, 2025	123,125	\$ 1,232	\$ 571,585	\$ 1,591,630	\$ (21,593)	\$ (435)	\$ 2,142,419
Net earnings	—	—	—	231,263	—	—	231,263
Foreign currency translation adjustments	—	—	—	—	5,170	—	5,170
Release of stock-based awards ¹	468	5	(65,071)	—	—	(290)	(65,356)
Repurchases of common stock ²	(599)	(6)	(1,864)	(86,329)	—	(1,911)	(90,110)
Reissuance of treasury stock under stock-based compensation plans ¹	—	—	(448)	(173)	—	621	—
Stock-based compensation expense	—	—	20,203	—	—	—	20,203
Dividends declared	—	—	—	(82,313)	—	—	(82,313)
Balance at May 4, 2025	122,994	\$ 1,231	\$ 524,405	\$ 1,654,078	\$ (16,423)	\$ (2,015)	\$ 2,161,276
Net earnings	—	—	—	247,562	—	—	247,562
Foreign currency translation adjustments	—	—	—	—	480	—	480
Release of stock-based awards ¹	24	—	(2,548)	—	—	—	(2,548)
Repurchases of common stock ²	(1,228)	(12)	(3,916)	(197,159)	—	—	(201,087)
Stock-based compensation expense	—	—	26,303	—	—	—	26,303
Dividends declared	—	—	—	(82,290)	—	—	(82,290)
Balance at August 3, 2025	121,790	\$ 1,219	\$ 544,244	\$ 1,622,191	\$ (15,943)	\$ (2,015)	\$ 2,149,696
Net earnings	—	—	—	241,592	—	—	241,592
Foreign currency translation adjustments	—	—	—	—	(530)	—	(530)
Release of stock-based awards ¹	11	—	(1,768)	—	—	—	(1,768)
Repurchases of common stock ²	(1,402)	(14)	(4,507)	(264,717)	—	—	(269,238)
Stock-based compensation expense	—	—	29,904	—	—	—	29,904
Dividends declared	—	—	—	(81,698)	—	—	(81,698)
Balance at November 2, 2025	120,399	\$ 1,205	\$ 567,873	\$ 1,517,368	\$ (16,473)	\$ (2,015)	\$ 2,067,958

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

² Repurchases of common stock include accrued excise taxes of \$4.7 million as of November 2, 2025, 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	Retained	Accumulated	Treasury	Total
	Shares	Amount	Paid-in	Earnings	Other	Stock	Stockholders'
			Capital		Comprehensive		Equity
					Income (Loss)		
Balance at January 28, 2024	128,301	\$ 1,284	\$ 587,960	\$ 1,555,595	\$ (15,552)	\$ (1,426)	\$ 2,127,861
Net earnings	—	—	—	260,416	—	—	260,416
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	\$ 1,699,159	\$ (16,893)	\$ (435)	\$ 2,204,308
Net earnings	—	—	—	216,855	—	—	216,855
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	\$ 1,713,923	\$ (16,848)	\$ (435)	\$ 2,236,090
Net earnings	—	—	—	237,262	—	—	237,262
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	\$ 1,351,630	\$ (16,861)	\$ (435)	\$ 1,880,778

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 CASH FLOWS
(Unaudited)

<i>(In thousands)</i>	For the Thirty-nine Weeks Ended	
	November 2, 2025	October 27, 2024
Cash flows from operating activities:		
Net earnings	\$ 720,417	\$ 714,533
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	170,676	171,657
Loss on disposal/impairment of assets	5,138	4,494
Non-cash lease expense	185,302	192,501
Deferred income taxes	19,437	(9,003)
Tax benefit related to stock-based awards	11,686	10,472
Stock-based compensation expense	77,152	66,061
Other	(1,840)	(2,205)
Changes in:		
Accounts receivable	(517)	17,287
Merchandise inventories	(196,061)	(150,055)
Prepaid expenses and other assets	(33,184)	(21,393)
Accounts payable	5,024	37,239
Accrued expenses and other liabilities	(31,686)	(36,598)
Gift card and other deferred revenue	7,348	9,367
Operating lease liabilities	(191,002)	(200,947)
Income taxes payable	(29,925)	(76,667)
Net cash provided by operating activities	717,965	726,743
Cash flows from investing activities:		
Purchases of property and equipment	(178,505)	(154,354)
Other	(1,172)	360
Net cash used in investing activities	(179,677)	(153,994)
Cash flows from financing activities:		
Repurchases of common stock	(555,703)	(707,477)
Payment of dividends	(236,629)	(208,861)
Tax withholdings related to stock-based awards	(69,671)	(90,733)
Debt issuance costs	(1,187)	—
Other	(6,941)	—
Net cash used in financing activities	(870,131)	(1,007,071)
Effect of exchange rates on cash and cash equivalents	3,529	(901)
Net decrease in cash and cash equivalents	(328,314)	(435,223)
Cash and cash equivalents at beginning of period	1,212,977	1,262,007
Cash and cash equivalents at end of period	\$ 884,663	\$ 826,784

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 November 2, 2025, February 2, 2025 and October 27, 2024, 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 February 2, 2025, 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 February 2, 2025.

The Company’s fiscal year ends on the Sunday closest to January 31. All references to “fiscal 2025” represent the 52-week fiscal year that will end on February 1, 2026 and all references to “fiscal 2024” represent the 53-week fiscal year that ended February 2, 2025.

The results of operations for the thirteen and thirty-nine weeks ended November 2, 2025 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 February 2, 2025.

Out-of-Period Freight Adjustment in First Quarter of Fiscal 2024

Subsequent to the filing of our fiscal 2023 Form 10-K, in April 2024, we determined that we over-recognized freight expense in fiscal 2021, 2022 and 2023 for a cumulative amount of \$49.0 million. We evaluated the error, both qualitatively and quantitatively, and determined that no prior interim or annual periods were materially misstated. We then evaluated whether the cumulative amount of the over-accrual was material to our 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 December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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. The application of this new guidance is not expected to have a material impact on our financial condition, results of operations, or cash flows, as the ASU pertains to disclosure only.

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* and ASU 2025-01, *Income Statement—Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. 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.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)*. The ASU amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40. This ASU is effective for fiscal years 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

In June 2025, we amended our existing credit facility, which increased our unsecured revolving line of credit to \$600 million, amended certain interest rates and extended the maturity date of the facility, in addition to other updates (the “Credit Facility”). Our Credit Facility 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 Credit Facility by up to \$250 million to provide for a total of up to \$850 million of unsecured revolving credit.

During the thirteen and thirty-nine weeks ended November 2, 2025 and October 27, 2024, we had no borrowings under our Credit Facility. Additionally, as of November 2, 2025, issued but undrawn standby letters of credit of \$12.0 million were outstanding under our Credit Facility. The standby letters of credit were primarily issued to secure the liabilities associated with workers’ compensation and other insurance programs. Our Credit Facility matures on June 26, 2030, 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 Credit Facility is variable and may be elected by us as: (i) the Secured Overnight Financing Rate (“SOFR”) and an applicable margin based on our leverage ratio, ranging from 0.91% to 1.55% or (ii) a base rate as defined in the Credit Facility, plus an applicable margin based on our leverage ratio, ranging from 0% to 0.55%.

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 November 2, 2025, 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 November 2, 2025, the aggregate amount outstanding under our letter of credit facilities was \$0.6 million, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. On August 7, 2025, 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, 2026, and the latest expiration date possible for future letters of credit issued under these facilities is January 15, 2027. One of the letter of credit facilities totaling \$5 million matures on June 26, 2030, 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 November 2, 2025, there were approximately 7.7 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 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 of Directors members generally vest in one year. Non-associate Board of Directors members automatically receive stock awards on the date of their initial election to the Board of Directors and annually thereafter on the date of the annual meeting of stockholders (so long as they continue to serve as a non-associate Board of Directors 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 November 2, 2025, we recognized total stock-based compensation expense, as a component of selling, general and administrative expenses ("SG&A") of \$30.2 million and \$77.2 million, respectively. During the thirteen and thirty-nine weeks ended October 27, 2024, we recognized total stock-based compensation expense, as a component of SG&A of \$21.3 million and \$66.1 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 November 2, 2025			
Basic	\$ 241,592	121,434	\$ 1.99
Effect of dilutive stock-based awards		1,839	
Diluted	\$ 241,592	123,273	\$ 1.96
Thirteen weeks ended October 27, 2024			
Basic	\$ 237,262	125,333	\$ 1.89
Effect of dilutive stock-based awards		1,559	
Diluted	\$ 237,262	126,892	\$ 1.87
Thirty-nine weeks ended November 2, 2025			
Basic	\$ 720,417	122,221	\$ 5.89
Effect of dilutive stock-based awards		1,654	
Diluted	\$ 720,417	123,875	\$ 5.82
Thirty-nine weeks ended October 27, 2024			
Basic	\$ 714,533	127,334	\$ 5.61
Effect of dilutive stock-based awards		1,685	
Diluted	\$ 714,533	129,019	\$ 5.54

The effect of anti-dilutive stock-based awards was not material for the thirteen and thirty-nine weeks ended November 2, 2025 and October 27, 2024, 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.

Our single reportable segment derives revenues from sales of merchandise through our e-commerce websites, retail stores and direct-mail catalogs, and includes shipping fees received from customers for delivery of merchandise to their homes. The accounting policies of our single reportable segment are described in the Summary of Significant Accounting Policies within [Part II, Item 8](#) of our Annual Report on Form 10-K for the fiscal year ended February 2, 2025.

Our chief operating decision maker ("CODM") is our Chief Executive Officer. The CODM assesses performance for our single reportable segment and decides how to allocate resources based on operating income, which is reported on the Condensed Consolidated Statements of Earnings. Segment balance sheet information is not regularly provided to the CODM. The CODM uses operating income to decide whether to reinvest profits into our operating segments or allocate to other purposes, such as for repurchases of common stock, payment of dividends or acquisitions.

Operating income is used to monitor budget versus actual results. The CODM also uses operating income in competitive analysis by benchmarking to our peers. The competitive analysis, along with the monitoring of budget versus actual results, is used in assessing performance of the segment.

The following table summarizes reported net revenues, significant segment expenses, operating income and earnings before income taxes for the thirteen and thirty-nine weeks ended November 2, 2025 and October 27, 2024.

(In thousands)	For the Thirteen Weeks Ended		For the Thirty-nine Weeks Ended	
	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Net revenues	\$ 1,882,814	\$ 1,800,668	\$ 5,449,687	\$ 5,249,323
Less:				
Cost of merchandise and shipping	808,545	788,152	2,345,939	2,244,301
Occupancy, excluding depreciation	149,845	138,361	437,070	419,832
Employment	312,276	288,569	895,173	843,741
Advertising	141,011	131,579	392,180	398,600
Other segment items ¹	95,053	91,189	271,728	272,897
Depreciation and amortization expense	56,941	57,787	169,682	169,909
Operating income	319,143	305,031	937,915	900,043
Interest income, net	9,785	11,802	28,398	43,063
Earnings before income taxes	\$ 328,928	\$ 316,833	\$ 966,313	\$ 943,106

¹ Other segment items within operating income include general expenses, which consist primarily of credit card fees, data processing expenses and administrative expenses.

The following table summarizes our net revenues by brand for the thirteen and thirty-nine weeks ended November 2, 2025 and October 27, 2024.

(In thousands)	For the Thirteen Weeks Ended ¹		For the Thirty-nine Weeks Ended ¹	
	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Pottery Barn	\$ 741,526	\$ 718,240	\$ 2,161,197	\$ 2,120,898
West Elm	468,243	450,490	1,373,878	1,339,578
Williams Sonoma	276,417	252,125	782,963	730,231
Pottery Barn Kids and Teen	291,382	287,259	807,847	768,469
Other ²	105,246	92,554	323,802	290,147
Total ³	\$ 1,882,814	\$ 1,800,668	\$ 5,449,687	\$ 5,249,323

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 \$77.1 million and \$76.8 million for the thirteen weeks ended November 2, 2025 and October 27, 2024, respectively, and \$232.9 million and \$229.3 million for the thirty-nine weeks ended November 2, 2025 and October 27, 2024, respectively.

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

(In thousands)	As of		
	November 2, 2025	February 2, 2025	October 27, 2024
U.S.	\$ 2,421,034	\$ 2,268,691	\$ 2,212,022
International	61,551	68,425	70,569
Total	\$ 2,482,585	\$ 2,337,116	\$ 2,282,591

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, have increased and continue to increase in number as our business expands and we grow as a company. 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 when taken as a whole.

NOTE G. STOCK REPURCHASE PROGRAM AND DIVIDENDS

Stock Repurchase Program

During the thirteen weeks ended November 2, 2025, pursuant to our stock repurchase program we repurchased 1,402,750 shares of our common stock at an average cost of \$190.05 per share for an aggregate cost of \$266.6 million, excluding excise taxes on stock repurchases (net of issuances) of \$2.6 million. During the thirty-nine weeks ended November 2, 2025, we repurchased 3,229,540 shares of our common stock at an average cost of \$172.07 per share for an aggregate cost of \$555.7 million, excluding excise taxes on stock repurchases (net of issuances) of \$4.7 million. As of November 2, 2025, there was \$636.8 million remaining under our September 2024 stock repurchase authorization. In November 2025, our Board of Directors approved a new \$1.0 billion stock repurchase authorization, which will become effective once our September 2024 authorization is fully utilized.

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 November 2, 2025, February 2, 2025 and October 27, 2024, we held treasury stock of \$2.0 million, \$0.4 million and \$0.4 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 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 market conditions.

Dividends

We declared cash dividends of \$0.66 and \$0.57 per common share during the thirteen weeks ended November 2, 2025 and October 27, 2024, respectively.

We declared cash dividends of \$1.98 and \$1.71 during the thirty-nine weeks ended November 2, 2025 and October 27, 2024, respectively. 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 Accounting Standards Codification 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 November 2, 2025, no impairment charges were recognized. During the thirty-nine weeks ended November 2, 2025, we recognized impairment charges of \$0.3 million. During the thirteen and thirty-nine weeks ended October 27, 2024, we recognized impairment charges of \$1.6 million and \$2.9 million, respectively.

There were no transfers in and out of Level 3 categories during the thirteen and thirty-nine weeks ended November 2, 2025 and October 27, 2024.

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 February 2, 2025	\$ (21,593)	\$ —	\$ (21,593)
Foreign currency translation adjustments	5,170	—	5,170
Other comprehensive income (loss)	5,170	—	5,170
Balance at May 4, 2025	\$ (16,423)	\$ —	\$ (16,423)
Foreign currency translation adjustments	480	—	480
Other comprehensive income (loss)	480	—	480
Balance at August 3, 2025	\$ (15,943)	\$ —	\$ (15,943)
Foreign currency translation adjustments	(530)	—	(530)
Other comprehensive income (loss)	(530)	—	(530)
Balance at November 2, 2025	\$ (16,473)	\$ —	\$ (16,473)
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)

NOTE J. REVENUE*Merchandise Sales*

Revenues from the sale of our merchandise through our e-commerce business, 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 November 2, 2025, February 2, 2025 and October 27, 2024, we recorded a liability for expected sales returns of \$32.1 million, \$42.7 million and \$29.2 million, respectively, within other current liabilities and a corresponding asset for the expected net realizable value of the merchandise inventory to be returned of \$9.0 million, \$12.1 million and \$7.2 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 of 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 November 2, 2025, February 2, 2025 and October 27, 2024, we had recorded \$592.5 million, \$584.8 million and \$583.0 million, respectively, for gift card and other deferred revenue within current liabilities in our Condensed Consolidated Balance Sheets.

NOTE K. INCOME TAXES

The effective tax rate was 25.4% for the first thirty-nine weeks of fiscal 2025, compared to 24.2% for the first thirty-nine weeks of fiscal 2024. The increase was primarily driven by (i) lower excess tax benefit from stock-based compensation in the first thirty-nine weeks of fiscal 2025, (ii) the tax effect of the change in earnings mix and (iii) the tax benefit of state amended returns filed in fiscal 2024.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBA”) was signed into law in the United States. The OBBA includes a broad range of tax reform provisions, including permanently extending and modifying certain expiring provisions of the 2017 Tax Cuts and Jobs Act. The legislation has multiple effective dates, with certain provisions becoming effective in fiscal 2025 and the majority taking effect in future years. We currently expect the OBBA to have a minimal impact on the effective tax rate but result in favorable cash tax impacts in fiscal 2025 as a result of certain accelerated tax deductions.

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. Our subsidiaries were not subject to Pillar Two minimum tax in the first thirty-nine weeks of fiscal 2025. 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.

NOTE L. IMMATERIAL CORRECTION OF 2024 INTERIM PERIOD CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In connection with our fiscal 2024 year-end close process, we identified that we did not timely record shrink losses for certain inventories not ultimately received, which also impacted our bonus accrual, in the first three quarters of fiscal 2024. Therefore, our previously issued interim financial statements for the first three quarters of fiscal 2024 did not reflect these adjustments. We properly accounted for this matter in our fiscal 2024 annual Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2025.

Management evaluated the materiality of the above items based on an analysis of quantitative and qualitative factors and concluded they were not material to the interim periods of fiscal 2024, individually or in aggregate. The following tables reflect the effects of the correction on all affected line items of our previously reported Condensed Consolidated Financial Statements for the thirteen and thirty-nine weeks ended October 27, 2024:

Condensed Consolidated Statements of Earnings (unaudited)

	For the Thirteen Weeks Ended October 27, 2024			For the Thirty-nine Weeks Ended October 27, 2024		
<i>(In thousands, except per share amounts)</i>	As Previously Reported	Adjustments	As Corrected	As Previously Reported	Adjustments	As Corrected
Cost of goods sold	\$ 958,953	\$ 24,149	\$ 983,102	\$ 2,778,767	\$ 53,882	\$ 2,832,649
Gross profit	841,715	(24,149)	817,566	2,470,556	(53,882)	2,416,674
Selling, general and administrative expenses	521,072	(8,537)	512,535	1,536,169	(19,538)	1,516,631
Operating income	320,643	(15,612)	305,031	934,387	(34,344)	900,043
Earnings before income taxes	332,445	(15,612)	316,833	977,450	(34,344)	943,106
Income taxes	83,492	(3,921)	79,571	237,086	(8,513)	228,573
Net earnings	\$ 248,953	\$ (11,691)	\$ 237,262	\$ 740,364	\$ (25,831)	\$ 714,533
Basic earnings per share	\$ 1.99	\$ (0.10)	\$ 1.89	\$ 5.81	\$ (0.20)	\$ 5.61
Diluted earnings per share	\$ 1.96	\$ (0.09)	\$ 1.87	\$ 5.74	\$ (0.20)	\$ 5.54

Condensed Consolidated Statements of Comprehensive Income (unaudited)

<i>(In thousands)</i>	For the Thirteen Weeks Ended October 27, 2024			For the Thirty-nine Weeks Ended October 27, 2024		
	As Previously Reported	Adjustments	As Corrected	As Previously Reported	Adjustments	As Corrected
Net earnings	\$ 248,953	\$ (11,691)	\$ 237,262	\$ 740,364	\$ (25,831)	\$ 714,533
Comprehensive income	\$ 248,940	\$ (11,691)	\$ 237,249	\$ 739,055	\$ (25,831)	\$ 713,224

Condensed Consolidated Balance Sheets (unaudited)

<i>(In thousands)</i>	As of October 27, 2024		
	As Previously Reported	Adjustments	As Corrected
Merchandise inventories, net	\$ 1,450,135	\$ (53,882)	\$ 1,396,253
Total current assets	2,486,781	(53,882)	2,432,899
Total assets	4,968,340	(53,882)	4,914,458
Accrued expenses	235,146	(19,538)	215,608
Income taxes payable	28,400	(8,513)	19,887
Total current liabilities	1,845,310	(28,051)	1,817,259
Total liabilities	3,061,731	(28,051)	3,033,680
Retained earnings	1,377,461	(25,831)	1,351,630
Total stockholders' equity	1,906,609	(25,831)	1,880,778
Total liabilities and stockholders' equity	\$ 4,968,340	\$ (53,882)	\$ 4,914,458

Condensed Consolidated Statements of Stockholders' Equity (unaudited)

<i>(In thousands)</i>	Retained Earnings	Total Stockholders' Equity
As Previously Reported		
Balance at January 28, 2024	\$ 1,555,595	\$ 2,127,861
Net earnings	265,666	265,666
Balance at April 28, 2024	1,704,409	2,209,558
Net earnings	225,745	225,745
Balance at July 28, 2024	1,728,063	2,250,230
Net earnings	248,953	248,953
Balance at October 27, 2024	1,377,461	1,906,609
Adjustments		
Net earnings	(5,250)	(5,250)
Balance at April 28, 2024	(5,250)	(5,250)
Net earnings	(8,890)	(8,890)
Balance at July 28, 2024	(14,140)	(14,140)
Net earnings	(11,691)	(11,691)
Balance at October 27, 2024	(25,831)	(25,831)
As Corrected		
Balance at January 28, 2024	1,555,595	2,127,861
Net earnings	260,416	260,416
Balance at April 28, 2024	1,699,159	2,204,308
Net earnings	216,855	216,855
Balance at July 28, 2024	1,713,923	2,236,090
Net earnings	237,262	237,262
Balance at October 27, 2024	\$ 1,351,630	\$ 1,880,778

Condensed Consolidated Statements of Cash Flows (unaudited)

	For the Thirty-nine Weeks Ended October 27, 2024		
<i>(In thousands)</i>	As Previously Reported	Adjustments	As Corrected
Cash flows from operating activities:			
Net earnings	\$ 740,364	\$ (25,831)	\$ 714,533
Changes in:			
Merchandise inventories	(203,937)	53,882	(150,055)
Accrued expenses and other liabilities	(17,060)	(19,538)	(36,598)
Income taxes payable	(68,154)	(8,513)	(76,667)
Net cash provided by operating activities	\$ 726,743	\$ —	\$ 726,743

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: changes in U.S. (federal, state and local) and international tax laws and trade policies and regulations; the impact of current and potential future tariffs and our ability to mitigate such impacts; the complementary nature of our e-commerce and retail channels; the plans, strategies, initiatives and objectives of management for future operations; our ability to execute strategic priorities and growth initiatives, including those regarding digital leadership, product and technology innovation, cross-brand initiatives, retail transformation and operational excellence; the strength of our business and our brands; our marketing efforts; our ability to provide sustainable products at competitive prices; our ability to provide world-class customer service via supply chain improvements from reduced out-of-market and multiple shipments, fewer customer accommodations, lower returns and damages, and reduced replacements; our belief that our key differentiators, growth strategies and the efficiencies of our operating model will allow us to reduce costs and manage inventory levels in both the short- and long-term; competition from companies with concepts or products similar to ours; our beliefs about our competitive advantages and areas of potential future growth in the market; the seasonal variations in demand; our ability to recruit, retain and motivate skilled personnel; our ability to protect our intellectual property rights; our ability to comply with the laws, rules and regulations of the U.S. and multiple foreign jurisdictions in which we operate; the impact of general economic conditions, inflationary pressures, consumer disposable income, fuel prices, recession and fears of recession, unemployment, war and fears of war, outbreaks of disease, adverse weather, availability of consumer credit, consumer debt levels, conditions in the housing market, elevated interest rates, sales tax rates and rate increases, consumer confidence in future economic and political conditions, and consumer perceptions of personal well-being and security; the impact of periods of decreased home and home furnishing purchases; our ability to grow our business-to-business division and the challenges we may face executing such growth; our ability to anticipate consumer preferences and buying trends overall and as they apply to specific brands; dependence on timely introduction and customer acceptance of our merchandise; effective inventory management; timely and effective sourcing of merchandise from our foreign and domestic suppliers and delivery of merchandise through our supply chain to our stores and customers; factors, including but not limited to fuel costs, labor disputes, union organizing activity, geopolitical instability, acts of terrorism and war, that can affect the global supply chain, including our third-party providers; our belief in the adequacy of our facilities and the availability of suitable additional or substitute space; our ability to improve our systems and processes; changes to our information technology infrastructure; shortages of raw materials used to make our products; uncertainties in e-marketing, infrastructure and regulation; our belief in the reasonableness of the steps taken to protect the security and confidentiality of the information we collect; multi-channel and multi-brand complexities; delays in store openings; our brands, products and related initiatives, including our ability to introduce new products, product lines, brands, and brand extensions, and bring in new customers; our belief in the ultimate resolution of current legal proceedings; challenges associated with our increasing global presence; our global business and expansion efforts, including franchise, other third-party arrangements and company-owned operations; adherence by our suppliers to our global compliance program and quality control standards; the effects of fluctuations in foreign currency rates and the impact of our hedging against such risks; dependence on external funding sources for operating capital; our compliance with financial covenants; disruptions in the financial markets; our ability to control employment, occupancy, supply chain, product, transportation and other operating costs; the adequacy of our insurance coverage; our stock repurchase program; payment of dividends; the impact of new accounting pronouncements; our belief that our cash on hand and available credit facilities will provide adequate liquidity for our business operations; our belief regarding the effects of potential losses under our indemnification obligations; the effects of changes in our inventory reserves; our ability to deliver organic, core-brand growth; growth from our emerging brands; our ability to drive long-term sustainable returns; our capital allocation strategy in fiscal 2025; our planned use of cash in fiscal 2025; projections of earnings, revenues, growth and other financial items; 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 February 2, 2025, 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., (the “Company”, “we”, or “us”) is a specialty retailer of high-quality products for the home. We are the world’s largest digital-first, design-led and sustainable home retailer. Our brands – Williams Sonoma, Pottery Barn, Pottery Barn Kids, Pottery Barn Teen, West Elm, Williams Sonoma Home, Rejuvenation, Mark and Graham, and GreenRow – represent distinct merchandise strategies that are marketed through e-commerce, direct-mail catalogs and retail stores. These brands collectively support The Key Rewards, our loyalty and credit card program that offers members exclusive benefits. We operate in the U.S., Puerto Rico, Canada, Australia and the United Kingdom, 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.

The following discussion and analysis of financial condition, results of operations, and liquidity and capital resources for the thirteen weeks ended November 2, 2025 (“third quarter of fiscal 2025”), as compared to the thirteen weeks ended October 27, 2024 (“third quarter of fiscal 2024”) and thirty-nine weeks ended November 2, 2025 (“first thirty-nine weeks of fiscal 2025”), as compared to the thirty-nine weeks ended October 27, 2024 (“first thirty-nine weeks of fiscal 2024”), 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 2025 Financial Results

Net revenues in the third quarter of fiscal 2025 increased \$82.1 million or 4.6%, with company comp growth of 4.0%. This increase was driven by strong non-furniture and furniture sales, including new product introductions and collaborations, as well as higher full-price selling. From a channel perspective, the company comp growth of 4.0% was driven by comp growth of 8.5% in our retail channel and comp growth of 1.9% in our e-commerce channel.

In the third quarter of fiscal 2025, Pottery Barn, our largest brand, saw comparable brand revenue (“brand comp”) growth of 1.3% driven by strength in large-ticket items, including furniture, upholstery and lighting, as well as a strong retail performance driven by improvements in store inventory availability, new product assortments and our design services.

The Pottery Barn Kids and Teen brands saw brand comp growth of 4.4% in the third quarter of fiscal 2025 driven by strength in collaborations, new product launches, and back-to-school and dorm offerings.

West Elm saw brand comp growth of 3.3% in the third quarter of fiscal 2025, driven by strength in new non-furniture and furniture product introductions and a strong retail performance.

The Williams Sonoma brand saw brand comp growth of 7.3% in the third quarter of fiscal 2025 with strength in the brand's kitchen business driven by electrics and cookware as well as a strong retail performance.

Finally, our emerging brands, Rejuvenation, Mark and Graham, and GreenRow, delivered double-digit brand comp growth on a combined basis.

For the third quarter of fiscal 2025, diluted earnings per share grew by 4.8% to \$1.96, compared to \$1.87 in the third quarter of fiscal 2024.

As of November 2, 2025, we had \$884.7 million in cash and cash equivalents and generated operating cash flow of \$718.0 million in the first thirty-nine weeks of fiscal 2025. In addition to our cash balance, we also ended the third quarter of fiscal 2025 with no outstanding borrowings under our revolving line of credit. This strong liquidity position allowed us to fund the operations of the business, invest \$178.5 million in capital expenditures and return \$792.3 million through stock repurchases and dividends to stockholders in the first thirty-nine weeks of fiscal 2025.

Out-of-Period Freight Adjustment in First Quarter of Fiscal 2024

Subsequent to the filing of our fiscal 2023 Form 10-K, in April 2024, we determined that we over-recognized freight expense in fiscal 2021, 2022 and 2023 for a cumulative amount of \$49.0 million. We evaluated the error, both qualitatively and quantitatively, and determined that no prior interim or annual periods were materially misstated. We then evaluated whether the cumulative amount of the over-accrual was material to our 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

We remain focused on our three key priorities of (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 current uncertain macroeconomic environment, including the evolving tariff and trade policy landscape, a weak housing market, elevated interest rates, layoffs, inflationary pressure, economic uncertainty and global geopolitical instability could negatively impact our business. Since the end of the first quarter of fiscal 2025, the tariff environment has materially evolved. Specifically, our incremental tariff rate has more than doubled from 14% in May 2025 to 29% as of this Quarterly Report on Form 10-Q. These tariffs, as well as any future tariffs, are expected to result in increased cost for imported materials and finished goods. While we believe that we can offset a portion of these costs, we may not be able to offset all the additional costs. Our inability to minimize the impact of tariffs on our products, increase prices or find alternative sources for our products may have a material impact on our earnings. 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 February 2, 2025.

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 2025 vs. Third Quarter of Fiscal 2024

Net revenues in the third quarter of fiscal 2025 increased \$82.1 million or 4.6%, with company comp growth of 4.0%. This increase was driven by strong non-furniture and furniture sales, including new product introductions and collaborations, as well as higher full-price selling. From a channel perspective, the company comp growth of 4.0% was driven by comp growth of 8.5% in our retail channel and comp growth of 1.9% in our e-commerce channel.

First Thirty-nine Weeks of Fiscal 2025 vs. First Thirty-nine Weeks of Fiscal 2024

Net revenues in the first thirty-nine weeks of fiscal 2025 increased by \$200.4 million, or 3.8%, with company comp growth of 3.7%. This was driven by strong non-furniture and furniture sales, including new product introductions and collaborations, as well as higher full-price selling. From a channel perspective, the company comp growth of 3.7% was driven by comp growth of 7.4% in our retail channel and comp growth of 2.0% in our e-commerce channel. Both channels benefited from improved in-stock inventory levels.

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 new and emerging 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)	For the Thirteen Weeks Ended ¹		For the Thirty-nine Weeks Ended ¹	
	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Pottery Barn	1.3 %	(7.5)%	1.5 %	(8.4)%
West Elm	3.3	(3.5)	2.3	(4.1)
Williams Sonoma	7.3	(0.1)	6.6	0.0
Pottery Barn Kids and Teen	4.4	3.8	4.5	2.7
Total ²	4.0 %	(2.9)%	3.7 %	(3.7)%

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

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

STORE DATA

	Store Count				Average Leased Square Footage Per Store		
	August 3, 2025	Openings	Closings	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Pottery Barn	181	2	—	183	186	15,100	15,000
Williams Sonoma	154	—	(1)	153	160	6,900	6,900
West Elm	119	—	—	119	122	13,300	13,200
Pottery Barn Kids	44	1	—	45	46	7,800	7,800
Rejuvenation	11	2	—	13	11	7,900	8,100
Total	509	5	(1)	513	525	11,400	11,400
Store selling square footage at period-end						3,817,000	3,886,000
Store leased square footage at period-end						5,844,000	5,972,000

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, tariff 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”).

(In thousands)	For the Thirteen Weeks Ended				For the Thirty-nine Weeks Ended			
	November 2, 2025	% Net Revenues	October 27, 2024	% Net Revenues	November 2, 2025	% Net Revenues	October 27, 2024	% Net Revenues
Gross profit ¹	\$ 867,733	46.1 %	\$ 817,566	45.4 %	\$ 2,498,165	45.8 %	\$ 2,416,674	46.0 %

¹ Includes occupancy expenses of \$206.5 million and \$195.0 million for the third quarter of fiscal 2025 and fiscal 2024, respectively, and \$605.6 million and \$588.3 million for the first thirty-nine weeks of fiscal 2025 and fiscal 2024, respectively.

Third Quarter of Fiscal 2025 vs. Third Quarter of Fiscal 2024

Gross profit increased \$50.2 million, or 6.1%, compared to the third quarter of fiscal 2024. Gross margin increased to 46.1% from 45.4% in the third quarter of fiscal 2024. This increase in gross margin of 70 basis points was primarily driven by higher merchandise margins of 60 basis points due to (i) the flow-through of tariffs into cost of goods sold being slower than anticipated due to delayed tariff effective dates, (ii) results from our tariff mitigation plan, including select price increases, and (iii) lower inbound transportation costs. Additionally, supply chain efficiencies contributed 30 basis points, including reductions in outbound shipping expense, damages, replacements and accommodations. These improvements were partially offset by higher occupancy costs of 20 basis points due to our retail outperformance and the higher occupancy costs in that channel.

First Thirty-nine Weeks of Fiscal 2025 vs. First Thirty-nine Weeks of Fiscal 2024

Gross profit increased \$81.5 million, or 3.4%, compared to the first thirty-nine weeks of fiscal 2024. Gross margin decreased to 45.8% from 46.0% in the first thirty-nine weeks of fiscal 2024. This decrease in gross margin of 20 basis points was driven by (i) the out-of-period freight adjustment in the first quarter of fiscal 2024 of 90 basis points, partially offset by (ii) supply chain efficiencies of 40 basis points, including reductions in damages, replacements and accommodations, (iii) higher merchandise margins of 20 basis points, and (iv) the leverage of occupancy costs of 10 basis points resulting from higher sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A consists of non-occupancy related costs associated with our retail stores and e-commerce websites, 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.

(In thousands)	For the Thirteen Weeks Ended				For the Thirty-nine Weeks Ended			
	November 2, 2025	% Net Revenues	October 27, 2024	% Net Revenues	November 2, 2025	% Net Revenues	October 27, 2024	% Net Revenues
Selling, general and administrative expenses	\$ 548,590	29.1 %	\$ 512,535	28.5 %	\$ 1,560,250	28.6 %	\$ 1,516,631	28.9 %

Third Quarter of Fiscal 2025 vs. Third Quarter of Fiscal 2024

SG&A increased \$36.1 million, or 7.0%, compared to the third quarter of fiscal 2024. SG&A as a percentage of net revenues increased to 29.1% from 28.5% in the third quarter of fiscal 2024. This increase of 60 basis points was primarily driven by (i) an increase in employment expense of 50 basis points due to higher performance-based incentive compensation and (ii) an increase in advertising expenses of 20 basis points, partially offset by (iii) general expense leverage of 10 basis points.

First Thirty-nine Weeks of Fiscal 2025 vs. First Thirty-nine Weeks of Fiscal 2024

SG&A increased \$43.6 million, or 2.9%, compared to the first thirty-nine weeks of fiscal 2024. SG&A as a percentage of net revenues decreased to 28.6% from 28.9% in the first thirty-nine weeks of fiscal 2024. This leverage of 30 basis points was primarily driven by (i) lower advertising expenses of 40 basis points and (ii) lower general expenses of 20 basis points, partially offset by (iii) an increase in employment expense of 30 basis points due to higher performance-based incentive compensation.

INCOME TAXES

The effective tax rate was 25.4% for the first thirty-nine weeks of fiscal 2025, compared to 24.2% for the first thirty-nine weeks of fiscal 2024. The increase was primarily driven by (i) lower excess tax benefit from stock-based compensation in the first thirty-nine weeks of fiscal 2025, (ii) the tax effect of the change in earnings mix and (iii) the tax benefit of state amended returns filed in fiscal 2024.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBA”) was signed into law in the United States. The OBBA includes a broad range of tax reform provisions, including permanently extending and modifying certain expiring provisions of the 2017 Tax Cuts and Jobs Act. The legislation has multiple effective dates, with certain provisions becoming effective in fiscal 2025 and the majority taking effect in future years. We currently expect the OBBA to have a minimal impact on the effective tax rate but result in favorable cash tax impacts in fiscal 2025 as a result of certain accelerated tax deductions.

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. Our subsidiaries were not subject to Pillar Two minimum tax in the first thirty-nine weeks of fiscal 2025. 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 February 2, 2025, which is incorporated herein by reference.

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.

Liquidity Outlook

For the remainder of fiscal 2025, we plan to use our cash resources to fund our inventory purchases, employment-related costs, advertising and marketing initiatives, rental payments on our leases, capital expenditures, dividend payments, stock repurchases, 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 dividends, capital expenditures, stock repurchases 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 would impact our capital needs during or beyond the next 12 months.

Sources of Liquidity

As of November 2, 2025, we held \$884.7 million in cash and cash equivalents, the majority of which was held in money market funds and interest-bearing demand deposit accounts, and of which \$64.2 million was held by our international subsidiaries. Consistent with 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, in June 2025, we amended our existing credit facility, which increased our unsecured revolving line of credit to \$600 million, amended certain interest rates and extended the maturity date of the facility to June 26, 2030, in addition to other updates (the “Credit Facility”). Our Credit Facility 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’ option, to increase the Credit Facility by up to \$250 million to provide for a total of up to \$850 million of unsecured revolving credit.

During the thirteen and thirty-nine weeks ended November 2, 2025 and October 27, 2024, we had no borrowings under our Credit Facility. Additionally, as of November 2, 2025, issued but undrawn standby letters of credit of \$12.0 million were outstanding under our Credit Facility. 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 November 2, 2025, 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 November 2, 2025, the aggregate amount outstanding under our letter of credit facilities was \$0.6 million, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. On August 7, 2025, 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, 2026, and the latest expiration date possible for future letters of credit issued under these facilities is January 15, 2027. One of the letter of credit facilities totaling \$5 million matures on June 26, 2030, 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 2025, net cash provided by operating activities was \$718.0 million compared to \$726.7 million for the first thirty-nine weeks of fiscal 2024, and was primarily attributable to net earnings adjusted for non-cash items, partially offset by higher spending on merchandise inventories (as a result of increased tariff costs and timing of receipts). Net cash provided by operating activities compared to the first thirty-nine weeks of fiscal 2024 decreased primarily due to higher spending on merchandise inventories, partially offset by an increase in income taxes payable.

Cash Flows from Investing Activities

For the first thirty-nine weeks of fiscal 2025, net cash used in investing activities was \$179.7 million compared to \$154.0 million for the first thirty-nine weeks of fiscal 2024, 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 2025, net cash used in financing activities was \$870.1 million compared to \$1.0 billion for the first thirty-nine weeks of fiscal 2024, primarily driven by repurchases of our common stock, payment of dividends and remittance of tax withholdings related to stock-based awards. Net cash used in financing activities for the first thirty-nine weeks of fiscal 2025 decreased compared to the first thirty-nine weeks of fiscal 2024, due to a decrease in repurchases of our 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 our peak selling season, 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 within our industry. In preparation for and during our peak 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 2025, there were no significant changes to the critical accounting estimates discussed in our Annual Report on Form 10-K for the fiscal year ended February 2, 2025.

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, inflation and the effects of economic uncertainty which may affect the prices we pay our suppliers 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 Credit Facility 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 2025, we had no borrowings under our Credit Facility.

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 November 2, 2025, our investments, made primarily in money market funds and interest-bearing demand deposit accounts, 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 2025 or the third quarter of fiscal 2024. 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 2025 or the third quarter of fiscal 2024, 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 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. 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 November 2, 2025, 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 2025, 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 February 2, 2025 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 November 2, 2025 with respect to shares of common stock we repurchased during the third quarter of fiscal 2025 under the \$1.0 billion stock repurchase authorization announced in September 2024 (the “September 2024 authorization”).

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
August 4, 2025 - August 31, 2025	—	\$ —	—	\$ 903,415,000
September 1, 2025 - September 28, 2025	—	\$ —	—	\$ 903,415,000
September 29, 2025 - November 2, 2025	1,402,750	\$ 190.05	1,402,750	\$ 636,820,000
Total	1,402,750	\$ 190.05	1,402,750	\$ 636,820,000

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

Additionally, in November 2025, we announced our Board of Directors approved a new \$1.0 billion stock repurchase authorization (together with the September 2024 authorization, “our program”), which will become effective once our September 2024 authorization is fully utilized. 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 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

Insider Adoption or Termination of Trading Arrangements

During the third quarter of fiscal 2025, 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	Date Terminated
Laura Alber, Director, President and Chief Executive Officer	October 2, 2025	Rule 10b5-1 Trading Arrangement	Up to 210,000 shares to be sold	January 15, 2026 through January 8, 2027	N/A
Karalyn Yearout, Executive Vice President and Chief Talent Officer	October 15, 2025	Rule 10b5-1 Trading Arrangement	Up to 7,250 shares to be sold ²	January 14, 2026 through December 15, 2026	N/A

¹ 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.

² 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
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 November 2, 2025, 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.

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/ Jeffrey E. Howie
Jeffrey E. Howie
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Jeremy Brooks
Jeremy Brooks
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: November 25, 2025

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: November 25, 2025

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

CERTIFICATION

I, Jeffrey E. Howie, 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: November 25, 2025

By: /s/ Jeffrey E. Howie
 Jeffrey E. Howie
 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 November 2, 2025 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: November 25, 2025

**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 November 2, 2025 of Williams-Sonoma, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey E. Howie, 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/ Jeffrey E. Howie
Jeffrey E. Howie
Chief Financial Officer

Date: November 25, 2025