

WILLIAMS-SONOMA, INC.

Investor Presentation

2024

P O T T E R Y B A R N pottery barn kids P O T T E R Y B A R N | **teen** west elm

WILLIAMS SONOMA WILLIAMS SONOMA HOME MARK & GRAHAM REJUVENATION GreenRow



FORWARD-LOOKING STATEMENTS

The forward-looking statements included in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. These statements address the financial condition, results of operations, business and strategic initiatives and prospects of the Company and are subject to certain risks and uncertainties that could cause actual results to differ materially, and undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. Please refer to the Company's current press releases and SEC filings, including, but not limited to, reports on forms 10-K, 8-K, and 10-Q, for more information on the risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements to reflect events or circumstances that may arise after September 27, 2024.



Vision

As the world's largest **digital-first, design-led,**
and **sustainable** home retailer, our vision is to
furnish our customers everywhere.

Mission

Enhance the quality of life at home and beyond.

WSM Highlights

OUR REVENUES

\$7.8B
2023 REVENUE

REVENUE BY BRAND

Pottery Barn	\$3.206B
West Elm	1.855B
Williams Sonoma	1.260B
Pottery Barn Kids & Teen	1.060B
Other*	0.370B
Total	\$7.751B

*Primarily consists of revenues from Rejuvenation, global franchise operations, Mark & Graham, and GreenRow.



KEY FINANCIAL MEASURES

45.0%
NON-GAAP ROIC

64%
EPS GROWTH
since 2020

16.4%
NON-GAAP
OPERATING MARGIN

\$3.8B
RETURNED TO
SHAREHOLDERS
through dividends and share
buybacks in the last 6 years

AVERAGE ANNUAL TOTAL RETURN TO SHAREHOLDERS

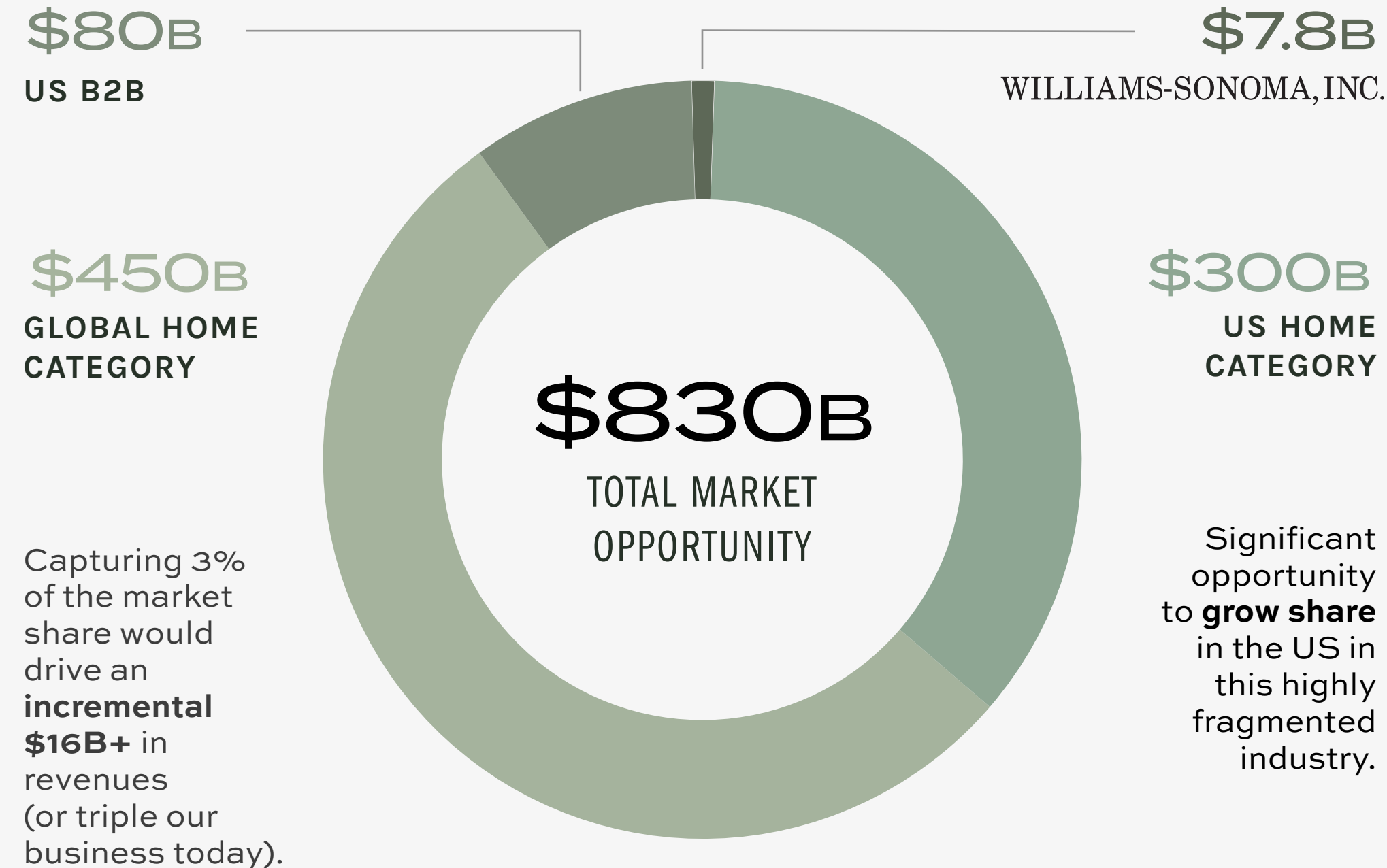
68.9%
1 YEAR

20.0%
3 YEAR

34.3%
5 YEAR

Expansive Market Opportunity

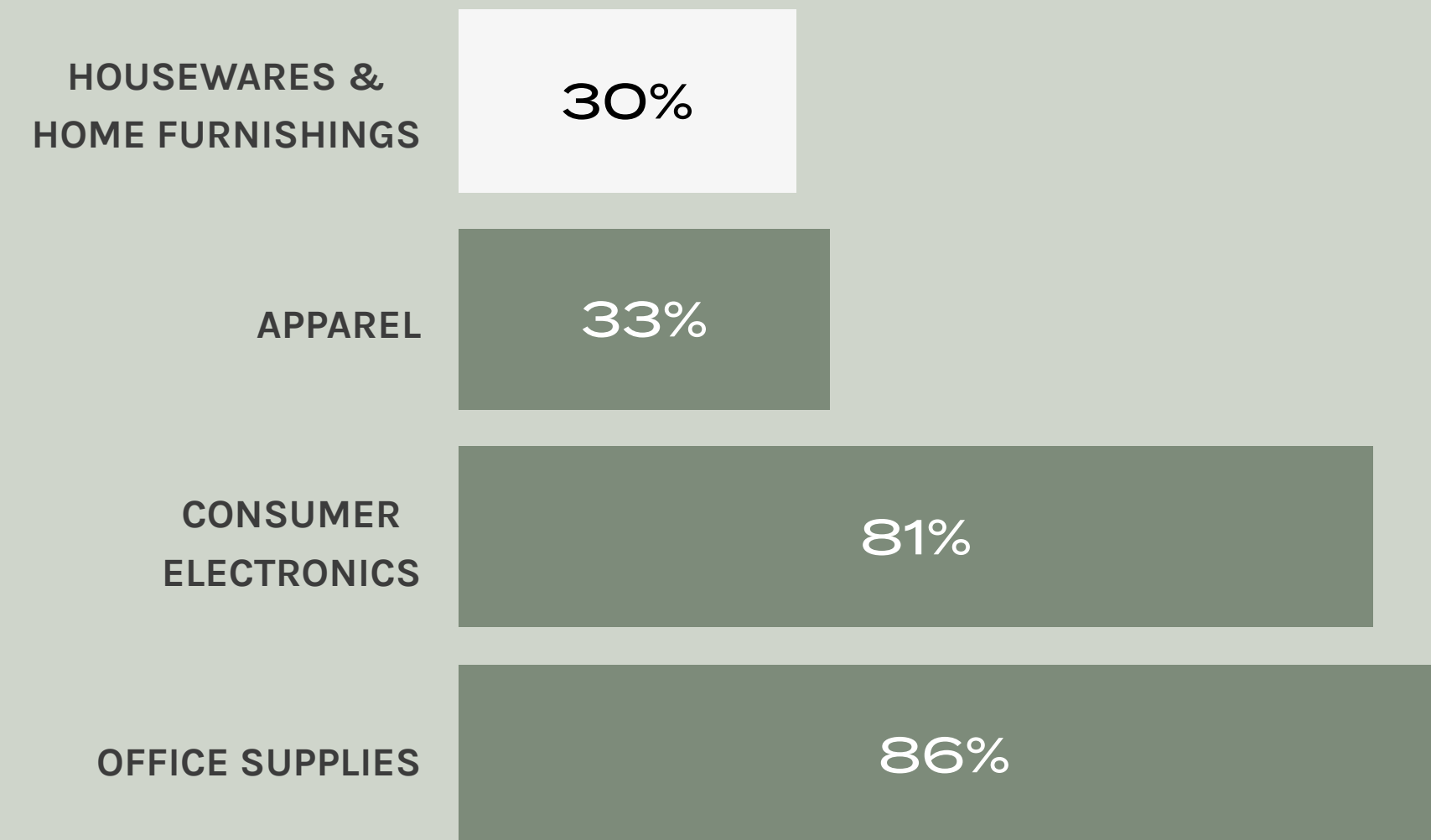
We operate in a highly fragmented market where no one owns more than 5%.*



*Source: Euromonitor, ThinkLab, & company estimates

Shift to Ecommerce

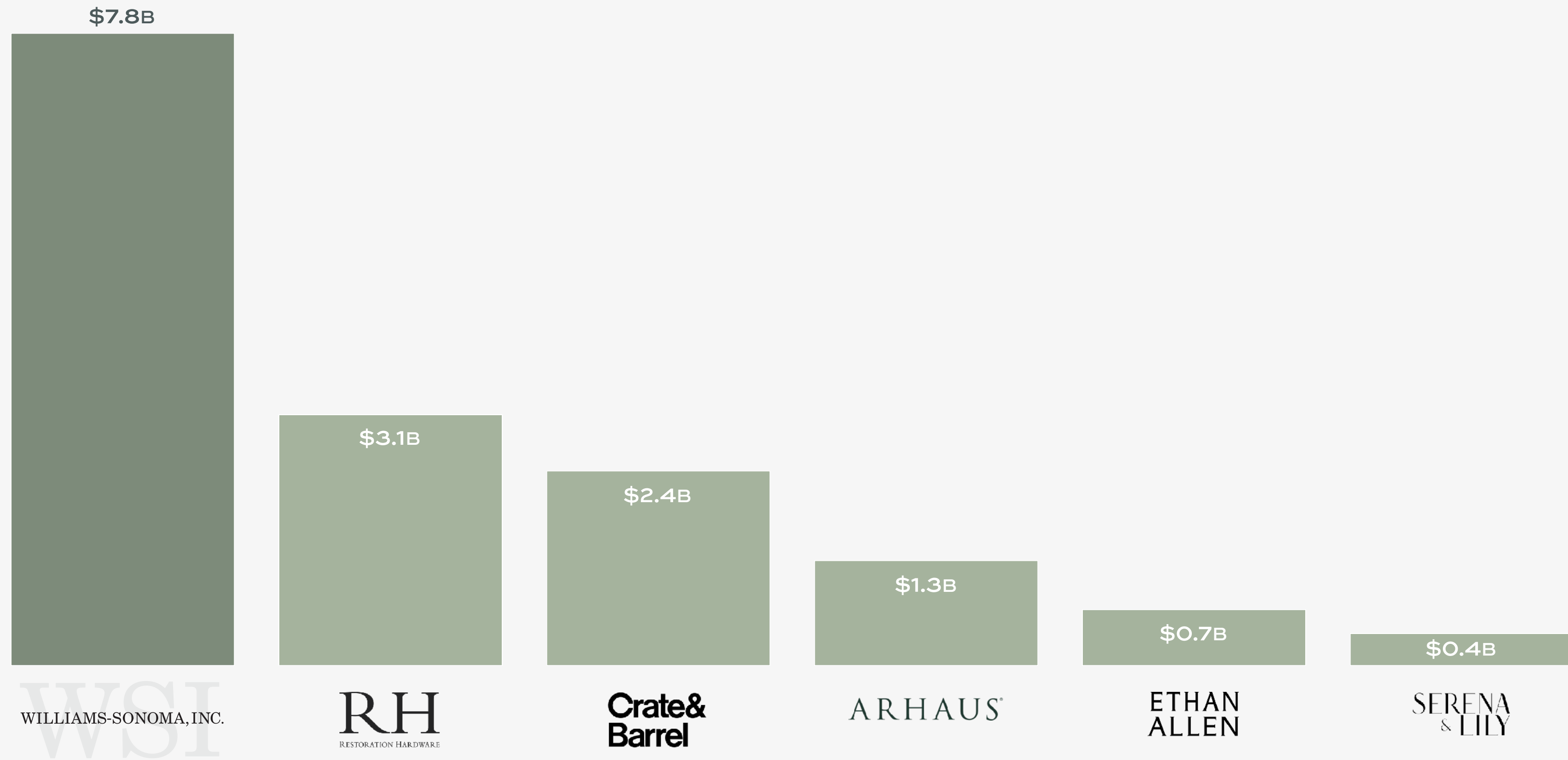
Home furnishings industry trails other industries in ecommerce penetration.*



*Source: Digital Commerce 360, Top 1000 Report (2023)

Leading Specialty Home Furnishings

We are the largest omni channel player in the specialty home furnishings category. We generate more revenues than the rest of our competitors. Our size and scale is a competitive advantage in a fragmented industry.



Our Competitive Advantage

KEY DIFFERENTIATORS

In-house design • Digital First, Not Digital Only • Our Values

GROWTH INITIATIVES

Large Brand Growth • Emerging Brands • B2B • Global

PROFITABILITY

Our unique model, coupled with our key differentiators and growth initiatives, give us an ability to continue to **profitably** take market share.



Why We're Confident

LARGE & FRAGMENTED INDUSTRY

Approximately 70% of home goods sales still come from brick and mortar and 50% from small regional players.



MACRO SHIFTS

Lower interest rates could spur housing market and increase furniture sales.



A FOCUS ON HOME

Customer share of wallet could shift back to the home.



OUR KEY DIFFERENTIATORS

We stand out in the market for our in-house design, our digital-first (not digital-only) strategy, and our values.



OUR GROWTH DRIVERS

We have substantial opportunities in the B2B space, emerging brands (Rejuvenation, Mark & Graham, and GreenRow), global, and our large brands.



ABILITY TO TAKE SHARE & GROW

We're well-positioned to increase market share and spend per customer.

KEY DIFFERENTIATORS

1

IN-HOUSE
DESIGN

2

DIGITAL
FIRST,
NOT DIGITAL
ONLY

3

OUR VALUES



In-House Design

We design, create, and distribute our own products. We work closely with our trusted vendors to bring high-quality, sustainable products to market. Given our strong value equation and proprietary products that cannot be found elsewhere, we have pricing power that others do not.



150

IN-HOUSE DESIGNERS & ARTISTS
innovating and creating differentiated and market-leading product assortments.

>90%

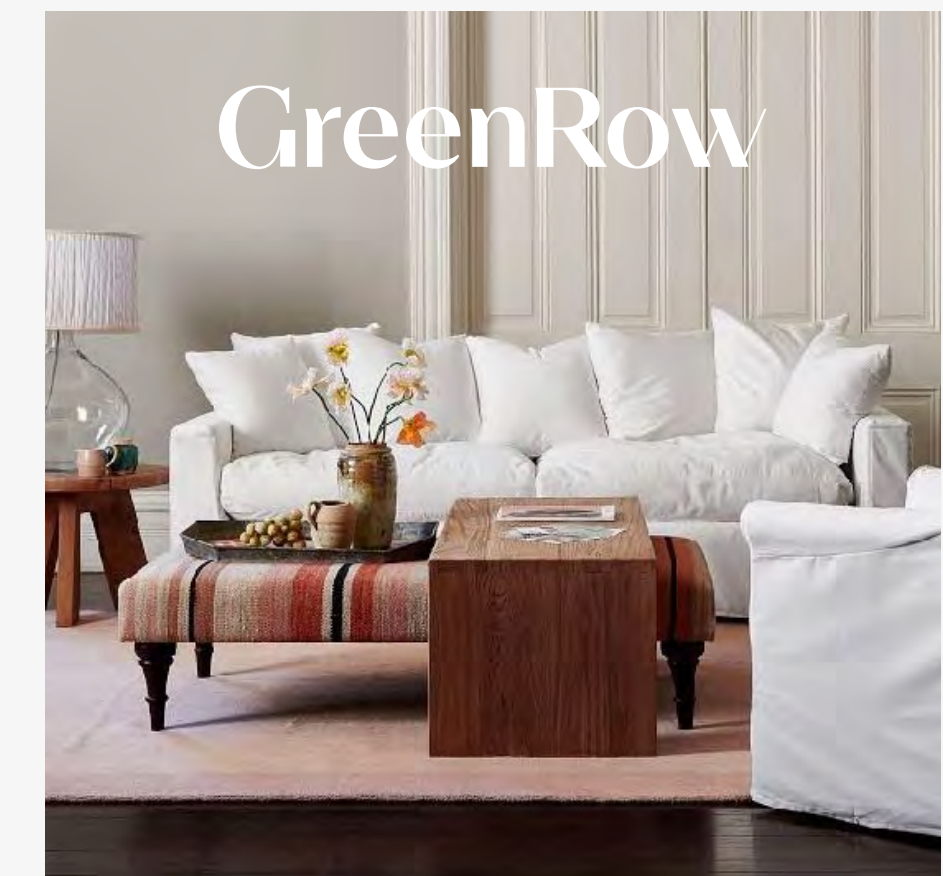
PROPRIETARY PRODUCT
designed and made exclusively available by our brands.

12

SOURCING OFFICES
overseeing manufacturing across 50 countries to ensure transparency, quality and safety.

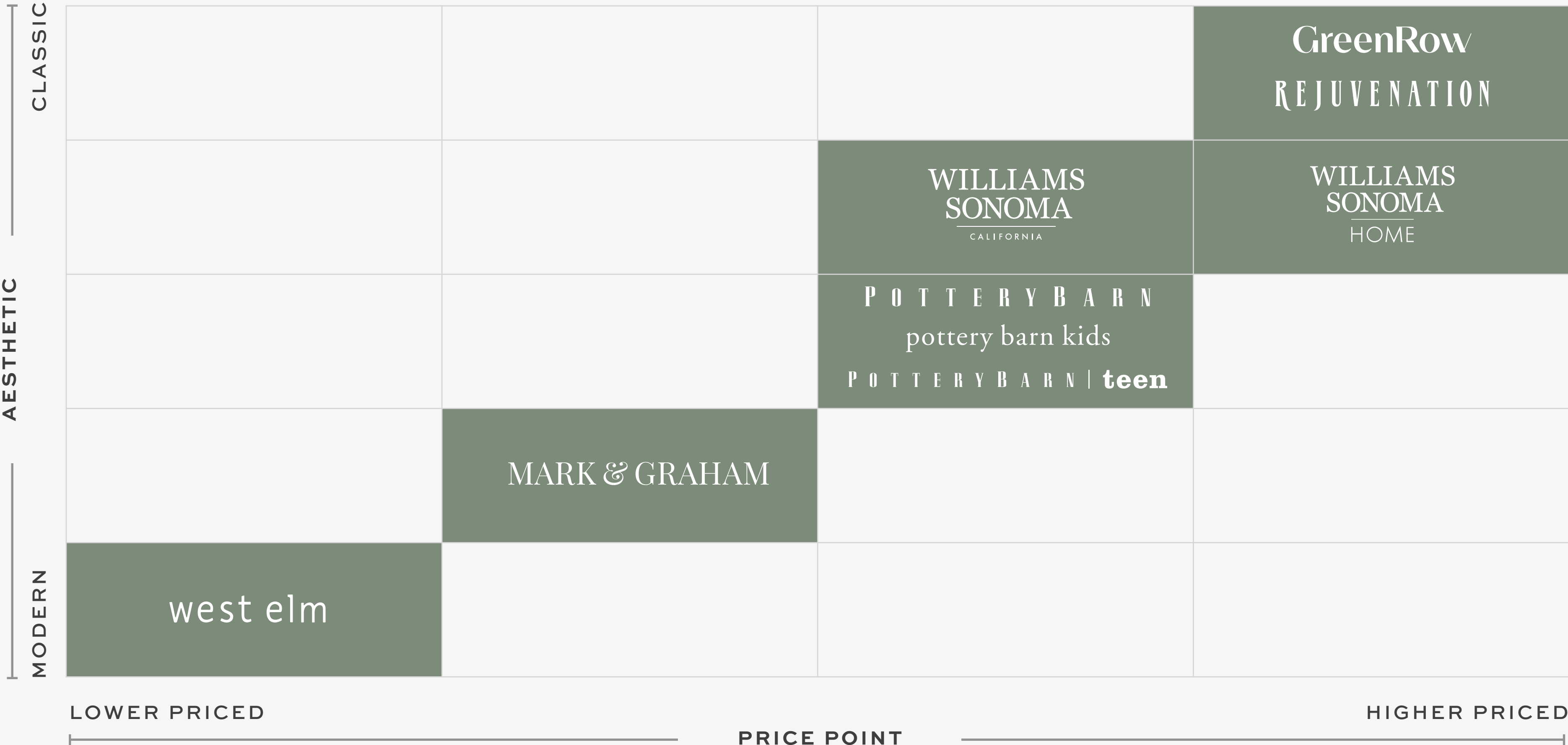
Portfolio of 9 Distinct Brands

We bring the latest home furnishing trends to life for customers through the individual lenses of our nine distinct brands, each serving different life stages and rooms of the home and beyond.



Our Aesthetics & Price Points

Our in-house design capability has enabled us to grow our brand portfolio across a wide range of aesthetics and price points that span life stages.



Digital First, Not Digital Only

#22

ECOMMERCE RETAILER
in the United States*

RANK	COMPANY
1	Amazon.com Inc.
2	Walmart Inc.
3	Apple Inc.
4	The Home Depot Inc.
5	Target Corp.
▶ 22	Williams-Sonoma, Inc.
25	Fanatics, Inc.
27	lululemon athletica inc.
30	Urban Outfitters, Inc.
32	Dick's Sporting Goods Inc.
44	Estée Lauder Companies, Inc.

*Source: Digital Commerce 360, Top 500 Report (2023 edition)





Our Ecommerce Business

The home furnishings industry is shifting online. Our digital-first platform is well-positioned to take advantage of this shift in consumer behavior to gain market share.

66%

of our business is
ecommerce

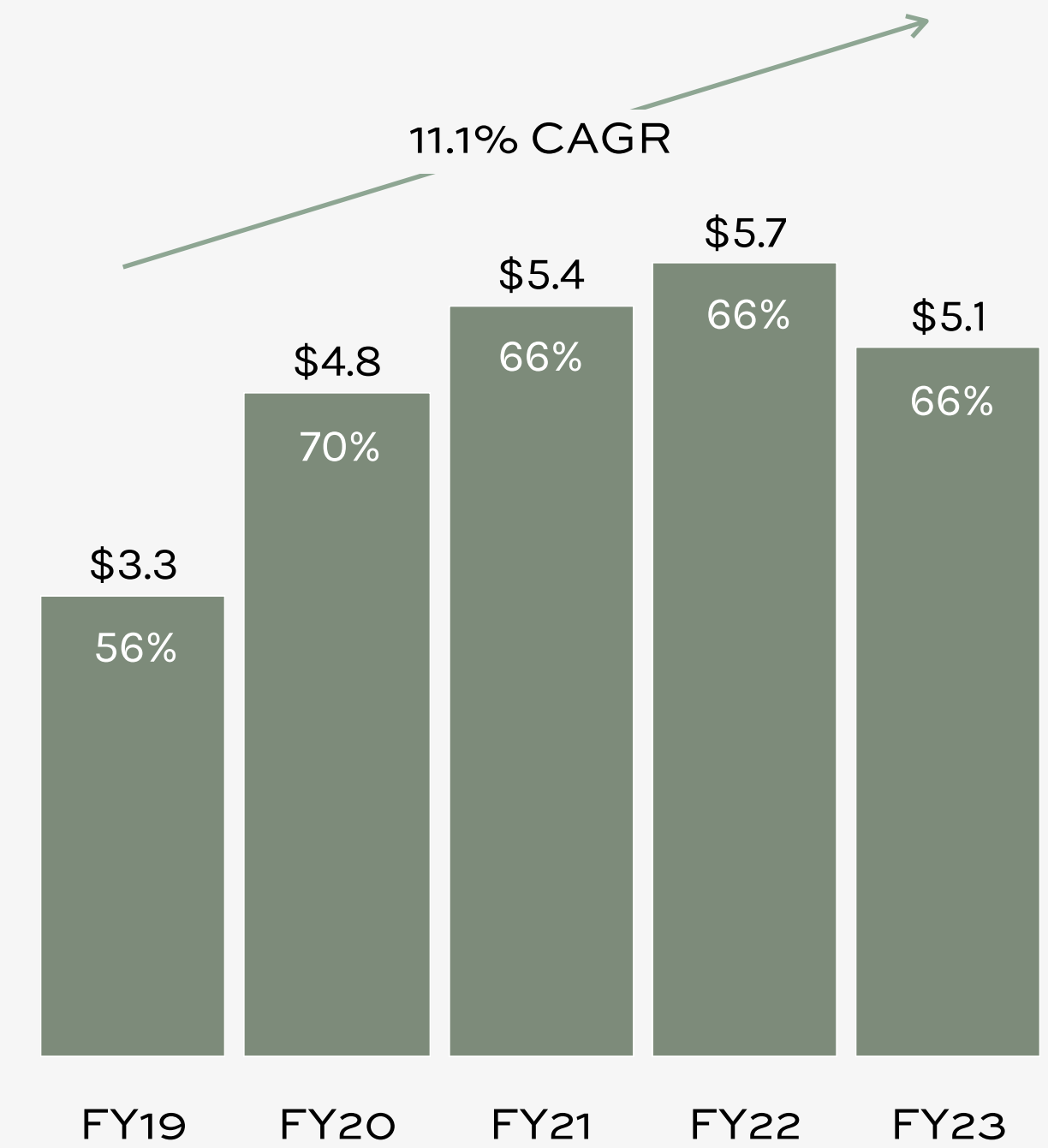
#1

non-pure play ecommerce
home furnishings retailer*

727M+

ecommerce shopping
visits annually

ECOMMERCE REVENUES
(\$B and % Ecommerce Penetration)



*Source: Digital Commerce 360, Top 500 Report (2023 edition)



Data-Driven Marketing

Our in-house digital marketing team leverages industry-leading customer analytics and exclusive first-party data as a competitive advantage.

FIRST-PARTY DATA

Unified view of first-party data for all customers across all channels and brands.

IN-HOUSE DIGITAL MARKETING

In-house, centralized marketing organization with a hands-on-keyboard approach.

360° CUSTOMER VIEW

360° view of customer journey enhanced by data science and learning.

TEST & LEARN CROSS-BRAND PLATFORM

ROI-focused, proprietary test & learn platform capable of running hundreds of simultaneous tests across our brands.



Artificial Intelligence (AI)

We see many opportunities to use AI in our business.

SITE RECOMMENDATIONS

We use our home-grown recommendation engine for enabling relevant product selection to our customers.

DESIGN TOOL

Our 3D digital asset generator populates our room designer tool with intelligent design guidance.

SUPPLY CHAIN SYSTEM

We optimize our customer delivery route by continuously learning about delivery efficiencies.

MARKETING FUNCTIONALITY

We are piloting generative AI with SEO, image tagging, shop-able images, product content generation, and email personalization.

CUSTOMER SERVICE

We are testing AI-powered chatbots to answer common customer questions and resolve customer inquiries, with improved response time and reduced workload.



Our Retail Advantage

Our stores deliver a best-in-class customer experience with beautifully curated assortments, personalized services, and an integrated shopping experience across platforms.

SERVICE

Our free design services offer 1:1 expert consultations in-store, at-home and online, personalized registry concierge, and engaging classes and events.

OMNI-CHANNEL SHOPPING EXPERIENCE

Omni-channel customers spend four times more and shop three times as often compared to single-channel customers.

OMNI FULFILLMENT

Our stores serve as fulfillment hubs, catering to customers however they shop, including “Buy Online, Pick-up in Store”, “Ship from Store”, and “Buy Online, Ship to Any Store”.

RETAIL OPTIMIZATION

Our continued retail optimization efforts have transformed our fleet into the most profitable, inspiring, and strategic locations.



Our Values

PEOPLE FIRST

We are committed to an environment that attracts, motivates and recognizes high performance.

CORPORATE RESPONSIBILITY

We operate with integrity and ethics, building sustainability and inclusivity into the culture of how we enhance the lives of our stakeholders, communities and the environment.

CUSTOMERS

We are here to serve our customers—without them, nothing else matters.

QUALITY

We take pride in everything we do. From our product to the experience and service we provide—quality is our signature.

PROFIT

We are committed to providing a superior return to our shareholders. It's everyone's job.



Corporate Responsibility

A majority of consumers today want to support brands that are doing good in the world and are aligned with purpose. Our commitment to sustainability and fair, inclusive practices are a reason why our customers choose us over competitors.

— SUSTAINABILITY —

We offer the largest assortment of responsibly-made products in the home furnishings industry.* Our company is truly *Good By Design*, helping customers shop according to their sustainability values.

WOOD
57% responsibly sourced

COTTON
98% responsibly sourced

FAIR TRADE
Over \$9M paid in premiums since 2021

CARBON GOALS
Established Science-Based Targets for CO₂ reductions

— PEOPLE —

Our people are the heart of our business. From our associates to our supplier partners, we are dedicated to creating an inclusive culture focused on high performance and delivering a superior customer experience.

ETHICAL PRODUCTION

We source products from suppliers that provide safe, fair and healthy working conditions. We audit for social compliance and implement continuous improvement actions.

WORKER WELLBEING

We develop and implement industry-leading worker wellbeing initiatives in factories to build and strengthen communities around the globe such as VisionSpring, Fair Trade certification and Nest Ethical Handcraft Program.

HIGH PERFORMING, INCLUSIVE CULTURE

Inclusivity is a cornerstone of our culture by welcoming associates with diverse backgrounds and implementing fair, equitable practices including Pay Equity reviews, wellbeing initiatives and skill based training and development.

CHANGEMAKER AWARD

Our Changemaker Award recognizes hardworking associates and suppliers for their dedication to innovation in sustainability.

*Source: Barron's 100 most sustainable US companies 2018-2024

Accolades

We lead our industry in sustainability and equity, and are proud to be recognized for our continuous action and progress. By managing resources responsibly, caring for our people, and uniting around our values, we lay the foundation for a more resilient company.

BARRON'S

100 MOST SUSTAINABLE
U.S. COMPANIES
Only home retailer,
7 years in a row



2022-2023
FOR NORTH AMERICA

Forbes

BEST EMPLOYER
FOR DIVERSITY
2018-2023



SUPPLIER ENGAGEMENT
A-RATING 2021-2023
for our work with suppliers
to tackle climate change

Bloomberg

GENDER EQUALITY INDEX
2023



sustainable
FURNISHINGS COUNCIL

WOOD FURNITURE
TOP SCORER
2018-2023

Newsweek

AMERICA'S MOST
RESPONSIBLE
COMPANIES 2024

2024 PRIORITIES

1

RETURNING
TO GROWTH

2

ELEVATING
WORLD-CLASS
CUSTOMER
SERVICE

3

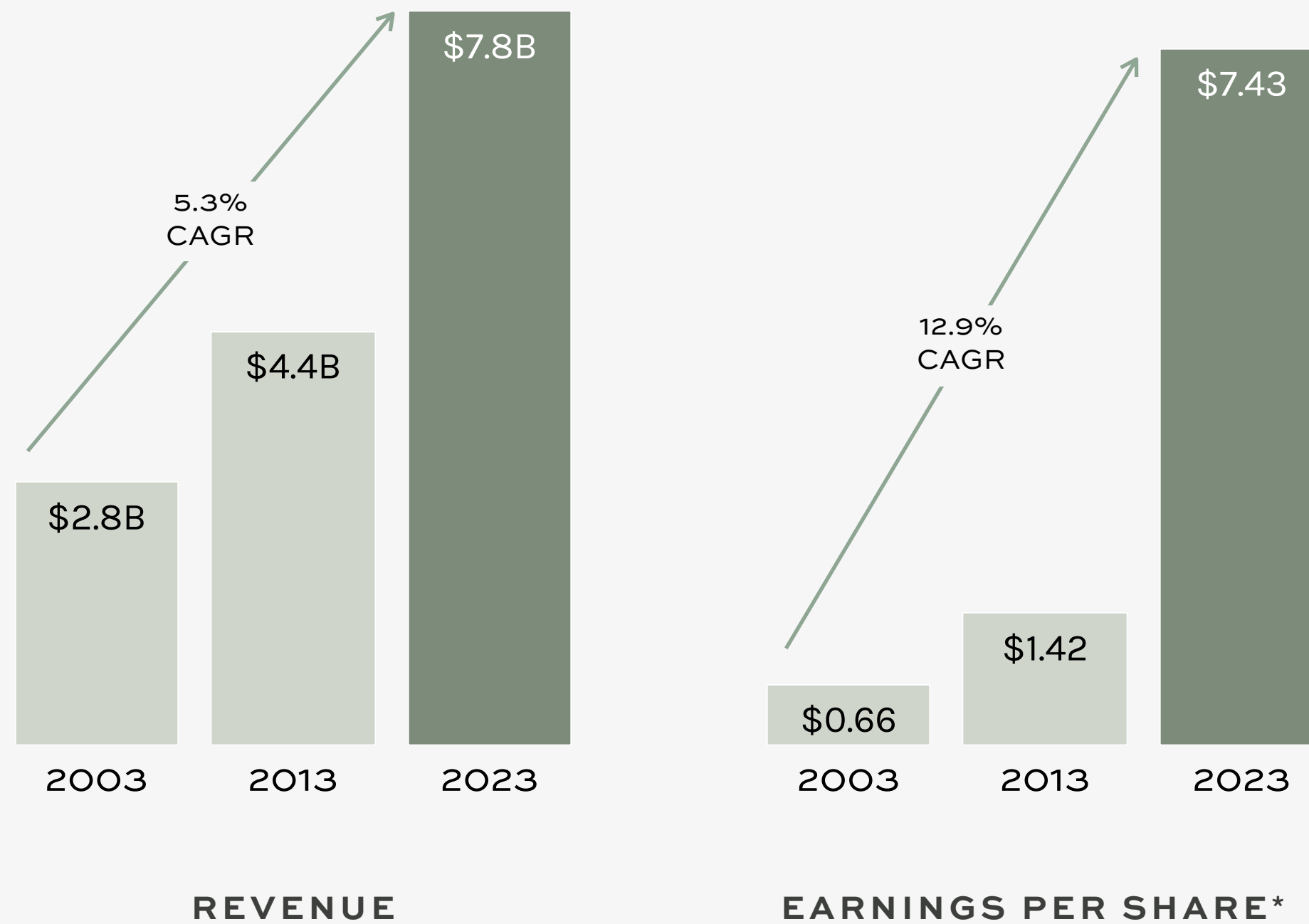
DRIVING
EARNINGS



Historical Growth

Our long-term growth algorithm is rooted in our proven track record of strong, consistent, and profitable growth over the past 20 years, with the capacity for upside driven from our growth initiatives.

20 YEAR GROWTH



*Earnings Per Share has been retroactively adjusted for a 2-for-1 stock split announced on June 13, 2024.

LONG TERM OUTLOOK

We have confidence in our long-term algorithm of **mid-to-high, single-digit revenue growth** with **operating margins in the mid-to-high teens.**

1

Growth Drivers

— LARGE BRAND GROWTH —

— CATEGORY GROWTH —

— EMERGING BRAND GROWTH —

— BUSINESS-TO-BUSINESS —

— GLOBAL —



Large Brand Growth

We see opportunity for continued organic growth in our brands.



Well-crafted furniture, home textiles and decor.



Children's furniture, bedding, and gifts to delight and inspire.



Furniture and accessories to express their unique style.



Unique modern furniture and home decor.



Quality products and food for cooks and entertainers.

Category Growth

We are leveraging our in-house design capabilities to expand into white space opportunities within our largest brands and beyond.



Pottery Barn bestselling designs, adapted for accessibility.



Quality nursery furnishings, decor and gifts for baby.



Accessories and solutions for dorm life and beyond.



Made-to-last styles for kids, from modern nurseries to big-kid bedrooms.



Creating casual luxury spaces in the kitchen and home.

Emerging Brand Growth

Rejuvenation, Mark & Graham, and the recently launched GreenRow, are gaining traction with runway for substantial growth.



Heirloom lighting, hardware, and home furnishings.



Timeless personalized gifts and more.



Elevated, ethical home furnishings.



\$80B
TOTAL ADDRESSABLE MARKET*

*Source: Euromonitor, ThinkLab & company estimates

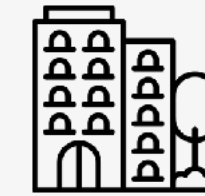
Business-To-Business

We are no longer just a *home* furnishings company. Leveraging our in-house design, vertical sourcing and brand portfolio, we are disrupting the growing and underserved business-to-business market.



HOSPITALITY

Hotels, Resorts,
Restaurants,
Country Clubs



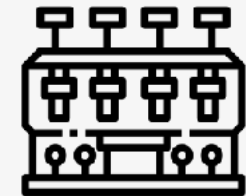
RESIDENTIAL

Single and
Multi-Family
Designers and
Developers



EDUCATION

Educational
Establishments and
University Housing



COMMERCIAL

Office Spaces,
Sports/Entertainment
Arenas



GOVERNMENT

GSA certification,
Government and
Military



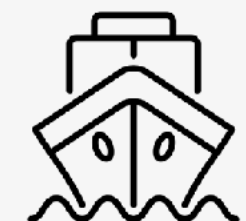
HEALTHCARE + WELLNESS

Senior Living,
Hospitals, Health
and Fitness



RETAIL

Retail Store
Builds and Malls



CRUISE

Ship Furnishings,
Departure Lounges,
and Yacht Clubs

Global

Our brands resonate with consumers around the world and we serve them across 128 stores (company-owned and franchise), 34 shop-in-shops, and 58 websites in 13 countries.



TORONTO, CANADA
WEST ELM



MUMBAI, INDIA
POTTERY BARN KIDS



QUERÉTARO, MEXICO
POTTERY BARN

2

Leading World-Class Customer Service

— DELIVERY NETWORK —

14	48	2.1M
REGIONAL DISTRIBUTION CENTERS	FURNITURE HUBS	2023 IN-HOME FURNITURE DELIVERIES

— CUSTOMER SERVICE SCORES —

87	4.8/5	84
IN-STORE NET PROMOTER SCORE	COMPANY AVERAGE STELLA SCORE	IN-HOME DELIVERY NET PROMOTER SCORE

— IMPROVED DELIVERY SERVICE —

Returns • Damages • Replacements • On-time Deliveries
Accommodations • Multiple Shipments



3

Driving Earnings

We expect operating margin to be in the range of 17.4% - 17.8%¹ in FY24, and in the mid-to-high teens in the long term.



— OUR SIX DRIVERS —

- 1 **SUPPLY CHAIN EFFICIENCIES**
maintaining the improvements in supply chain that we achieved LY
- 2 **PRICING POWER**
of our in-house designed, proprietary products
- 3 **ECOMMERCE SALES MIX**
generating marginal revenue dollars in a higher contribution channel
- 4 **RETAIL OPTIMIZATION**
targeting having fewer and more profitable stores
- 5 **AD COST INVESTMENT**
of our in-house, first-party-data, hands-on-keyboard model
- 6 **COST CONTROL**
resulting from our financial discipline

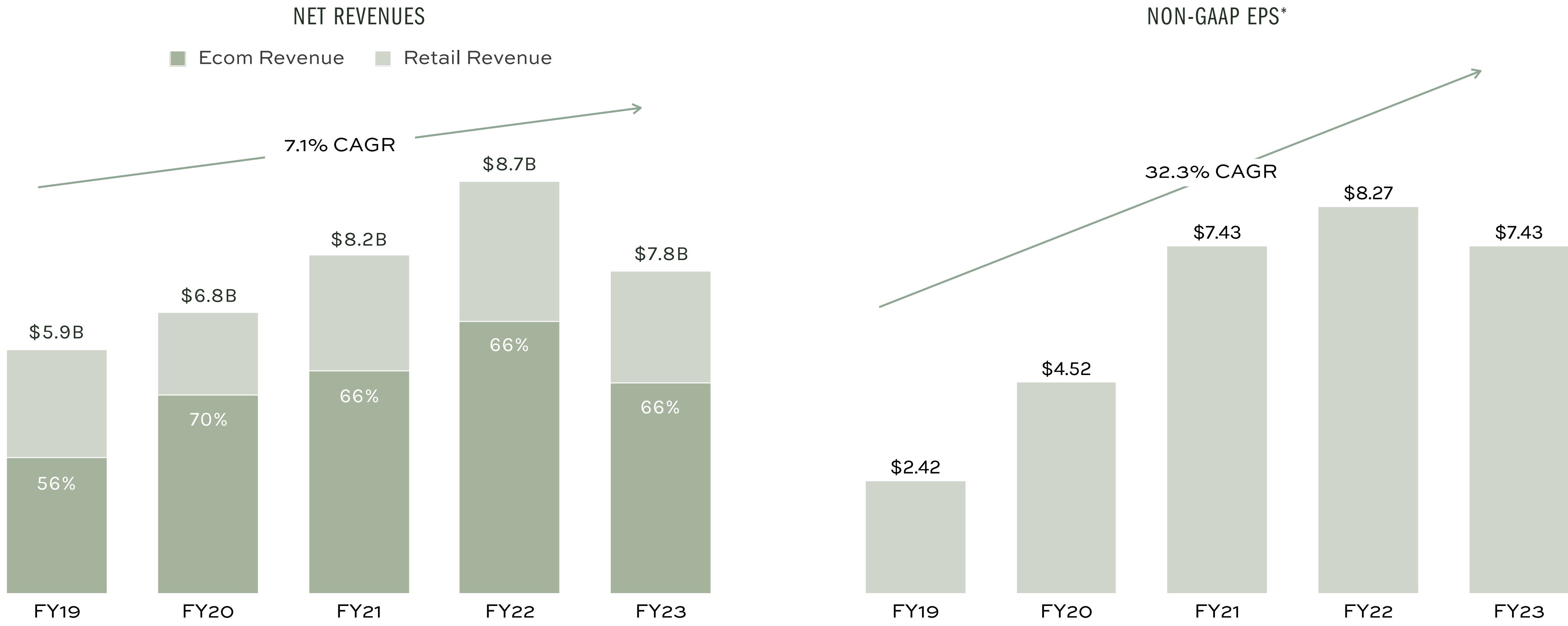
¹ Excludes the impact of the out-of-period adjustment of 60BPS. The out-of-period adjustment relates to over-recognized freight expense in fiscal years 2021, 2022 and 2023 for a cumulative amount of \$49 million. The Company evaluated the error, both qualitatively and quantitatively, and determined that 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. Including the impact of the out-of-period adjustment, we expect our operating margin to be between 18.0% - 18.4%.

Financial Outlook



Financial Performance

We have a track record of strong revenue and EPS growth.

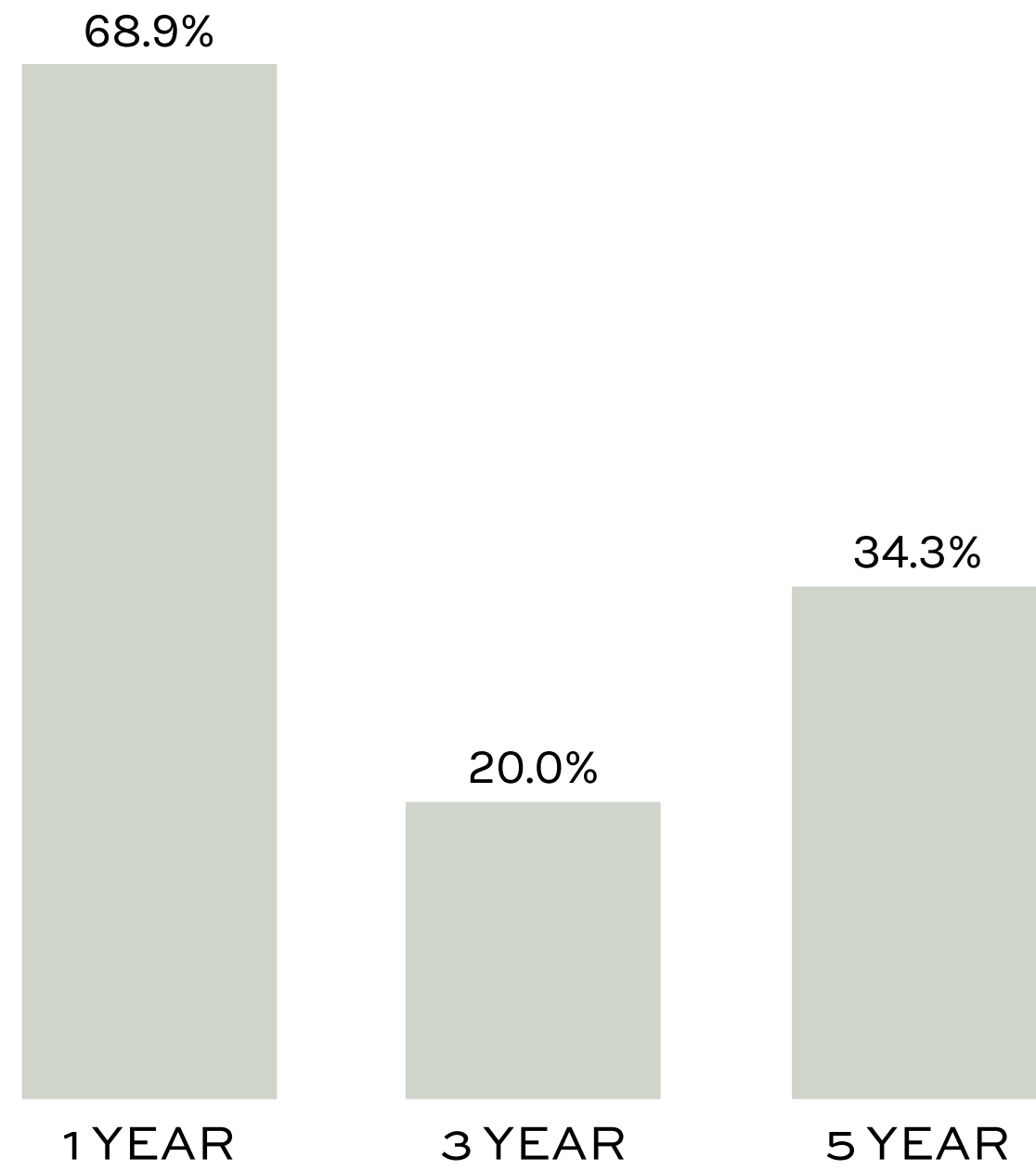


*Non-GAAP EPS has been retroactively adjusted for a 2-for-1 stock split announced on June 13, 2024.

Returns on Investment

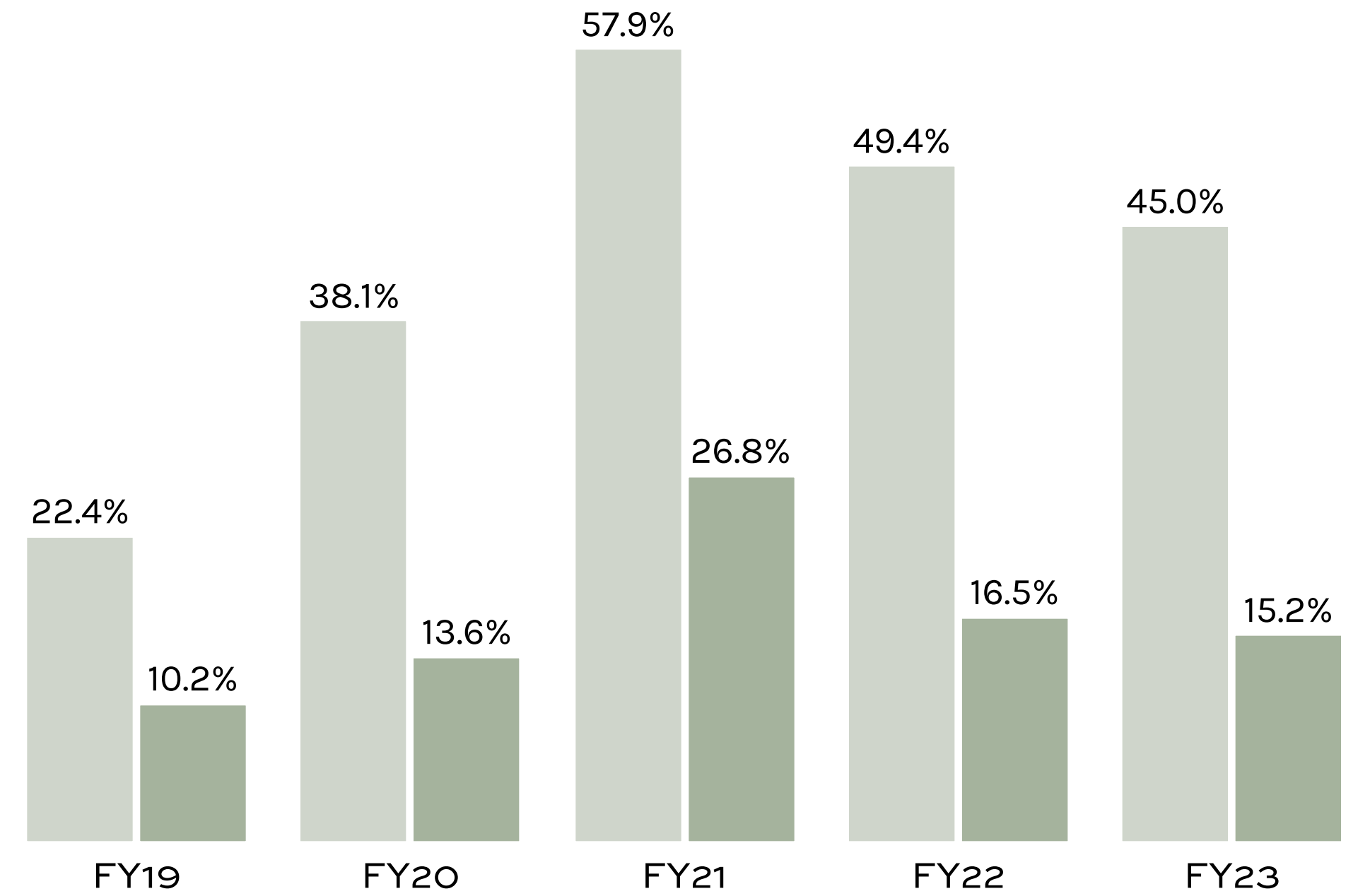
Our investments in our business are generating industry-leading returns.

TOTAL SHAREHOLDER RETURNS¹



RETURNS ON INVESTED CAPITAL (ROIC)²

■ WSI ■ Peer Median



1. Assumes re-investment of dividends and reflects share repurchases.

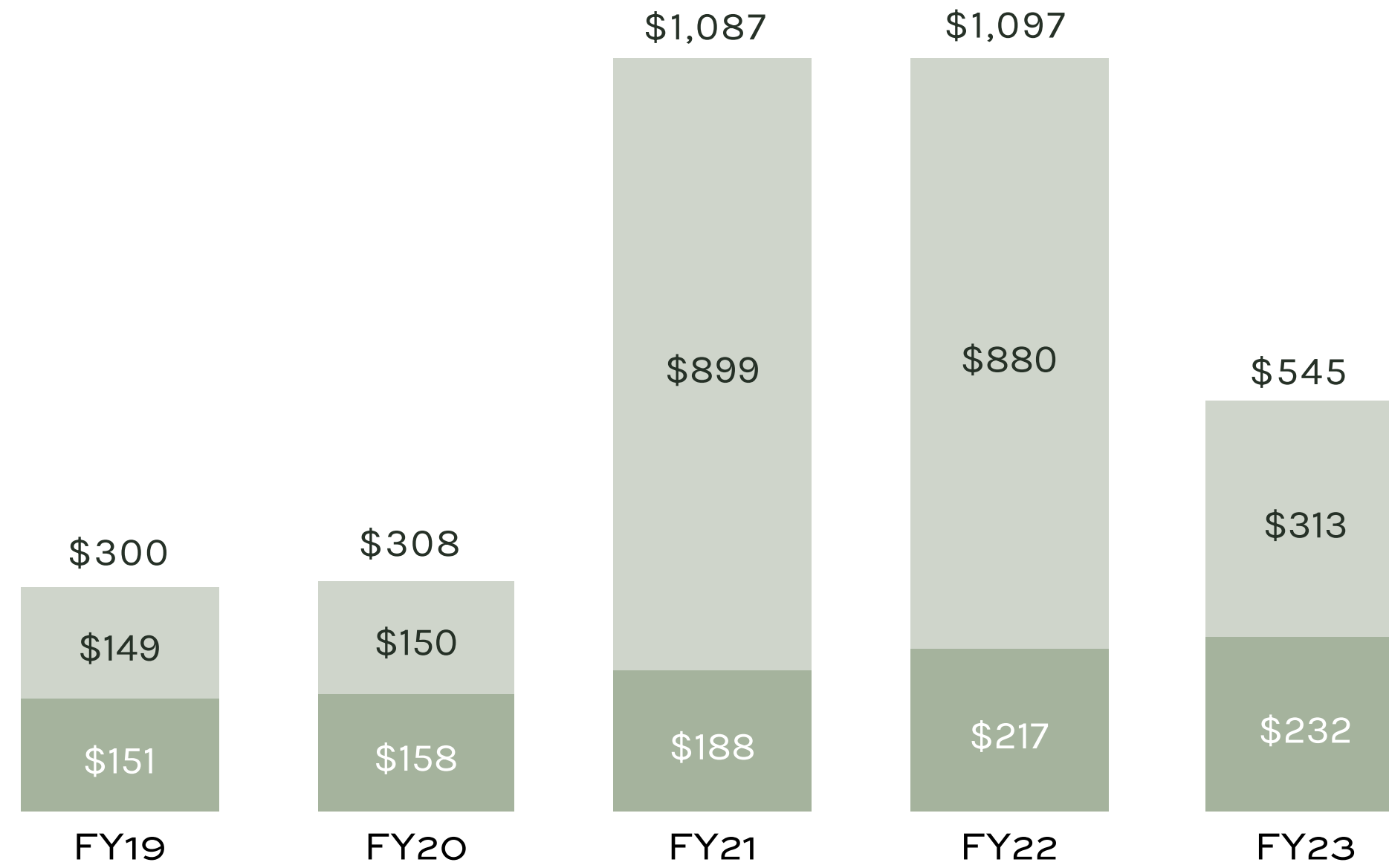
2. See page 39 for the calculation of ROIC, together with a reconciliation of net earnings to non-GAAP net operating profit after tax ("NOPAT").

Returns to Shareholders

We are committed to consistent shareholder returns with \$3.3B returned to shareholders over the last 5 years.

RETURNS TO SHAREHOLDERS

■ Dividends (\$M) ■ Share Repurchases (\$M)



QUARTERLY DIVIDEND PER SHARE*

2023 was the **14th consecutive year** of dividend increases since we initiated a dividend in 2006.



*Dividend per share has been retroactively adjusted for a 2-for-1 stock split announced on June 13, 2024.



GAAP TO NON-GAAP RECONCILIATIONS

This presentation includes non-GAAP financial measures. The following slides provide reconciliations of these non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the U.S. (“GAAP”). We have not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential variability and limited visibility of excluded items; these excluded items may include reduction-in-force initiatives, exit costs associated with our West Coast manufacturing facility and Aperture, impairment charges for certain hardware and software and goodwill of Aperture, expenses related to the acquisition and operations of Outward, Inc., employment-related expense, tax legislation, a deferred tax asset and liability adjustment, impact of inventory write-offs, and impairment and early termination charges. We believe that these non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide meaningful supplemental information for investors regarding the performance of our business and facilitate a meaningful evaluation of current period performance on a comparable basis with prior periods. Our management uses these non-GAAP financial measures in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter. In addition, certain other items may be excluded from non-GAAP financial measures when the company believes this provides greater clarity to management and investors. These non-GAAP financial measures should be considered as a supplement to, and not as a substitute for or superior to the GAAP financial measures presented in this presentation and our financial statements and other publicly filed reports. Non-GAAP measures as presented herein may not be comparable to similarly titled measures used by other companies.

GAAP TO NON-GAAP RECONCILIATIONS

Fiscal Year 2023 & 2022

(Dollars in thousands except per share data)

Footnotes:

1. During Q1 2023, we incurred exit costs of \$17.9 million, including \$9.3 million associated with the closure of our West Coast manufacturing facility and \$8.6 million associated with the exiting of Aperture, a division of our Outward, Inc. subsidiary.
2. During Q1 2023, we incurred costs related to reduction-in-force initiatives of \$8.3 million primarily in our corporate functions.
3. During FY 2022, we incurred an impairment charge of approximately \$17.7 million, including \$9.7 million related to the impairment of software and hardware and \$8.0 million related to the impairment of goodwill, associated with Aperture, a division of our Outward, Inc. subsidiary.
4. 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 have been retroactively adjusted to reflect the stock split.

FOR THE FISCAL YEAR ENDED

	January 28, 2024		January 29, 2023	
	\$	% of Revenues	\$	% of Revenues
Occupancy Expenses	\$ 814,290	10.5%	\$ 785,425	9.1%
Exit Costs ¹	(239)		-	
Non-GAAP Occupancy Expenses	\$ 814,051	10.5%	\$ 785,425	9.1%
Gross profit	\$ 3,303,601	42.6%	\$ 3,677,733	42.4%
Exit Costs ¹	2,141		-	
Non-GAAP gross profit	\$ 3,305,742	42.7%	\$ 3,677,733	42.4%
Selling, general and administrative expenses	\$ 2,059,408	26.6%	\$ 2,179,311	25.1%
Exit Costs ¹	(15,790)		-	
Reduction-in-force Initiatives ²	(8,316)		-	
Impairment of Aperture ³	-		(17,687)	
Non-GAAP selling, general and administrative expenses	\$ 2,035,302	26.3%	\$ 2,161,624	24.9%
Operating income	\$ 1,244,193	16.1%	\$ 1,498,422	17.3%
Exit Costs ¹	17,931		-	
Reduction-in-force Initiatives ²	8,316		-	
Impairment of Aperture ³	-		17,687	
Non-GAAP operating income	\$ 1,270,440	16.4%	\$ 1,516,109	17.5%
	\$	Tax rate	\$	Tax rate
Income taxes	\$ 323,593	25.4%	\$ 372,778	24.8%
Exit Costs ¹	4,690		-	
Reduction-in-force Initiatives ²	2,174		-	
Impairment of Aperture ³	-		2,840	
Non-GAAP income taxes	\$ 330,457	25.4%	\$ 375,618	24.7%
Diluted EPS⁴	\$ 7.28		\$ 8.16	
Exit Costs ¹	0.10		-	
Reduction-in-force Initiatives ²	0.05		-	
Impairment of Aperture ³	-		0.11	
Non-GAAP Diluted EPS	\$ 7.43		\$ 8.27	

GAAP TO NON-GAAP RECONCILIATIONS

Fiscal Year 2021 & 2020

(Dollars in thousands except per share data)

Footnotes:

1. During FY2020, we incurred approximately \$11.4 million of inventory write-offs for inventory with minor damage that we could not liquidate through our outlets due to store closures resulting from COVID-19.
2. During FY 2021, we incurred approximately \$9.2 million associated with acquisition-related compensation expense and the amortization of acquired intangibles for Outward, Inc. During FY2020, we incurred approximately \$12.1 million associated with acquisition-related compensation expense and the amortization of acquired intangibles for Outward, Inc.
3. During FY2020, we incurred approximately \$27.1 million of expense associated with store asset impairments due to the impact that COVID-19 had on our retail stores.
4. During FY2020, we recorded approximately \$5.0 million of tax benefit resulting from a nonrecurring adjustment to certain deferred tax assets and liabilities.
5. 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 have been retroactively adjusted to reflect the stock split.

FOR THE FISCAL YEAR ENDED

	January 30, 2022		January 31, 2021	
	\$	% of Revenues	\$	% of Revenues
Gross profit	\$ 3,631,963	44.0%	\$ 2,636,269	38.9%
Inventory write-off ¹	-		11,378	
Non-GAAP gross profit	\$ 3,631,963	44.0%	\$ 2,647,647	39.0%
Selling, general and administrative expenses	\$ 2,178,847	26.4%	\$ 1,725,572	25.4%
Outward-related ²	(9,160)		(12,092)	
Asset impairment ³	-		(27,069)	
Non-GAAP selling, general and administrative expenses	\$ 2,169,687	26.3%	\$ 1,686,411	24.9%
Operating income	\$ 1,453,116	17.6%	\$ 910,697	13.4%
Inventory write-off ¹	-		11,378	
Outward-related ²	9,160		12,092	
Asset impairment ³	-		27,069	
Non-GAAP operating income	\$ 1,462,276	17.7%	\$ 961,236	14.2%
			Tax Rate	Tax Rate
Income taxes	\$ 324,914	22.4%	\$ 213,752	23.9%
Inventory write-off ¹	-		2,940	
Outward-related ²	1,397		1,913	
Asset impairment ³	-		6,593	
Deferred tax asset/liability adjustment ⁴	-		5,030	
Non-GAAP income taxes	\$ 326,311	22.3%	\$ 230,228	24.4%
Diluted EPS⁵	\$ 7.38		\$ 4.31	
Inventory write-off ¹	-		0.05	
Outward-related ²	0.05		0.06	
Asset impairment ³	-		0.13	
Deferred tax asset/liability adjustment ⁴	-		(0.03)	
Non-GAAP Diluted EPS	\$ 7.43		\$ 4.52	

GAAP TO NON-GAAP RECONCILIATIONS

Fiscal Year 2019

(Dollars in thousands except per share data)

Footnotes:

1. During FY2019, we incurred approximately \$30.1 million associated with acquisition-related compensation expense and the amortization of acquired intangibles, as well as the operations of Outward, Inc.
2. During FY2019, we incurred approximately \$8.4 million of employment-related expense that was primarily associated with severance-related reorganization expenses.
3. During FY 2019, we recorded an approximate \$6.0 million tax benefit resulting from a non-recurring adjustment to a deferred tax liability.
4. During FY2019, we recorded a net income tax expense of approximately \$0.2 million associated with tax legislation changes.
5. 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 have been retroactively adjusted to reflect the stock split.

FOR THE FISCAL YEAR ENDED

February 2, 2020

	\$	% of Revenues
Gross profit	\$ 2,139,092	36.3%
Outward-related ¹	3,035	
Employment-related expense ²	30	
Non-GAAP gross profit	\$ 2,142,157	36.3%
Selling, general and administrative expenses	\$ 1,673,218	28.4%
Outward-related ¹	(27,070)	
Employment-related expense ²	(8,366)	
Non-GAAP selling, general and administrative expenses	\$ 1,637,782	27.8%
Operating income	\$ 465,874	7.9%
Outward-related ¹	30,105	
Employment-related expense ²	8,396	
Non-GAAP operating income	\$ 504,375	8.6%
	\$	Tax rate
Income taxes	\$ 100,959	22.1%
Outward-related ¹	5,959	
Employment-related expense ²	(502)	
Deferred tax asset/liability adjustment ³	6,046	
Tax legislation ⁴	(162)	
Non-GAAP income taxes	\$ 112,300	22.7%
Diluted EPS⁵	\$ 2.25	
Outward-related ¹	0.15	
Employment-related expense ²	0.06	
Deferred tax asset/liability adjustment ³	(0.04)	
Non-GAAP Diluted EPS	\$ 2.42	

GAAP TO NON-GAAP RECONCILIATIONS

Return on Invested Capital (ROIC)

We believe ROIC is a useful financial measure for investors in evaluating the efficient and effective use of capital, and is an important component of long-term shareholder return. The following table presents the calculation of ROIC, together with a reconciliation of net earnings to non-GAAP net operating profit after tax (“NOPAT”).

SEC REGULATION G – NON-GAAP INFORMATION:

These tables include non-GAAP occupancy costs, gross profit, gross margin, selling, general and administrative expense, operating income, Adjusted Operating Income, operating margin, income taxes, effective tax rate and diluted EPS. We believe that these non-GAAP financial measures provide meaningful supplemental information for investors regarding the performance of our business and facilitate a meaningful evaluation of our quarterly actual results on a comparable basis with prior periods. Our management uses these non-GAAP financial measures in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter. These non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Footnotes:

1. During Q1 2023, we incurred exit costs of \$17.9 million, including \$9.3 million associated with the closure of our West Coast manufacturing facility and \$8.6 million associated with the exiting of Aperture, a division of our Outward, Inc. subsidiary. Additionally, during Q1 2023, we incurred costs related to reduction-in-force initiatives of \$8.3 million primarily in our corporate functions.
2. Adjustment reflects a hypothetical provision for income taxes on adjusted operating income, using the Company's effective tax rate of 25.4%.

FOR THE FISCAL YEAR ENDED

January 28, 2024

		\$
Net earnings	\$	949,762
Interest income, net		(29,162)
Income taxes		323,593
Operating income	\$	1,244,193
Exit Costs ¹		17,931
Reduction-in-force Initiatives ¹		8,316
Operating lease costs		296,779
Adjusted Operating income	\$	1,567,219
Income tax adjustment ²		(398,074)
NOPAT (numerator)	\$	1,169,145

AS OF

	January 28, 2024	January 29, 2023	Average
Total assets	\$ 5,273,548	\$ 4,663,016	
Total current liabilities	(1,880,315)	(1,636,451)	
Cash in excess of \$200 million	(1,062,007)	(167,344)	
Invested capital (denominator)	\$ 2,331,226	\$ 2,859,221	\$ 2,595,224
Return on invested capital			45.0%