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 July 28, 2024.

or

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

For the transition period from to

Commission File Number: 001-14077

WILLIAMS-SONOMA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

3250 Van Ness Avenue, San Francisco, CA
(Address of principal executive offices)

94-2203880
(I.R.S. Employer Identification No.)

94109
(Zip Code)

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

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

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

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

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

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

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

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

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

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

As of August 18, 2024, 126,339,342 shares of the registrant’s Common Stock were outstanding.

WILLIAMS-SONOMA, INC.
REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JULY 28, 2024

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ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	For the Thirteen Weeks Ended		For the Twenty-six Weeks Ended	
(In thousands, except per share amounts)	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Net revenues	$ 1,788,307	$ 1,862,614	$ 3,448,655	$ 3,618,065
Cost of goods sold	961,981	1,105,047	1,819,814	2,185,439
Gross profit	826,326	757,567	1,628,841	1,432,626
Selling, general and administrative expenses	536,410	486,019	1,015,097	961,601
Operating income	289,916	271,548	613,744	471,025
Interest income, net	15,208	3,335	31,261	8,833
Earnings before income taxes	305,124	274,883	645,005	479,858
Income taxes	79,379	73,376	153,594	121,820
Net earnings	$ 225,745	$ 201,507	$ 491,411	$ 358,038
Basic earnings per share	$ 1.76	$ 1.57	$ 3.83	$ 2.75
Diluted earnings per share	$ 1.74	$ 1.56	$ 3.78	$ 2.73
Shares used in calculation of earnings per share:				
Basic	128,256	128,326	128,334	130,012
Diluted	129,810	129,051	130,103	131,173

See Notes to Condensed Consolidated Financial Statements.

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

	For the Thirteen Weeks Ended		For the Twenty-six Weeks Ended	
(In thousands)	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Net earnings	$ 225,745	$ 201,507	$ 491,411	$ 358,038
Other comprehensive income (loss):				
Foreign currency translation adjustments	(49)	2,171	(1,391)	(34)
Change in fair value of derivative financial instruments, net of tax of $ 0, $(56), $0, and $30.	—	(157)	1	85
Reclassification adjustment for realized gains on derivative financial instruments, net of tax of $(33), $104, $(33), and $276.	94	(296)	94	(782)
Comprehensive income	$ 225,790	$ 203,225	$ 490,115	$ 357,307

See Notes to Condensed Consolidated Financial Statements.

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

(In thousands, except per share amounts)	As of July 28, 2024	As of January 28, 2024	As of July 30, 2023
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,265,259	$ 1,262,007	$ 514,435
Accounts receivable, net	112,492	122,914	117,045
Merchandise inventories, net	1,247,426	1,246,369	1,300,838
Prepaid expenses	99,409	59,466	73,521
Other current assets	19,711	29,041	26,293
Total current assets	2,744,297	2,719,797	2,032,132
Property and equipment, net	975,137	1,013,189	1,036,407
Operating lease right-of-use assets	1,150,180	1,229,650	1,232,925
Deferred income taxes, net	106,080	110,656	73,610
Goodwill	77,307	77,306	77,322
Other long-term assets, net	158,671	122,950	119,415
Total assets	$ 5,211,672	$ 5,273,548	$ 4,571,811
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 595,601	$ 607,877	$ 597,104
Accrued expenses	207,633	264,306	184,996
Gift card and other deferred revenue	576,458	573,904	435,369
Income taxes payable	53,373	96,554	127,581
Operating lease liabilities	233,361	234,517	222,155
Other current liabilities	92,369	103,157	96,645
Total current liabilities	1,758,795	1,880,315	1,663,850
Long-term operating lease liabilities	1,081,108	1,156,104	1,168,221
Other long-term liabilities	121,539	109,268	118,785
Total liabilities	2,961,442	3,145,687	2,950,856
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; 127,788, 128,301 and 128,289 shares issued and outstanding at July 28, 2024, January 28, 2024 and July 30, 2023, respectively	1,278	1,284	1,283
Additional paid-in capital	538,172	587,960	550,866
Retained earnings	1,728,063	1,555,595	1,084,772
Accumulated other comprehensive loss	(16,848)	(15,552)	(14,540)
Treasury stock, at cost: 4, 6 and 6 shares as of July 28, 2024, January 28, 2024 and July 30, 2023, respectively	(435)	(1,426)	(1,426)
Total stockholders' equity	2,250,230	2,127,861	1,620,955
Total liabilities and stockholders' equity	$ 5,211,672	$ 5,273,548	$ 4,571,811

See Notes to Condensed Consolidated Financial Statements.

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

(In thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance at January 28, 2024	128,301	$ 1,284	$ 587,960	$ 1,555,595	$ (15,552)	$ (1,426)	$ 2,127,861
Net earnings	—	—	—	265,666	—	—	265,666
Foreign currency translation adjustments	—	—	—	—	(1,342)	—	(1,342)
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	1	—	1
Release of stock-based awards [1]	687	6	(86,787)	—	—	(227)	(87,008)
Repurchases of common stock	(313)	(2)	(957)	(42,822)	—	—	(43,781)
Reissuance of treasury stock under stock-based compensation plans [1]	—	—	(1,218)	—	—	1,218	—
Stock-based compensation expense	—	—	22,191	—	—	—	22,191
Dividends declared	—	—	—	(74,030)	—	—	(74,030)
Balance at April 28, 2024	128,675	$ 1,288	$ 521,189	$ 1,704,409	$ (16,893)	$ (435)	$ 2,209,558
Net earnings	—	—	—	225,745	—	—	225,745
Foreign currency translation adjustments	—	—	—	—	(49)	—	(49)
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	94	—	94
Release of stock-based awards [1]	35	—	(1,842)	—	—	—	(1,842)
Repurchases of common stock [2]	(922)	(10)	(2,808)	(127,700)	—	—	(130,518)
Stock-based compensation expense	—	—	21,633	—	—	—	21,633
Dividends declared	—	—	—	(74,391)	—	—	(74,391)
Balance at July 28, 2024	127,788	$ 1,278	$ 538,172	$ 1,728,063	$ (16,848)	$ (435)	$ 2,250,230

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

2 *Repurchases of common stock include accrued excise taxes of $0.7 million as of July 28, 2024, which is recorded in retained earnings.*

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

(In thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance at January 29, 2023	132,453	$ 1,325	$ 572,455	$ 1,141,819	$ (13,809)	$ (739)	$ 1,701,051
Net earnings	—	—	—	156,531	—	—	156,531
Foreign currency translation adjustments	—	—	—	—	(2,205)	—	(2,205)
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	242	—	242
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	(486)	—	(486)
Release of stock-based awards [1]	996	10	(49,327)	—	—	(201)	(49,518)
Repurchases of common stock [2]	(5,005)	(50)	(14,778)	(286,573)	—	(1,000)	(302,401)
Reissuance of treasury stock under stock-based compensation plans [1]	—	—	(334)	(180)	—	514	—
Stock-based compensation expense	—	—	23,282	—	—	—	23,282
Dividends declared	—	—	—	(59,671)	—	—	(59,671)
Balance at April 30, 2023	128,444	$ 1,285	$ 531,298	$ 951,926	$ (16,258)	$ (1,426)	$ 1,466,825
Net earnings	—	—	—	201,507	—	—	201,507
Foreign currency translation adjustments	—	—	—	—	2,171	—	2,171
Change in fair value of derivative financial instruments, net of tax	—	—	—	—	(157)	—	(157)
Reclassification adjustment for realized (gain) loss on derivative financial instruments, net of tax	—	—	—	—	(296)	—	(296)
Release of stock-based awards [1]	25	—	(432)	—	—	—	(432)
Repurchases of common stock [2]	(180)	(2)	(547)	(9,547)	—	—	(10,096)
Stock-based compensation expense	—	—	20,547	—	—	—	20,547
Dividends declared	—	—	—	(59,114)	—	—	(59,114)
Balance at July 30, 2023	128,289	$ 1,283	$ 550,866	$ 1,084,772	$ (14,540)	$ (1,426)	$ 1,620,955

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

2 Repurchases of common stock include accrued excise taxes of $2.5 million as of July 30, 2023, which is recorded in retained earnings.

See Notes to Condensed Consolidated Financial Statements.

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

	For the Twenty-six Weeks Ended	
(In thousands)	July 28, 2024	July 30, 2023
Cash flows from operating activities:		
Net earnings	$ 491,411	$ 358,038
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	113,264	110,843
Loss on disposal/impairment of assets	2,963	14,185
Non-cash lease expense	129,608	126,981
Deferred income taxes	(5,931)	(3,841)
Tax benefit related to stock-based awards	10,139	12,334
Stock-based compensation expense	44,846	44,159
Other	(1,578)	(1,647)
Changes in:		
Accounts receivable	10,393	(1,502)
Merchandise inventories	(1,415)	154,712
Prepaid expenses and other assets	(66,647)	(6,615)
Accounts payable	(26,617)	87,840
Accrued expenses and other liabilities	(54,924)	(67,955)
Gift card and other deferred revenue	2,800	(43,699)
Operating lease liabilities	(131,848)	(135,206)
Income taxes payable	(43,181)	66,358
Net cash provided by operating activities	473,283	714,985
Cash flows from investing activities:		
Purchases of property and equipment	(70,946)	(92,880)
Other	(13)	211
Net cash used in investing activities	(70,959)	(92,669)
Cash flows from financing activities:		
Repurchases of common stock	(173,603)	(310,000)
Payment of dividends	(135,768)	(116,643)
Tax withholdings related to stock-based awards	(88,851)	(49,950)
Net cash used in financing activities	(398,222)	(476,593)
Effect of exchange rates on cash and cash equivalents	(850)	1,368
Net increase in cash and cash equivalents	3,252	147,091
Cash and cash equivalents at beginning of period	1,262,007	367,344
Cash and cash equivalents at end of period	$ 1,265,259	$ 514,435

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 July 28, 2024, January 28, 2024 and July 30, 2023, the Condensed Consolidated Statements of Earnings, the Condensed Consolidated Statements of Comprehensive Income, and the Condensed Consolidated Statements of Stockholders' Equity for the thirteen and twenty-six weeks then ended and the Condensed Consolidated Statements of Cash Flows for the twenty-six 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 twenty-six weeks then ended. Intercompany transactions and accounts have been eliminated in our consolidation. The balance sheet as of January 28, 2024, presented herein, has been derived from our audited Consolidated Balance Sheet included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

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

The results of operations for the thirteen and twenty-six weeks ended July 28, 2024 are not necessarily indicative of the operating results of the full year.

Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been omitted. These financial statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

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

Common Stock Split

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

Out-of-Period Adjustment

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

Recently Issued Accounting Pronouncements

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

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* . The improvements in the ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements and related disclosures.

NOTE B. BORROWING ARRANGEMENTS

Credit Facility

We have a credit facility (the "Credit Facility") which provides for a $500 million unsecured revolving line of credit (the “Revolver”). Our Revolver may be used to borrow revolving loans or to request the issuance of letters of credit. We may, upon notice to the administrative agent, request existing or new lenders, at such lenders’ option, to increase the Revolver by up to $250 million to provide for a total of up to $ 750 million of unsecured revolving credit.

During the thirteen and twenty-six weeks ended July 28, 2024 and July 30, 2023, we had no borrowings under our Revolver. Additionally, as of July 28, 2024, issued but undrawn standby letters of credit of $12.0 million were outstanding under our Revolver. The standby letters of credit were primarily issued to secure the liabilities associated with workers’ compensation and other insurance programs. Our Revolver matures on September 30, 2026, at which time all outstanding borrowings must be repaid and all outstanding letters of credit must be cash collateralized. We may elect to extend the maturity date, subject to lender approval.

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

Our Credit Facility contains certain restrictive loan covenants, including, among others, a financial covenant requiring a maximum leverage ratio (funded debt adjusted for operating lease liabilities to earnings before interest, income tax, depreciation, amortization and rent expense), and covenants limiting our ability to incur indebtedness, grant liens, make acquisitions, merge or consolidate, and dispose of assets. As of July 28, 2024, we were in compliance with our financial covenants under our Credit Facility and, based on our current projections, we expect to remain in compliance throughout the next 12 months.

Letter of Credit Facilities

We have three unsecured letter of credit facilities for a total of $ 35 million. Our letter of credit facilities contain covenants that are consistent with our Credit Facility. Interest on unreimbursed amounts under our letter of credit facilities accrues at a base rate as defined in the Credit Facility, plus an applicable margin based on our leverage ratio. As of July 28, 2024, the aggregate amount outstanding under our letter of credit facilities was $0.7 million, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. On August 16, 2024, we renewed two of our letter of credit facilities totaling $30 million on substantially similar terms. The two letter of credit facilities mature on August 18, 2025, and the latest expiration date possible for future letters of credit issued under these facilities is January 15, 2026. One of the letter of credit facilities totaling $ 5 million matures on September 30, 2026, which is also the latest expiration date possible for future letters of credit issued under the facility.

NOTE C. STOCK-BASED COMPENSATION

Equity Award Programs

Our Amended and Restated 2001 Long-Term Incentive Plan (the “Plan”) provides for grants of incentive stock options, nonqualified stock options, stock-settled stock appreciation rights, restricted stock awards, restricted stock units (including those that are performance-based), deferred stock awards (collectively, “stock awards”) and dividend equivalents up to an aggregate of 85.4 million shares. As of July 28, 2024, there were approximately 9.5 million shares available for future grant. Awards may be granted under our Plan to officers, associates and non-associate members of the Board of Directors of the Company (the “Board”) or any parent or subsidiary. Shares issued as a result of award exercises or releases are primarily funded with the issuance of new shares.

Stock Awards

Annual grants of stock awards are limited to two million shares on a per person basis. Stock awards granted to associates generally vest evenly over a period of four years for service-based awards. Certain performance-based awards, which have variable payout conditions based on predetermined financial targets, generally vest three years from the date of grant. Certain stock awards and other agreements contain vesting acceleration clauses which cover events including, but not limited to, retirement, disability, death, merger or a similar corporate event. Stock awards granted to non-associate Board members generally vest in one year. Non-associate Board members automatically receive stock awards on the date of their initial election to the Board and annually thereafter on the date of the annual meeting of stockholders (so long as they continue to serve as a non-associate Board member). Non-associate directors may also elect, on terms prescribed by the Company, to receive all of their annual cash compensation to be earned in respect of the applicable fiscal year either in the form of (i) fully vested stock units or (ii) fully vested deferred stock units.

Stock-Based Compensation Expense

During the thirteen and twenty-six weeks ended July 28, 2024, we recognized total stock-based compensation expense, as a component of selling, general and administrative expenses ("SG&A") of $21.8 million and $44.8 million, respectively. During the thirteen and twenty-six weeks ended July 30, 2023, we recognized total stock-based compensation expense, as a component of SG&A of $20.8 million and $44.2 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:

(In thousands, except per share amounts)	Net Earnings	Weighted Average Shares	Earnings Per Share
Thirteen weeks ended July 28, 2024			
Basic	$ 225,745	128,256	$ 1.76
Effect of dilutive stock-based awards		1,554	
Diluted	$ 225,745	129,810	$ 1.74
Thirteen weeks ended July 30, 2023			
Basic	$ 201,507	128,326	$ 1.57
Effect of dilutive stock-based awards		725	
Diluted	$ 201,507	129,051	$ 1.56
Twenty-six weeks ended July 28, 2024			
Basic	$ 491,411	128,334	$ 3.83
Effect of dilutive stock-based awards		1,769	
Diluted	$ 491,411	130,103	$ 3.78
Twenty-six weeks ended July 30, 2023			
Basic	$ 358,038	130,012	$ 2.75
Effect of dilutive stock-based awards		1,161	
Diluted	$ 358,038	131,173	$ 2.73

The effect of anti-dilutive stock-based awards was not material for the thirteen and twenty-six weeks ended July 28, 2024 and July 30, 2023, respectively.

NOTE E. SEGMENT REPORTING

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

The following table summarizes our net revenues by brand for the thirteen and twenty-six weeks ended July 28, 2024 and July 30, 2023.

	For the Thirteen Weeks Ended [1]		For the Twenty-six Weeks Ended [1]	
(In thousands)	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Pottery Barn	$ 725,323	$ 786,308	$ 1,402,658	$ 1,554,022
West Elm	458,779	484,106	889,088	936,499
Williams Sonoma	239,867	244,513	478,106	483,934
Pottery Barn Kids and Teen	259,408	255,987	481,210	472,208
Other [2]	104,930	91,700	197,593	171,402
Total [3]	$ 1,788,307	$ 1,862,614	$ 3,448,655	$ 3,618,065

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

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

3 *Includes net revenues related to our international operations (including our operations in Canada, Australia, the United Kingdom, and our franchise businesses) of approximately $79.0 million and $82.0 million for the thirteen weeks ended July 28, 2024 and July 30, 2023, respectively, and approximately $152.5 million and $152.8 million for the twenty-six weeks ended July 28, 2024 and July 30, 2023, respectively.*

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

	As of		
(In thousands)	July 28, 2024	January 28, 2024	July 30, 2023
U.S.	$ 2,199,597	$ 2,273,905	$ 2,295,497
International	71,569	79,720	81,751
Total	$ 2,271,166	$ 2,353,625	$ 2,377,248

NOTE F. COMMITMENTS AND CONTINGENCIES

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

NOTE G. STOCK REPURCHASE PROGRAM AND DIVIDENDS

Stock Repurchase Program

During the thirteen weeks ended July 28, 2024, we repurchased 921,466 shares of our common stock at an average cost of $ 140.89 per share for an aggregate cost of $129.8 million, excluding excise taxes on stock repurchases (net of issuances) of $ 0.7 million. During the twenty-six weeks ended July 28, 2024, we repurchased 1,235,264 shares of our common stock at an average cost of $ 140.54 per share for an aggregate cost of $ 173.6 million, excluding excise taxes on stock repurchases (net of issuances) of $0.7 million. As of July 28, 2024, there was $ 826.4 million remaining under our current stock repurchase program.

During the thirteen weeks ended July 30, 2023, we repurchased 179,418 shares of our common stock at an average cost of $ 55.74 per share for an aggregate cost of $10.0 million, excluding excise taxes on stock repurchases (net of issuances) of $ 0.1 million. During the twenty-six weeks ended July 30, 2023, we repurchased 5,200,854 shares of our common stock at an average cost of $ 59.61 per share for an aggregate cost of $310.0 million, excluding excise taxes on stock repurchases (net of issuances) of $2.5 million.

As of July 28, 2024, January 28, 2024 and July 30, 2023, we held treasury stock of $ 0.4 million, $1.4 million and $1.4 million, respectively, that represents the cost of shares available for issuance intended to satisfy future stock-based award settlements in certain foreign jurisdictions.

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

Dividends

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

We declared cash dividends of $0.57 and $0.45 per common share during the thirteen weeks ended July 28, 2024 and July 30, 2023, respectively.

We declared cash dividends of $1.14 and $0.90 during the twenty-six weeks ended July 28, 2024 and July 30, 2023. Our quarterly cash dividend may be limited or terminated at any time.

NOTE H. FAIR VALUE MEASUREMENTS

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

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

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

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

Long-lived Assets

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

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

During the thirteen and twenty-six weeks ended July 28, 2024, we recognized impairment charges of $ 1.3 million, which consisted of (i) the write-down of operating lease right-of-use-assets of $1.0 million for three underperforming stores and (ii) the write-off of property and equipment of $ 0.3 million for one underperforming store.

During the thirteen weeks ended July 30, 2023, we recognized impairment charges of $ 3.1 million primarily related to leasehold improvements of two underperforming stores. During the twenty-six weeks ended July 30, 2023, we recognized impairment charges of $11.4 million, which consisted of (i) the write-down of operating lease right-of-use-assets of $3.9 million, (ii) the write-down of leasehold improvements of $ 3.8 million for four underperforming stores and (iii) the write-off of property and equipment of $3.7 million resulting from the exit of Aperture, a division of our Outward, Inc. subsidiary.

There were no transfers in and out of Level 3 categories during the thirteen and twenty-six weeks ended July 28, 2024 and July 30, 2023.

NOTE I. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(In thousands)	Foreign Currency Translation	Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at January 28, 2024	$ (15,457)	$ (95)	$ (15,552)
Foreign currency translation adjustments	(1,342)	—	(1,342)
Change in fair value of derivative financial instruments	—	1	1
Other comprehensive income (loss)	(1,342)	1	(1,341)
Balance at April 28, 2024	$ (16,799)	$ (94)	$ (16,893)
Foreign currency translation adjustments	(49)	—	(49)
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	94	94
Other comprehensive income (loss)	(49)	94	45
Balance at July 28, 2024	$ (16,848)	$ —	$ (16,848)
Balance at January 29, 2023	$ (14,458)	$ 649	$ (13,809)
Foreign currency translation adjustments	(2,205)	—	(2,205)
Change in fair value of derivative financial instruments	—	242	242
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	(486)	(486)
Other comprehensive income (loss)	(2,205)	(244)	(2,449)
Balance at April 30, 2023	$ (16,663)	$ 405	$ (16,258)
Foreign currency translation adjustments	2,171	—	2,171
Change in fair value of derivative financial instruments	—	(157)	(157)
Reclassification adjustment for realized (gain) loss on derivative financial instruments	—	(296)	(296)
Other comprehensive income (loss)	2,171	(453)	1,718
Balance at July 30, 2023	$ (14,492)	$ (48)	$ (14,540)

NOTE J. REVENUE

Merchandise Sales

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

Revenue from the sale of merchandise is reported net of sales returns. We estimate future returns based on historical return trends together with current product sales performance. As of July 28, 2024, January 28, 2024 and July 30, 2023, we recorded a liability for expected sales returns of approximately $32.7 million, $52.4 million and $47.8 million, respectively, within other current liabilities and a corresponding asset for the expected net realizable value of the merchandise inventory to be returned of approximately $8.3 million, $16.3 million and $14.9 million, respectively, within other current assets in our Condensed Consolidated Balance Sheets.

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

Gift Card and Other Deferred Revenue

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

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

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

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

As of July 28, 2024, January 28, 2024 and July 30, 2023, we had recorded $ 576.5 million, $573.9 million and $435.4 million, respectively, for gift card and other deferred revenue within current liabilities in our Condensed Consolidated Balance Sheets. The increase in our gift card and other deferred revenue balance as of July 28, 2024 compared to July 30, 2023 was primarily due to advance payments collected on certain product categories.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or are proven incorrect, could cause our business and results of operations to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements include statements related to: continuing changes in general economic conditions, and the impact on consumer confidence and consumer spending; the continuing impact of inflation and measures to control inflation, including changing interest rates, on consumer spending; the continuing impact of global conflicts, such as the conflicts in Ukraine and the Middle East, and shortages of various raw materials on our global supply chain, retail store operations and customer demand; labor and material shortages; the outcome of our growth initiatives; new interpretations of or changes to current accounting rules; our ability to anticipate consumer preferences and buying trends; dependence on timely introduction and customer acceptance of our merchandise; changes in consumer spending based on weather, political, competitive and other conditions beyond our control; delays in store openings; competition from companies with concepts or products similar to ours; timely and effective sourcing of merchandise from our foreign and domestic vendors and delivery of merchandise through our supply chain to our stores and customers; effective inventory management; our ability to manage customer returns; uncertainties in e-marketing, infrastructure and regulation; multi-channel and multi-brand complexities; our ability to introduce and grow new brands and brand extensions; challenges associated with our increasing global presence; dependence on external funding sources for operating capital; disruptions in the financial markets; our ability to control employment, occupancy, supply chain, product, transportation and other operating costs; our ability to improve our systems and processes; changes to our information technology infrastructure; general political, economic and market conditions and events, including war, conflict or acts of terrorism; the impact of current and potential future tariffs and our ability to mitigate impacts; the potential for increased corporate income taxes; and other risks and uncertainties, as well as statements of belief and statements of assumptions underlying any of the foregoing. You can identify these and other forward-looking statements by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "potential," "continue," or the negative of such terms, or other comparable terminology. The risks, uncertainties and assumptions referred to above that could cause our results to differ materially from the results expressed or implied by such forward-looking statements include, but are not limited to, those discussed under the heading "Risk Factors" in this document and our Annual Report on Form 10-K for the fiscal year ended January 28, 2024, and the risks, uncertainties and assumptions discussed from time to time in our other public filings and public announcements. All forward-looking statements included in this document are based on information available to us as of the date hereof, and we assume no obligation to update these forward-looking statements.

OVERVIEW

Williams-Sonoma, Inc. ("Company", "we", or "us") is a specialty retailer of high-quality sustainable products for the home. Our products in our portfolio of nine brands – Williams Sonoma, Pottery Barn, Pottery Barn Kids, Pottery Barn Teen, West Elm, Williams Sonoma Home, Rejuvenation, Mark and Graham, and GreenRow – are marketed through e-commerce websites, direct-mail catalogs and our retail stores. These brands are also part of The Key Rewards, our loyalty and credit card program that offers members exclusive benefits across the Williams-Sonoma family of brands. We operate in the U.S., Puerto Rico, Canada, Australia, and the United Kingdom, offer international shipping to customers worldwide, and have unaffiliated franchisees that operate stores in the Middle East, the Philippines, Mexico, South Korea, and India as well as e-commerce websites in certain locations. We are also proud to be a leader in our industry with our values-based culture and commitment to achieving our sustainability goals.

The following discussion and analysis of financial condition, results of operations, and liquidity and capital resources for the thirteen weeks ended July 28, 2024 ("second quarter of fiscal 2024"), as compared to the thirteen weeks ended July 30, 2023 ("second quarter of fiscal 2023") and twenty-six weeks ended July 28, 2024 ("first half of fiscal 2024"), as compared to the twenty-six weeks ended July 30, 2023 ("first half of fiscal 2023"), should be read in conjunction with our Condensed Consolidated Financial Statements and the notes thereto. All explanations of changes in operational results are discussed in order of magnitude.

Second Quarter of Fiscal 2024 Financial Results

Net revenues in the second quarter of fiscal 2024 decreased $74.3 million or 4.0%, with company comparable brand revenue ("company comp") decline of 3.3%. This decrease was driven by continuing customer hesitancy towards furniture purchases, partially offset by strength in our emerging brands and our children's home furnishings business.

In the second quarter of fiscal 2024, Pottery Barn, our largest brand, saw 7.1% comparable brand revenue ("brand comp") decline driven by reduced higher ticket furniture sales, partially offset by relative strength from our decorating, entertaining and seasonal holiday categories. The Pottery Barn Kids and Teen brands saw 1.5% brand comp growth in the second quarter of fiscal 2024 driven by strength in our dorm and back-to-school offerings.

West Elm saw 4.8% brand comp decline in the second quarter of fiscal 2024, driven by West Elm continuing to be affected by the customer pull back in furniture as a result of the brand's high percentage of its assortment in the furniture category and our strategy to reduce promotional activity, partially offset by strength from new product introductions.

The Williams Sonoma brand saw 0.8% brand comp decline in the second quarter of fiscal 2024, driven by reduced electrics sales, partially offset by strength in our new and exclusive products as well as strength in our home business.

For the second quarter of fiscal 2024, diluted earnings per share was $1.74, compared to $1.56 in the second quarter of fiscal 2023.

As of July 28, 2024, we had $1.3 billion in cash and cash equivalents and generated operating cash flow of $473.3 million in the first half of fiscal 2024. In addition to our cash balance, we also ended the quarter with no outstanding borrowings under our revolving line of credit. Our liquidity position allowed us to fund the operations of the business by investing $70.9 million in capital expenditures in the first half of fiscal 2024, and to provide stockholder returns of $309.4 million in the first half of fiscal 2024 through stock repurchases and dividends.

Out-of-Period Adjustment

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

Looking Ahead

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

NET REVENUES

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

Second Quarter of Fiscal 2024 vs. Second Quarter of Fiscal 2023

Net revenues in the second quarter of fiscal 2024 decreased $74.3 million or 4.0%, with company comp decline of 3.3%. This decrease was driven by continuing customer hesitancy towards furniture purchases, partially offset by strength in our emerging brands and our children's home furnishings business.

First Half of Fiscal 2024 vs. First Half of Fiscal 2023

Net revenues for the first half of fiscal 2024 decreased by $169.4 million, or 4.7%, with company comp decline of 4.1%. This was driven by continuing customer hesitancy towards furniture purchases, partially offset by strength in our emerging brands and children's home furnishings.

Comparable Brand Revenue

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

	For the Thirteen Weeks Ended [1]		For the Twenty-six Weeks Ended [1]	
Comparable brand revenue growth (decline)	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Pottery Barn	(7.1)%	(10.6)%	(8.9)%	(5.8)%
West Elm	(4.8)	(20.8)	(4.4)	(18.4)
Williams Sonoma	(0.8)	(0.7)	0.1	(2.5)
Pottery Barn Kids and Teen	1.5	(9.0)	2.1	(6.5)
Total [2]	(3.3)%	(11.9)%	(4.1)%	(9.1)%

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

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

STORE DATA

	Store Count					Average Leased Square Footage Per Store	
	April 28, 2024	Openings	Closings	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Pottery Barn	184	3	(2)	185	190	15,100	15,000
Williams Sonoma	156	2	—	158	164	6,900	6,900
West Elm	121	1	—	122	123	13,200	13,200
Pottery Barn Kids	45	—	—	45	46	7,900	7,700
Rejuvenation	11	—	—	11	9	8,100	8,000
Total	517	6	(2)	521	532	11,400	11,300
Store selling square footage at period-end						3,855,000	3,886,000
Store leased square footage at period-end						5,948,000	6,036,000

GROSS PROFIT

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

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

(In thousands)	For the Thirteen Weeks Ended					
	July 28, 2024	% Net Revenues	July 30, 2023	% Net Revenues	July 31, 2022	% Net Revenues
Gross profit [1]	$ 826,326	46.2 %	$ 757,567	40.7 %	$ 928,809	43.5 %

1 *Includes occupancy expenses of $197.2 million, $203.3 million and $193.0 million for the second quarter of fiscal 2024, fiscal 2023 and fiscal 2022, respectively.*

Second Quarter of Fiscal 2024 vs. Second Quarter of Fiscal 2023

Gross profit increased $68.8 million, or 9.1%, compared to the second quarter of fiscal 2023. Gross margin increased to 46.2% from 40.7% in the second quarter of fiscal 2023. The increase in gross margin of 550 basis points was driven by (i) higher merchandise margins of 380 basis points, and (ii) supply chain efficiencies of 180 basis points, including reductions in returns, replacements, accommodations and damages as well as limiting out-of-market and multiple shipments; partially offset by (iii) the deleverage of occupancy costs of 10 basis points resulting from lower sales.

Second Quarter of Fiscal 2023 vs. Second Quarter of Fiscal 2022

Gross profit decreased $171.2 million or 18.4%, compared to the second quarter of fiscal 2022. Gross margin decreased to 40.7% from 43.5% in the second quarter of fiscal 2022. The decline in gross margin of 280 basis points was primarily driven by (i) higher input costs as we absorbed higher product costs, ocean freight, detention and demurrage due to the impact of supply chain disruption and global inflation pressures, (ii) higher outbound customer shipping costs due to out-of-market shipping and shipping multiple times for multi-unit orders, and (iii) higher occupancy costs resulting from incremental costs from our new distribution centers on the East and West Coasts to support our long-term growth, which was partially offset by (iv) the higher pricing power of our proprietary products, (v) our ongoing commitment to forgo site wide promotions, and (vi) our retail store optimization initiatives.

(In thousands)	For the Twenty-six Weeks Ended					
	July 28, 2024	% Net Revenues	July 30, 2023	% Net Revenues	July 31, 2022	% Net Revenues
Gross profit [1]	$ 1,628,841	47.2 %	$ 1,432,626	39.6 %	$ 1,757,357	43.6 %

1 *Includes occupancy expenses of $393.4 million, $405.9 million and $379.4 million for the first half of fiscal 2024, fiscal 2023 and fiscal 2022, respectively.*

First Half of Fiscal 2024 vs. First Half of Fiscal 2023

Gross profit increased $196.2 million, or 13.7%, compared to the first half of fiscal 2023. Gross margin increased to 47.2% from 39.6% for the first half of fiscal 2023. This increase in gross margin of 760 basis points was driven by (i) higher merchandise margins of 430 basis points, (ii) supply chain efficiencies of 210 basis points, including reductions in returns, replacements, accommodations and damages as well as limiting out-of-market and multiple shipments, and (iii) an out-of period period freight adjustment of 140 basis points; partially offset by (iv) the deleverage of occupancy costs of 20 basis points resulting from lower sales.

First Half of Fiscal 2023 vs. First Half of Fiscal 2022

Gross profit decreased $324.7 million, or 18.5%, compared to the first half of fiscal 2022. Gross margin decreased to 39.6% from 43.6% for the first half of fiscal 2022. The decline in gross margin of 400 basis points was primarily driven by (i) higher input costs as we absorbed higher product costs, ocean freight, detention and demurrage due to the impact of supply chain disruption and global inflation pressures, (ii) higher outbound customer shipping costs due to out-of-market shipping and shipping multiple times for multi-unit orders, and (iii) higher occupancy costs resulting from incremental costs from our new distribution centers on the East and West Coasts to support our long-term growth, which was partially offset by (iv) the higher pricing power of our proprietary products, (v) our ongoing commitment to forgo site wide promotions, and (vi) our retail store optimization initiatives.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	For the Thirteen Weeks Ended				For the Twenty-six Weeks Ended			
(In thousands)	July 28, 2024	% Net Revenues	July 30, 2023	% Net Revenues	July 28, 2024	% Net Revenues	July 30, 2023	% Net Revenues
Selling, general and administrative expenses	$ 536,410	30.0 %	$ 486,019	26.1 %	$ 1,015,097	29.4 %	$ 961,601	26.6 %

Second Quarter of Fiscal 2024 vs. Second Quarter of Fiscal 2023

SG&A increased $50.4 million, or 10.4%, compared to the second quarter of fiscal 2023. SG&A as a percentage of net revenues increased to 30.0% from 26.1% in the second quarter of fiscal 2023. This increase of 390 basis points was primarily driven by (i) an increase in employment expense of 200 basis points due to higher performance-based incentive compensation and (ii) an increase in advertising expenses of 150 basis points.

First Half of Fiscal 2024 vs. First Half of Fiscal 2023

SG&A increased $53.5 million, or 5.6%, compared to the first half of fiscal 2023. SG&A as a percentage of net revenues increased to 29.4% from 26.6% for the first half of fiscal 2023. This increase of 280 basis points was primarily driven by (i) an increase in advertising expenses of 160 basis points and (ii) an increase in employment expense of 140 basis points due to higher performance-based incentive compensation, which does not include a benefit from the out-of-period freight adjustment; partially offset by (iii) exit costs of $15.8 million and reduction-in-force initiatives of $8.3 million recorded in the first half of fiscal 2023 which did not recur in the first half of fiscal 2024.

INCOME TAXES

The effective tax rate was 23.8% for the first half of fiscal 2024 and 25.4% for the first half of fiscal 2023. The decrease in the tax rate is primarily due to (i) higher excess tax benefit from stock-based compensation in first half of fiscal 2024 and (ii) the tax effect of earnings mix change, partially offset by (iii) the expiration of the statutes of limitations related to uncertain tax positions in fiscal 2023.

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Material Cash Requirements

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

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

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

Sources of Liquidity

As of July 28, 2024, we held $1.3 billion in cash and cash equivalents, the majority of which was held in interest-bearing demand deposit accounts and money market funds, and of which $74.0 million was held by our international subsidiaries. As is consistent within our industry, our cash balances are seasonal in nature, with the fourth quarter historically representing a significantly higher level of cash than other periods.

In addition to our cash balances on hand, we have a credit facility (the "Credit Facility") which provides for a $500 million unsecured revolving line of credit (the “Revolver”). Our Revolver may be used to borrow revolving loans or to request the issuance of letters of credit. We may, upon notice to the administrative agent, request existing or new lenders, at such lenders’ option, to increase the Revolver by up to $250 million to provide for a total of up to $750 million of unsecured revolving credit.

During the thirteen and twenty-six weeks ended July 28, 2024 and July 30, 2023, we had no borrowings under our Revolver. Additionally, as of July 28, 2024, issued but undrawn standby letters of credit of $12.0 million were outstanding under our Revolver. The standby letters of credit were primarily issued to secure the liabilities associated with workers’ compensation and other insurance programs.

Our Credit Facility contains certain restrictive loan covenants, including, among others, a financial covenant requiring a maximum leverage ratio (funded debt adjusted for operating lease liabilities to earnings before interest, income tax, depreciation, amortization and rent expense), and covenants limiting our ability to incur indebtedness, grant liens, make acquisitions, merge or consolidate, and dispose of assets. As of July 28, 2024, we were in compliance with our financial covenants under our Credit Facility and, based on our current projections, we expect to remain in compliance throughout the next 12 months.

Letter of Credit Facilities

We have three unsecured letter of credit facilities for a total of $35 million. Our letter of credit facilities contain covenants that are consistent with our Credit Facility. Interest on unreimbursed amounts under our letter of credit facilities accrues at a base rate as defined in the Credit Facility, plus an applicable margin based on our leverage ratio. As of July 28, 2024, the aggregate amount outstanding under our letter of credit facilities was $0.7 million, which represents only a future commitment to fund inventory purchases to which we had not taken legal title. On August 16, 2024, we renewed two of our letter of credit facilities totaling $30 million on substantially similar terms. The two letter of credit facilities mature on August 18, 2025, and the latest expiration date possible for future letters of credit issued under these facilities is January 15, 2026. One of the letter of credit facilities totaling $5 million matures on September 30, 2026, which is also the latest expiration date possible for future letters of credit issued under the facility.

Cash Flows from Operating Activities

For the first half of fiscal 2024, net cash provided by operating activities was $473.3 million compared to $715.0 million for the first half of fiscal 2023. For the first half of fiscal 2024, net cash provided by operating activities was primarily attributable to net earnings adjusted for non-cash items, partially offset by an increase in prepaid expenses and other assets (as a result of timing of income tax payments and deposits associated with new contracts) and a decrease in accrued expenses and other liabilities. Net cash provided by operating activities compared to the first half of fiscal 2023 decreased primarily due to higher spending on merchandise inventories, a decrease in accounts payable (as a result of supplier payment timing), and a decrease in income taxes payable, partially offset by an increase in net earnings adjusted for non-cash items.

Cash Flows from Investing Activities

For the first half of fiscal 2024, net cash used in investing activities was $71.0 million compared to $92.7 million for the first half of fiscal 2023, and was primarily attributable to purchases of property and equipment related to technology, supply chain enhancements and store construction.

Cash Flows from Financing Activities

For the first half of fiscal 2024, net cash used in financing activities was $398.2 million compared to $476.6 million for the first half of fiscal 2023, primarily driven by repurchases of common stock, payment of dividends and tax withholdings remittance related to stock-based awards. Net cash used in financing activities for the first half of fiscal 2024 decreased compared to the first half of fiscal 2023, primarily due to a decrease in repurchases of common stock, partially offset by higher tax withholdings remittance related to stock-based awards.

Seasonality

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

CRITICAL ACCOUNTING ESTIMATES

Management’s Discussion and Analysis of Financial Condition and Results of Operations is based on our Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ significantly from these estimates. During the second quarter of fiscal 2024, there were no significant changes to the critical accounting estimates discussed in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

Our Revolver has a variable interest rate which, when drawn upon, subjects us to risks associated with changes in that interest rate. During the second quarter of fiscal 2024, we had no borrowings under our Revolver.

In addition, we have fixed and variable income investments consisting of short-term investments classified as cash and cash equivalents, which are also affected by changes in market interest rates. As of July 28, 2024, our investments, made primarily in interest-bearing demand deposit accounts and money market funds, are stated at cost and approximate their fair values.

Foreign Currency Risks

We purchase the majority of our inventory from suppliers outside of the U.S. in transactions that are primarily denominated in U.S. dollars and, as such, any foreign currency impact related to these international purchase transactions was not significant to us during the second quarter of fiscal 2024 or the second quarter of fiscal 2023. Since we pay for the majority of our international purchases in U.S. dollars, however, a decline in the U.S. dollar relative to other foreign currencies would subject us to risks associated with increased purchasing costs from our suppliers in their effort to offset any lost profits associated with any currency devaluation. We cannot predict with certainty the effect these increased costs may have on our financial statements or results of operations.

In addition, our businesses in Canada, Australia and the United Kingdom, and our operations throughout Asia and Europe, expose us to market risk associated with foreign currency exchange rate fluctuations. Substantially all of our purchases and sales are denominated in U.S. dollars, which limits our exposure to this risk. However, some of our foreign operations have a functional currency other than the U.S. dollar. While the impact of foreign currency exchange rate fluctuations was not material to us in the second quarter of fiscal 2024 or the second quarter of fiscal 2023, we have continued to see volatility in the exchange rates in the countries in which we do business. Additionally, the effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical or current Condensed Consolidated Financial Statements. As we continue to expand globally, the foreign currency exchange risk related to our foreign operations may increase. To mitigate this risk, we may hedge a portion of our foreign currency exposure with foreign currency forward contracts in accordance with our risk management policies.

Inflation

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of July 28, 2024, an evaluation was performed by management, with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for timely discussions regarding required disclosures, and that such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the second quarter of fiscal 2024, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

See Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 28, 2024 for a description of the risks and uncertainties associated with our business. There were no material changes to such risk factors in the current quarterly reporting period.

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

The following table provides information as of July 28, 2024 with respect to shares of common stock we repurchased during the second quarter of fiscal 2024. For additional information, please see Note G to our Condensed Consolidated Financial Statements within Part I of this Form 10-Q.

Fiscal Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program [1]	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Program
April 29, 2024 - May 26, 2024	250,354	$ 139.89	250,354	$ 921,197,000
May 27, 2024 - June 23, 2024	80,982	$ 139.84	80,982	$ 909,873,000
June 24, 2024 - July 28, 2024	590,130	$ 141.45	590,130	$ 826,397,000
Total	921,466	$ 140.89	921,466	$ 826,397,000

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

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Insider Adoption or Termination of Trading Arrangements

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

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Exhibit Description
3.1*	Amended and Restated Certificate of Incorporation and Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Williams-Sonoma, Inc., effective May 29, 2024
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 July 28, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Earnings, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Interactive Data Files submitted under Exhibit 101).

* Filed herewith

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: August 23, 2024

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

WILLIAMS-SONOMA, INC.

The undersigned, Laura J. Alber, hereby certifies that:

1. The undersigned is the duly elected and acting President and Chief Executive Officer of Williams-Sonoma, Inc., a Delaware corporation.

2. The Certificate of Incorporation of this corporation was originally filed with the Secretary of State of Delaware on March 8, 2011.

3. The following Amended and Restated Certificate of Incorporation has been duly adopted by this corporation's Board of Directors and stockholders in accordance with the applicable provisions of Sections 228, 242 and 245 of the Delaware General Corporation Law.

4. The Certificate of Incorporation of this corporation shall be amended and restated as set forth in Exhibit A hereto.

IN WITNESS WHEREOF, Williams-Sonoma, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by Laura J. Alber, a duly authorized officer of the company on this 25th day of May, 2011.

/s/ Laura J. Alber
Laura J. Alber
Its: President and Chief Executive Officer

EXHIBIT A

ARTICLE I

The name of the corporation is Williams-Sonoma, Inc.

ARTICLE II

The address of the corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV

The total number of shares of stock that the corporation shall have authority to issue is 260,625,000, consisting of the following:

253,125,000 shares of Common Stock, par value $0.01 per share. Each share of Common Stock shall entitle the holder thereof to one (1) vote on each matter submitted to a vote at a meeting of stockholders.

7,500,000 shares of Preferred Stock, par value $0.01 per share, which may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board of Directors). The Board of Directors is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, including without limitation authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE V

The number of directors that constitutes the entire Board of Directors of the corporation shall be fixed by, or in the manner provided in, the Bylaws of the corporation. At each annual meeting of stockholders, directors of the corporation shall be elected to hold office until the expiration of the term for which they are elected and until their successors have been duly elected and qualified or until their earlier resignation or removal; except that if any such election shall not be so held, such election shall take place at a stockholders' meeting called and held in accordance with the DGCL.

Vacancies occurring on the Board of Directors for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, or by a sole remaining director, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy or newly created directorship shall hold office until the next succeeding annual meeting of stockholders and until his or her successor shall be duly elected and qualified or until his or her earlier resignation or removal.

ARTICLE VI

Except as otherwise provided in the Bylaws, the Bylaws may be amended or repealed or new Bylaws adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote generally in the election of directors. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the corporation is expressly authorized to adopt, amend or repeal the Bylaws of the corporation.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of the corporation shall so provide.

ARTICLE VIII

Any action required or permitted to be taken at an annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by holders of record on the record date (established in the manner provided in the Bylaws) of outstanding shares of the Corporation having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted; *provided, however,* that in the case of the election or removal of directors by written consent, such consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the attention of the Secretary of the Corporation, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE IX

Except as provided in the resolutions establishing the terms of any series of Preferred Stock as provided in Article IV above, in the election of directors, each holder of shares of any class or series of capital stock of the Corporation shall be entitled to one vote for each share held. No stockholder will be permitted to cumulate votes at any election of directors.

ARTICLE X

Special meetings of the stockholders may be called at any time by the Board of Directors acting pursuant to a resolution adopted by a majority of the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships, the chairman of the Board of Directors and the chief executive officer, and special meetings may not be called by any other person or persons; *provided, however*, that special meetings of the stockholders of the Corporation may be called by the secretary of the Corporation following his or her receipt at the principal executive offices of the Corporation of one or more written demands to call a special meeting of the stockholders submitted by or on behalf of the holder or holders of record of at least ten percent (10%) of the total voting power of all issued and outstanding shares of capital stock of the Corporation entitled to vote generally in the election of the Board of Directors (the “Requisite Percentage”); *provided*, that such stockholder demand or demands shall have been submitted in accordance with and in the form required by the Bylaws. Special meetings of the stockholders of the Corporation (including those called by the secretary following receipt of a written demand or demands from stockholders holding the Requisite Percentage) shall be held on such date, at such time, and at such place, if any, as shall be designated by the Board of Directors and stated in the Corporation's notice of meeting. In the case of a special meeting called by the secretary following receipt of a written demand or demands from stockholders holding the Requisite Percentage, the date of such special meeting, as fixed by the Board of Directors in accordance with this Article X and the Bylaws, shall not be fewer than thirty (30) days nor more than ninety (90) days (the "Outside Date") after the date a demand or demands by stockholders holding the Requisite Percentage have been received by the secretary of the Corporation at the principal executive offices of the Corporation in accordance with this Article X and the Bylaws. To be in proper form, a demand or demands from stockholders holding the Requisite Percentage shall include the information, documents and instruments specified in the Bylaws. The Board of Directors may postpone or reschedule any previously scheduled special meeting; provided, however, that the Board of Directors may not reschedule a special meeting called in response to a written demand or demands to call such meeting received by the secretary from stockholders holding the Requisite Percentage nor may the Board of Directors postpone such meeting beyond the Outside Date.

ARTICLE XI

To the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

The corporation shall have the power to indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, she, his or her testator or his or her intestate is or was a director, officer, employee or agent of the corporation or any predecessor of the corporation or serves or served at any other enterprise as a director, officer, employee or agent at the request of the corporation or any predecessor to the corporation.

Neither any amendment nor repeal of this Article XI, nor the adoption of any provision of this Certificate of Incorporation or the Bylaws of the corporation inconsistent with this Article XI, shall eliminate or reduce the effect of this Article XI in respect of any matter occurring, or any cause of action, suit, claim or proceeding accruing or arising or that, but for this Article XI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE XII

Except as provided in Article XI above, the corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XIII

Notwithstanding that applicable law would otherwise permit action to be taken with the approval of a lesser percentage, each of the following actions shall require the affirmative vote of not less than two-thirds of the outstanding shares of this Corporation entitled to vote:

(a) a merger or consolidation of this Corporation or any subsidiary;

(b) the sale or other disposition by this Corporation or a subsidiary of substantially all of the assets of this Corporation or a subsidiary; or

(c) the adoption of any plan or proposal for dissolution or liquidation of this Corporation;

provided that the provisions of this Article XIII shall not apply to any such transaction solely between the Corporation and another corporation of which 50% or more of the outstanding shares entitled to vote are owned, directly or indirectly, by the Corporation.

Notwithstanding any other provision of this Certificate of Incorporation or the Bylaws of this Corporation and notwithstanding that a lesser percentage may be specified by law, this Certificate of Incorporation or the Bylaws of this Corporation, the affirmative vote of not less than two-thirds of the outstanding shares of this Corporation entitled to vote shall be required to amend or repeal, or adopt any provision inconsistent with this Article XIII.

ARTICLE XIV

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation’s stockholders, (C) any action or proceeding asserting a claim against the Corporation arising pursuant to any provision of the DGCL or the Corporation’s Certificate of Incorporation or Bylaws, or (D) any action or proceeding asserting a claim against the Corporation governed by the internal affairs doctrine.

ARTICLE XV

Pursuant to Section 203(b)(1) of the DGCL, the Corporation shall not be governed by the provisions of Section 203 of the DGCL.

CERTIFICATE OF AMENDMENT
OF THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF WILLIAMS-SONOMA, INC.

The undersigned, Laura J. Alber, does hereby certify as follows:

1. The undersigned is the duly elected and acting President and Chief Executive Officer of Williams-Sonoma, Inc., a Delaware corporation (the "**Corporation**").

2. The Certificate of Incorporation of the Corporation (the " **Charter**") was originally filed with the Secretary of State of Delaware on March 8, 2011.

3. Pursuant to Section 242 and any other applicable provisions of the General Corporation Law of the State of Delaware, this Certificate of Amendment to the Charter (the "**Certificate of Amendment**") amends and restates Article XI of the Charter in its entirety to read as follows:

   To the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, no director or officer of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. Without limiting the effect of the preceding sentence, if the DGCL is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or an officer of the corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

   The corporation shall have the power to indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, she, his or her testator or his or her intestate is or was a director, officer, employee or agent of the corporation or any predecessor of the corporation or serves or served at any other enterprise as a director, officer, employee or agent at the request of the corporation or any predecessor to the corporation.

   Neither any amendment nor repeal of this Article XI, nor the adoption of any provision of this Certificate of Incorporation or the Bylaws of the corporation inconsistent with this Article XI, shall eliminate or reduce the effect of this Article XI in respect of any matter occurring, or any cause of action, suit, claim or proceeding accruing or arising or that, but for this Article XI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

4. The foregoing Certificate of Amendment has been duly adopted by the Corporation's Board of Directors and stockholders in accordance with the provisions of Section 242 and any other applicable provisions of the General Corporation Law of the State of Delaware.

5. All other provisions of the Charter shall remain in full force and effect.

6. This Certificate of Amendment herein certified shall become effective immediately upon filing with the Office of the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer of the Corporation as of 29th day of May, 2024.

By /s/ Laura J. Alber
Laura J. Alber
President and Chief Executive Officer

Exhibit 31.1

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: August 23, 2024

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

Exhibit 31.2

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: August 23, 2024

By: /s/ Jeffrey E. Howie

Jeffrey E. Howie

Chief Financial Officer

Exhibit 32.1

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 July 28, 2024 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: August 23, 2024

Exhibit 32.2

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 July 28, 2024 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: August 23, 2024