WILLIAMS-SONOMA, INC.

Investor Presentation

2024

POTTERY BARN · pottery barn kids · POTTERY BARN | 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 August 22, 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

Expanding Market Opportunity

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

$80B
US B2B

$7.8B
WILLIAMS-SONOMA, INC.

$450B
GLOBAL HOME CATEGORY

$300B
US HOME CATEGORY

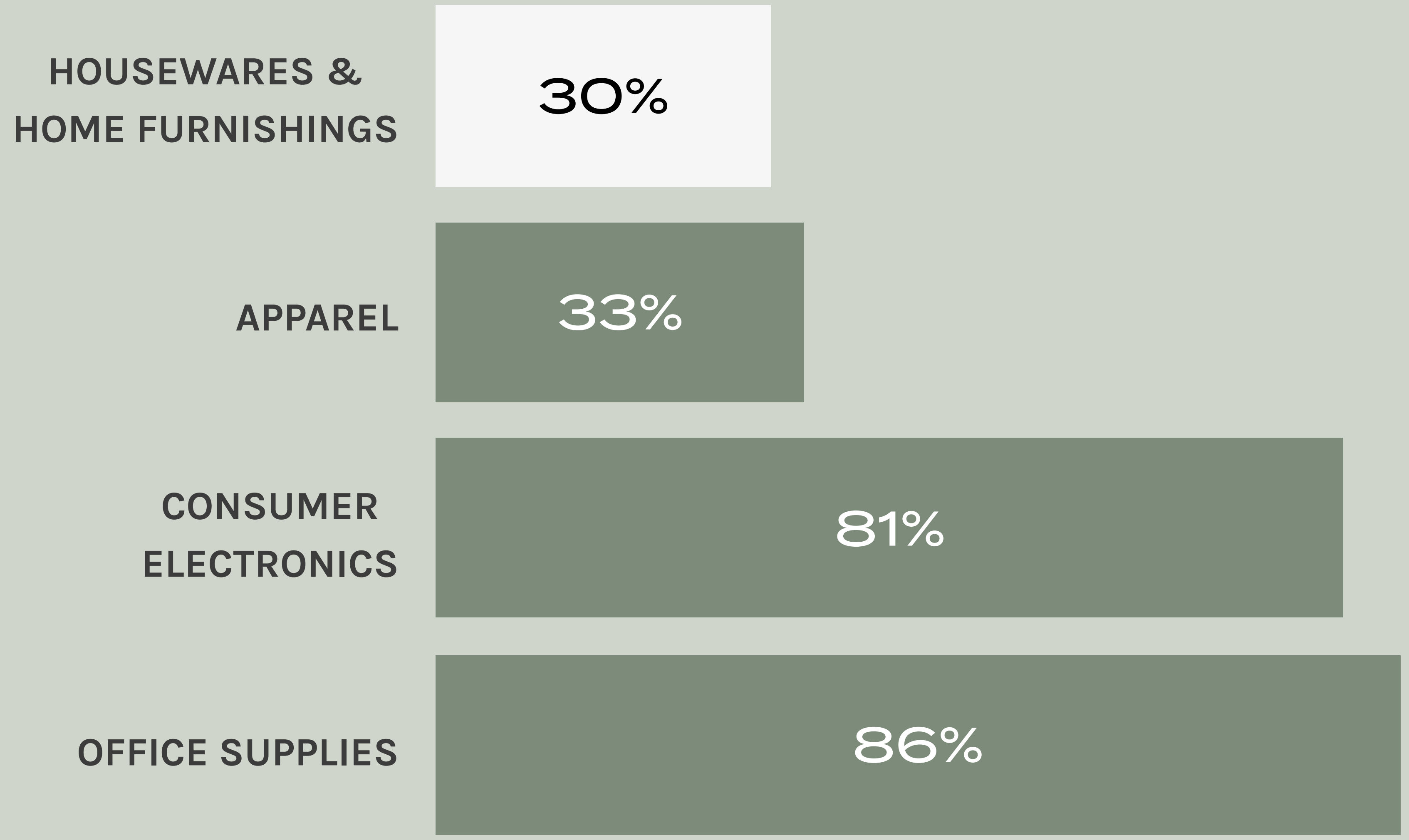
Capturing 3% of the market share would drive an **incremental $16B+** in revenues (or triple our business today).

Significant opportunity to **grow share** in the US in this highly fragmented industry.

*Source: Euromonitor, ThinkLab, & company estimates

Shift to Ecommerce

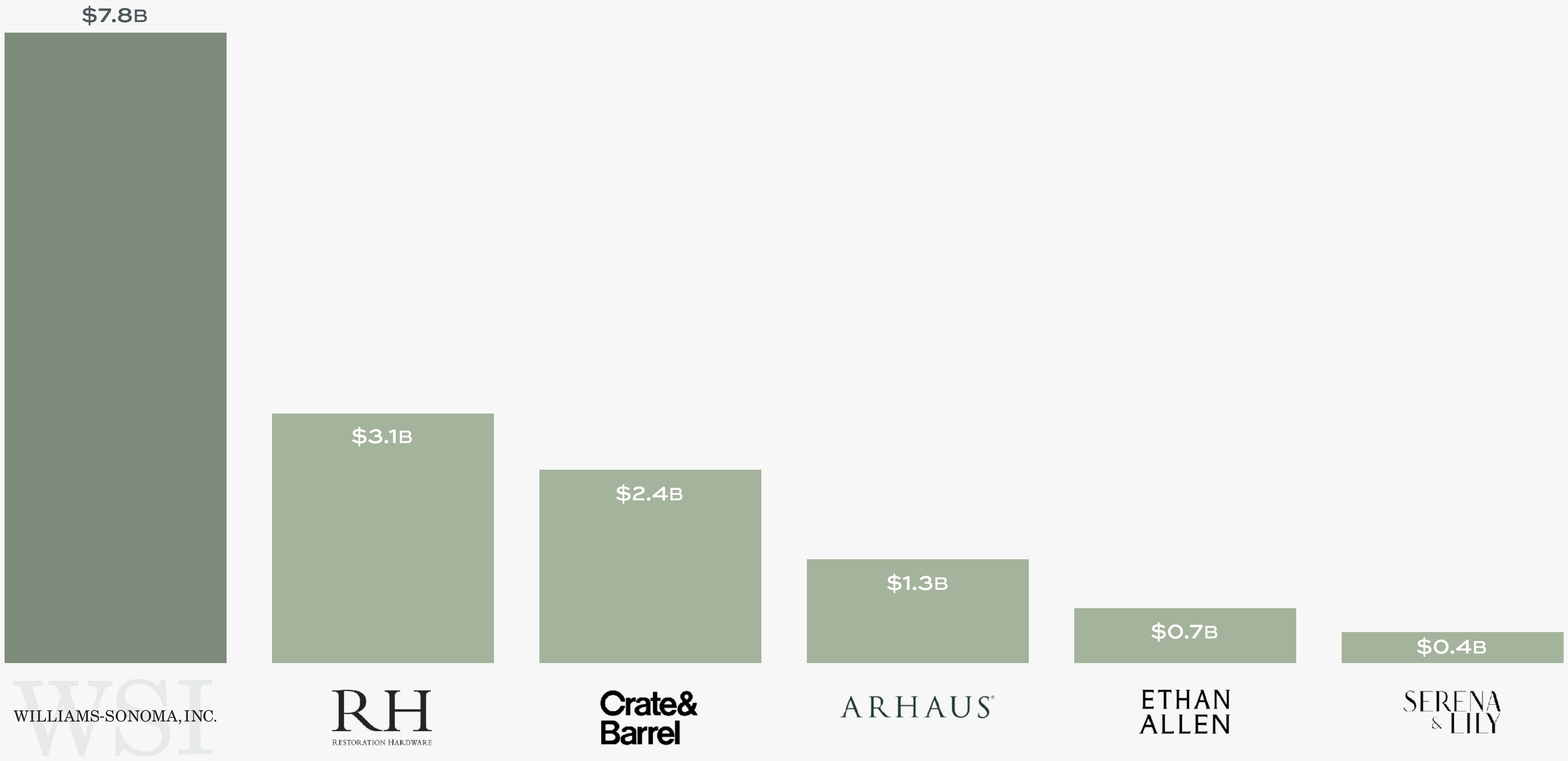
Home furnishings industry trails other industries in ecommerce penetration.*



*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

Core 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 furniture trends.

+

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 core 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

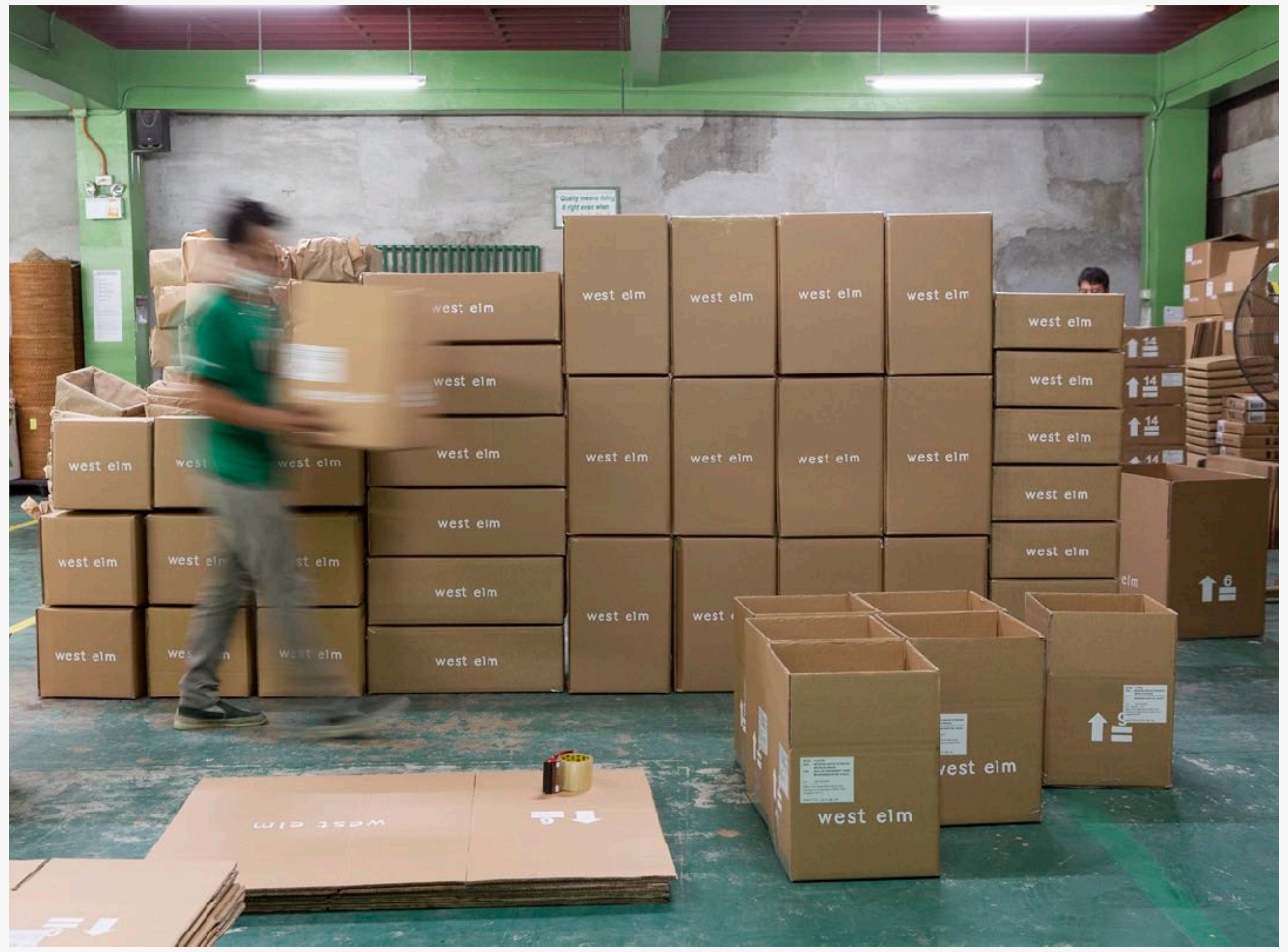
DIGITAL FIRST, NOT DIGITAL ONLY

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.

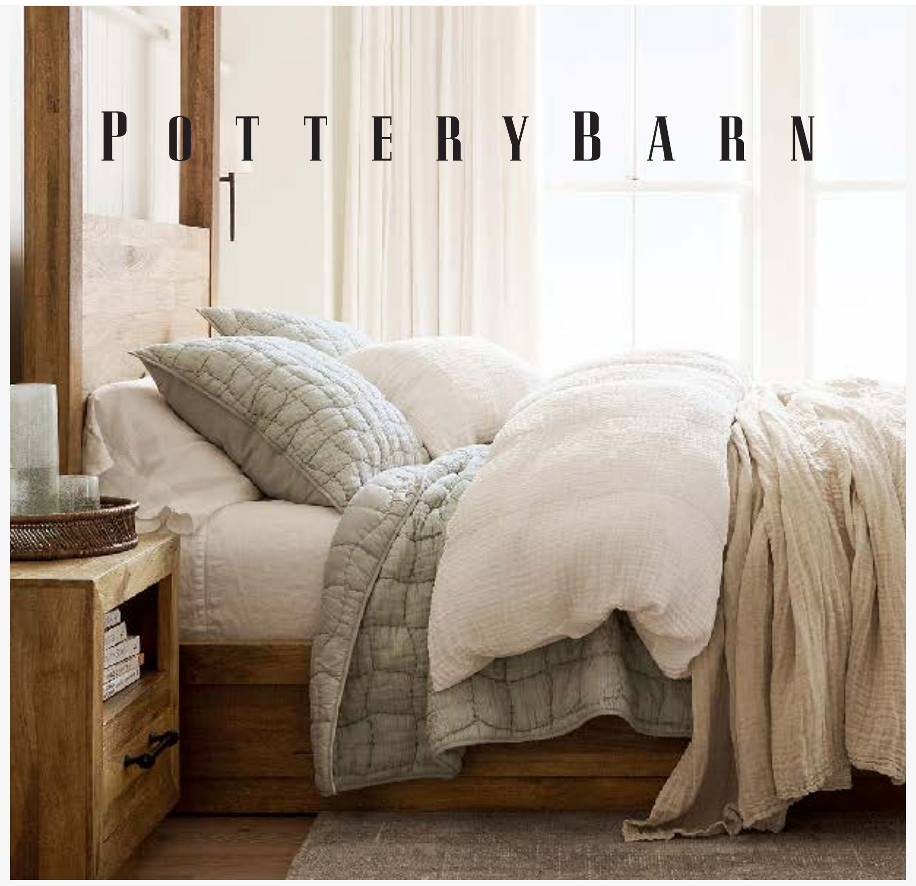
12

SOURCING OFFICES

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

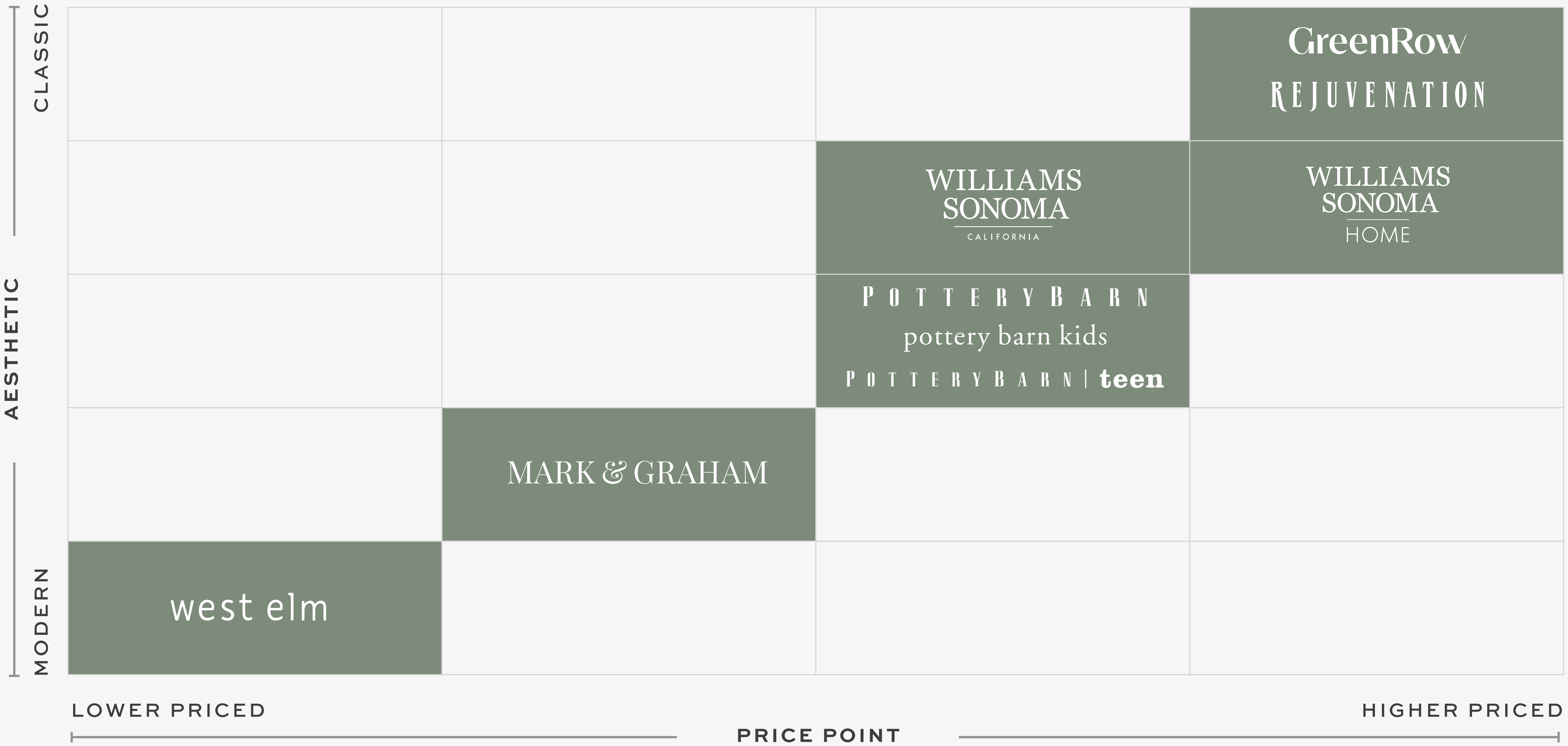
Portfolio of 9 Distinct Brands

We interpret fashion and home furnishings trends 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

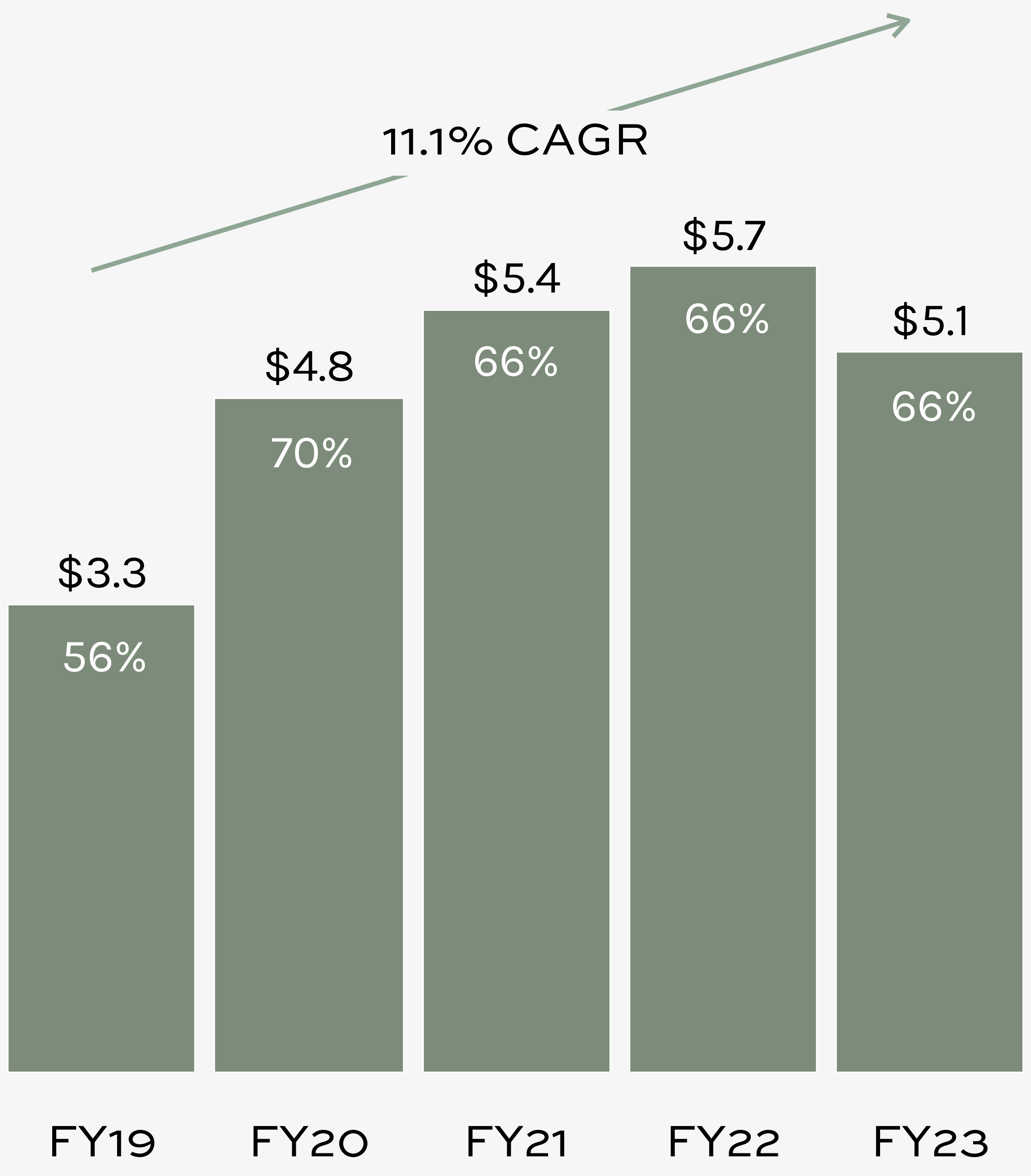
non-pure play ecommerce home furnishings retailer*

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 organization, backed by world-class customer analytics and first-party data collection, serves 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.

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 build sustainability and equity action into every corner of our enterprise. We aim to enhance the lives of our stakeholders, communities and the environment.

CUSTOMERS

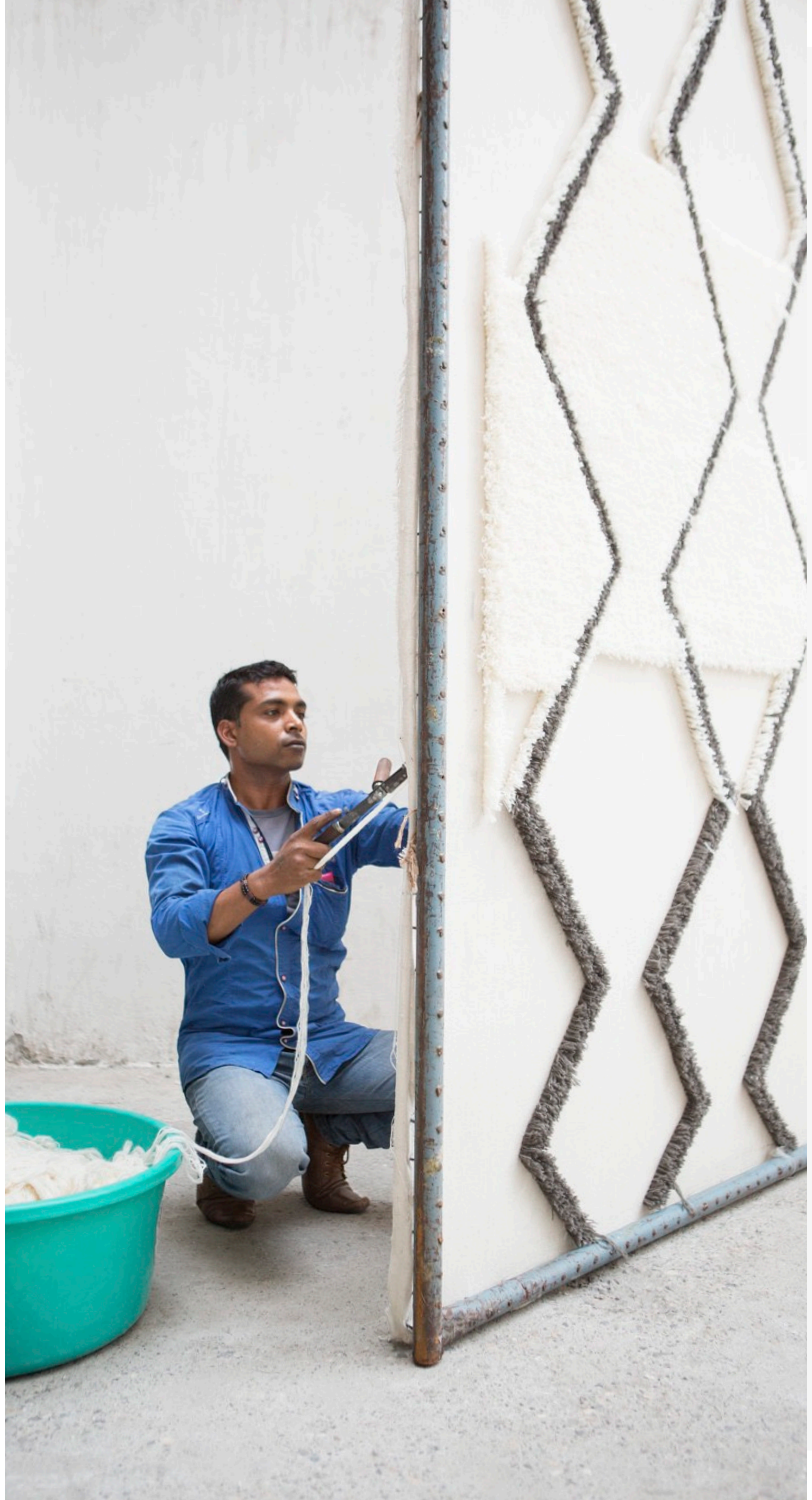
We are here to serve our customers—without them, nothing else matters.

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

70% of consumers today want to support brands that are doing good in the world.* Our commitment to sustainability, equity action, and taking care of our people is a main 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
58% responsibly sourced

COTTON
96% responsibly sourced

FAIR TRADE
$6.3M paid in premiums since 2021

CARBON GOALS
Established Science-Based Targets for CO_2 reductions

— TALENT —

As a proud leader in equity action, we firmly believe that working in a culture dedicated to inclusion that cultivates innovation, promotes high-performance, and delivers a superior customer experience.

LGBTQ+
We maintain our commitment to the LGBTQ+ community and offer inclusive company benefits.

BLACK REPRESENTATION
We are committed to increasing our hiring and internal advancement rates through expanding our candidate pool.

GENDER EQUITY
With women in over 56% of all VP-and-above roles, and 68% of all roles, we lead our industry in equitable gender representation at every level.

AFFINITY GROUPS
We foster a range of associate networks for underrepresented groups focused on awareness, education and inclusivity in the products we offer.

*Source: "Meet the 2020 consumers driving change," NRF and IBM Research Insights;
**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

Forbes

BEST EMPLOYER FOR DIVERSITY 2018-2023

Bloomberg

GENDER EQUALITY INDEX 2023

HUMAN RIGHTS CAMPAIGN

CORPORATE EQUALITY INDEX 2021-2023

Dow Jones Sustainability Indexes

2022-2023 FOR NORTH AMERICA

CDP

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

Healthy Environments Inside and Out
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

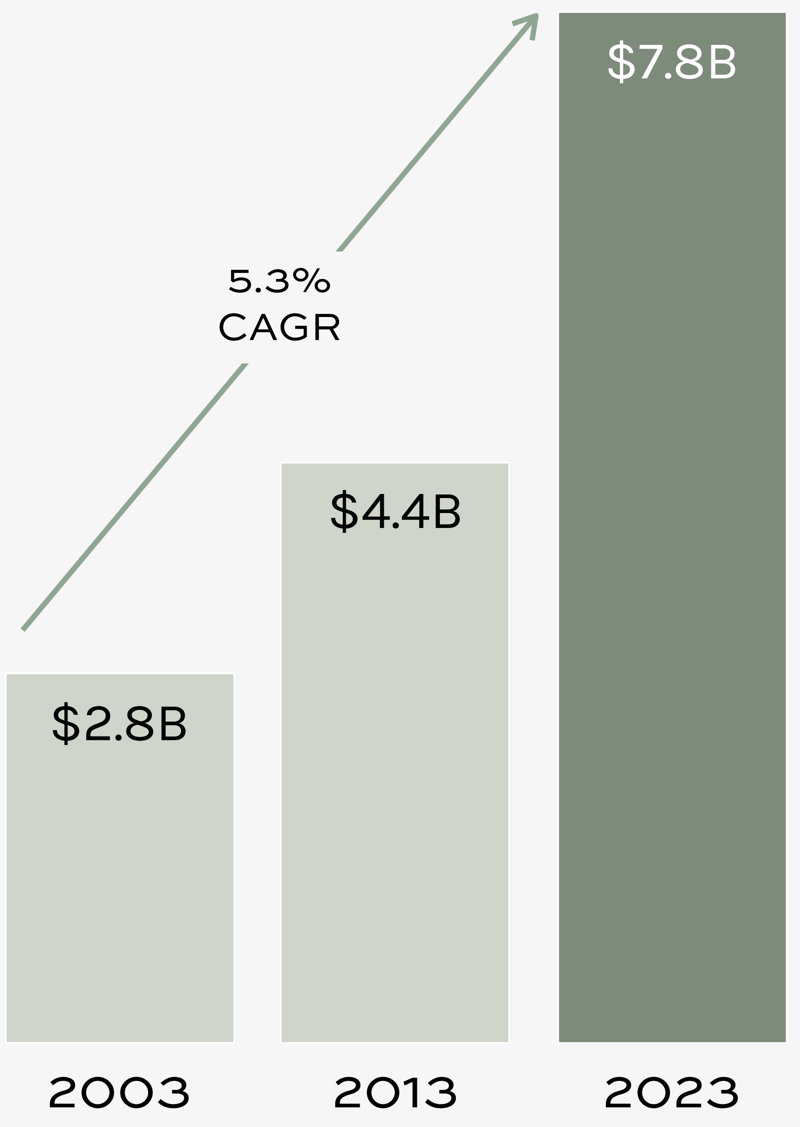
3

DRIVING EARNINGS

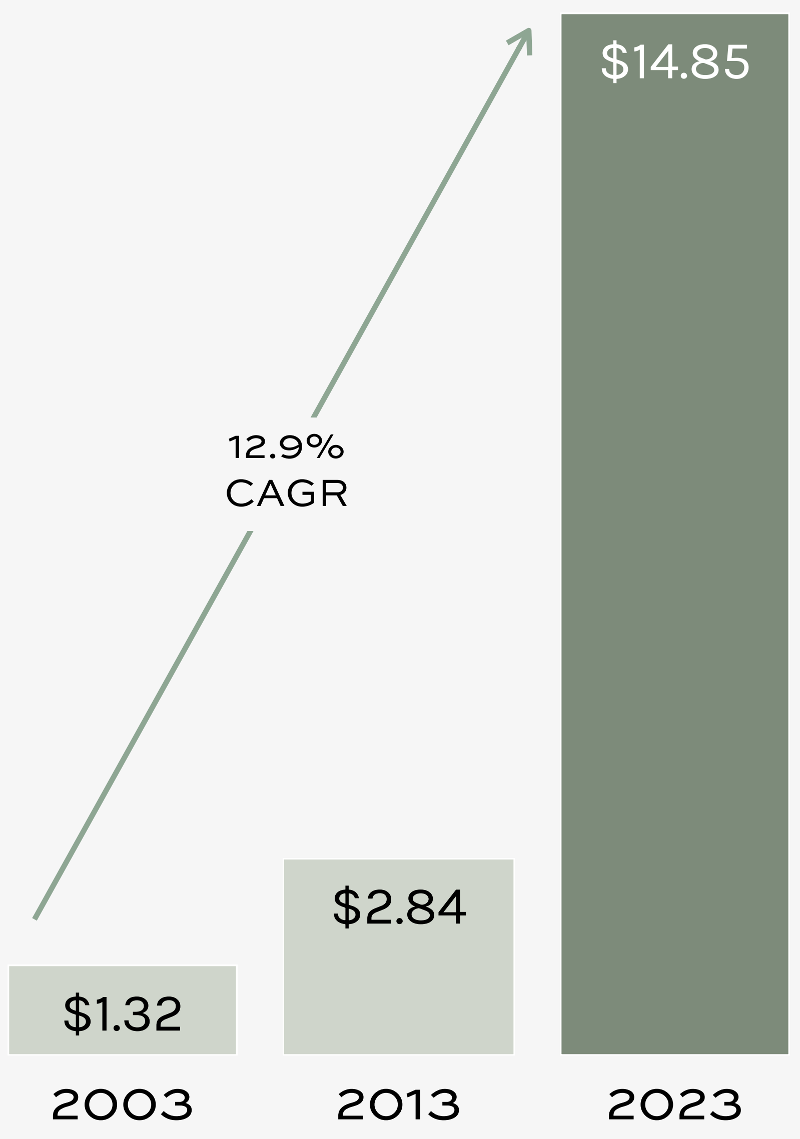
Historical Growth

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



REVENUE



EARNINGS PER SHARE

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

— MAIN BRAND GROWTH —

— CATEGORY GROWTH —

— EMERGING BRAND GROWTH —

— BUSINESS-TO-BUSINESS —

— GLOBAL —

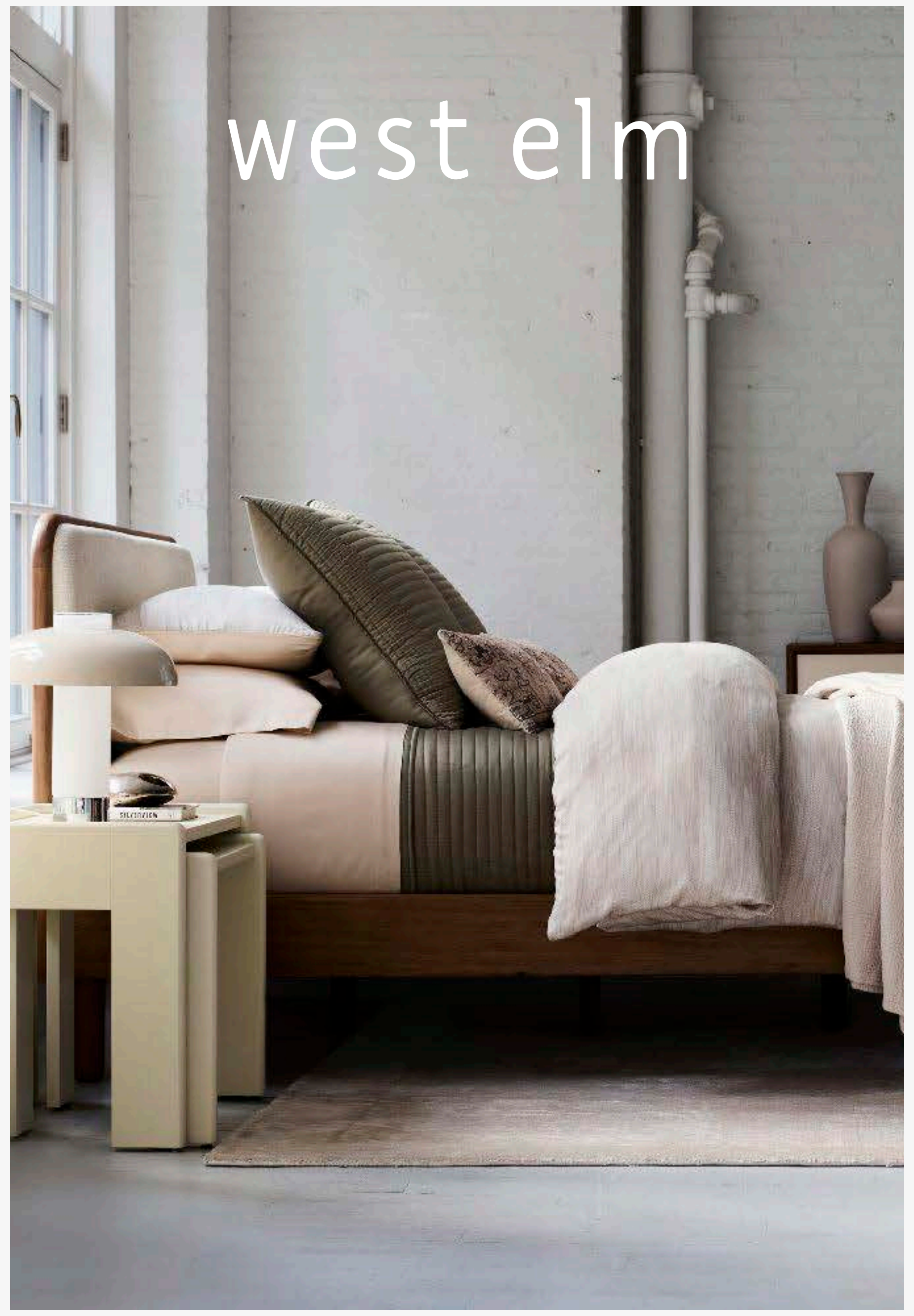
Main Brand Growth

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.

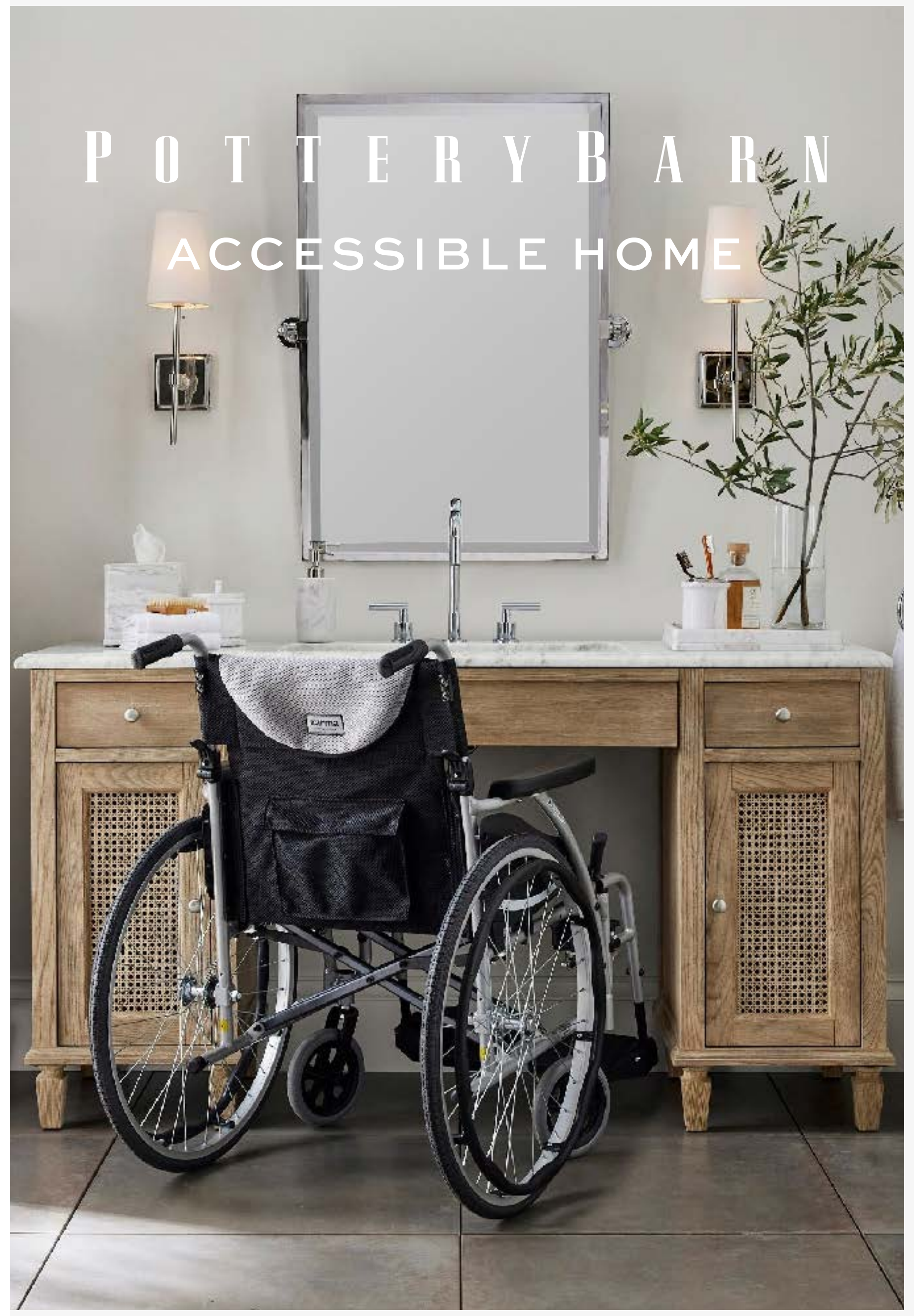


Unique modern furniture and home decor.

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 main 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.

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

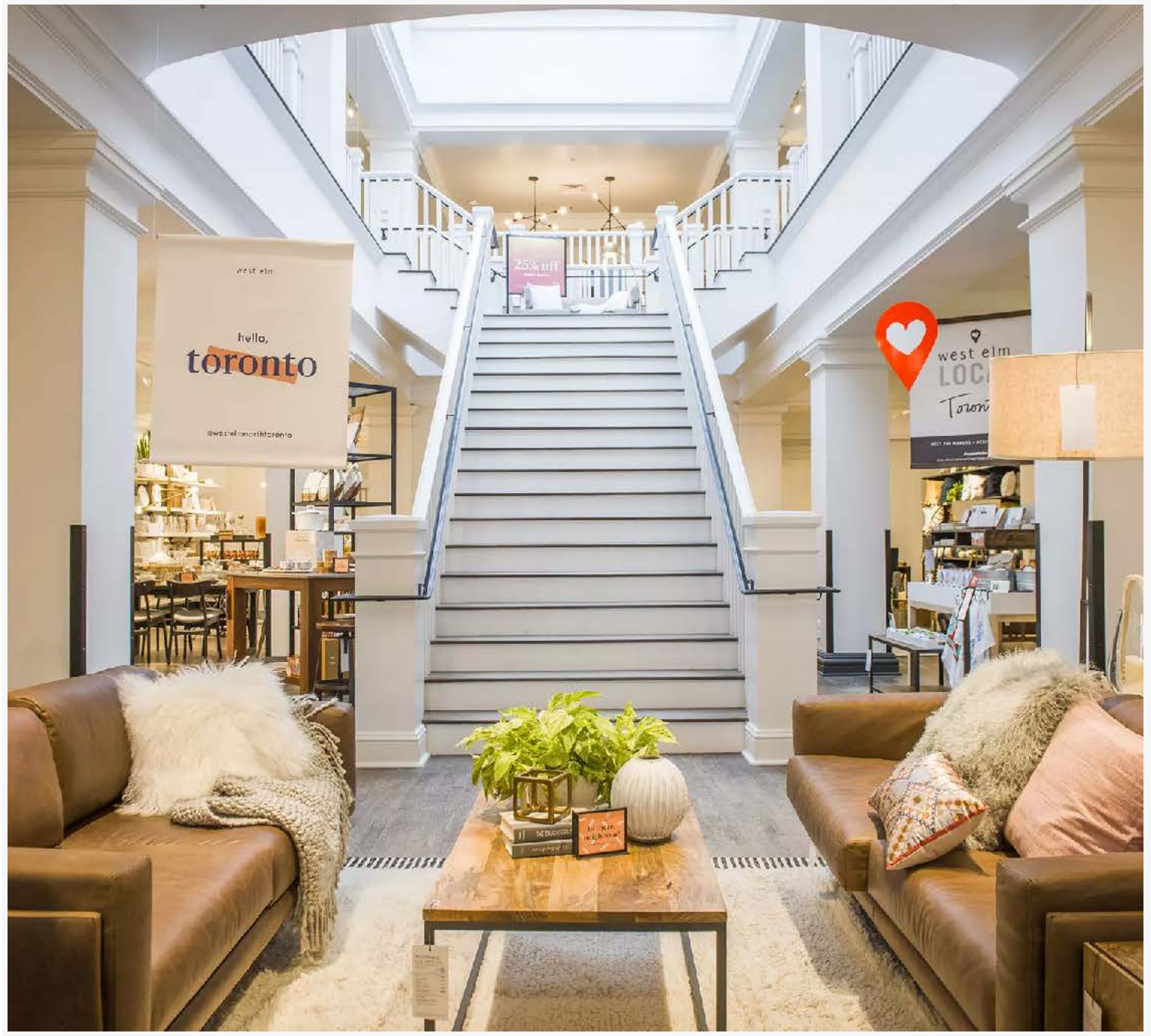
HEALTHCARE + WELLNESS
Senior Living, Hospitals, Health and Fitness

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 STARS	84
IN-STORE NET PROMOTER SCORE	COMPANY AVERAGE STELLA SCORE	IN-HOME DELIVERY NET PROMOTER SCORE

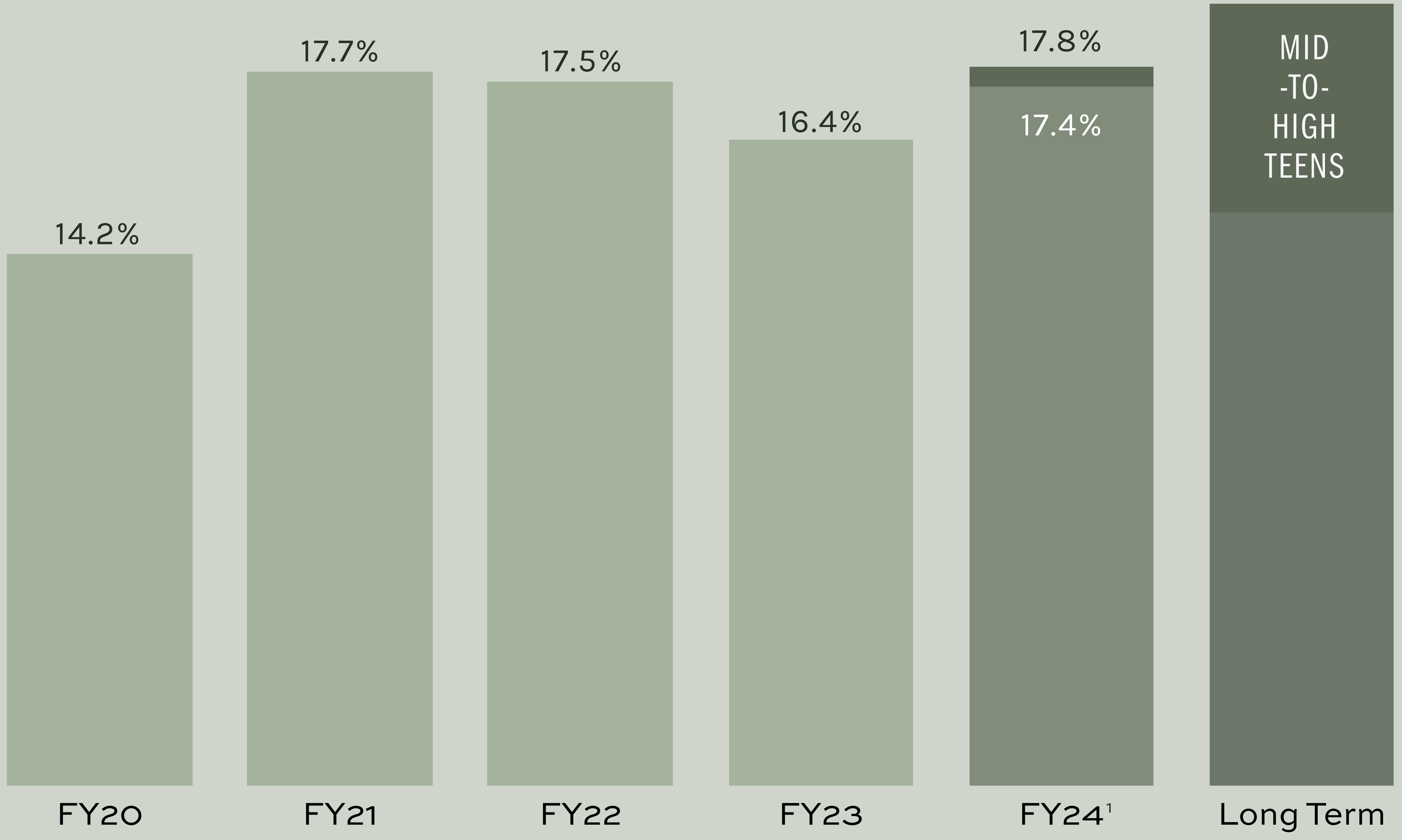
— IMPROVED DELIVERY SERVICE —

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

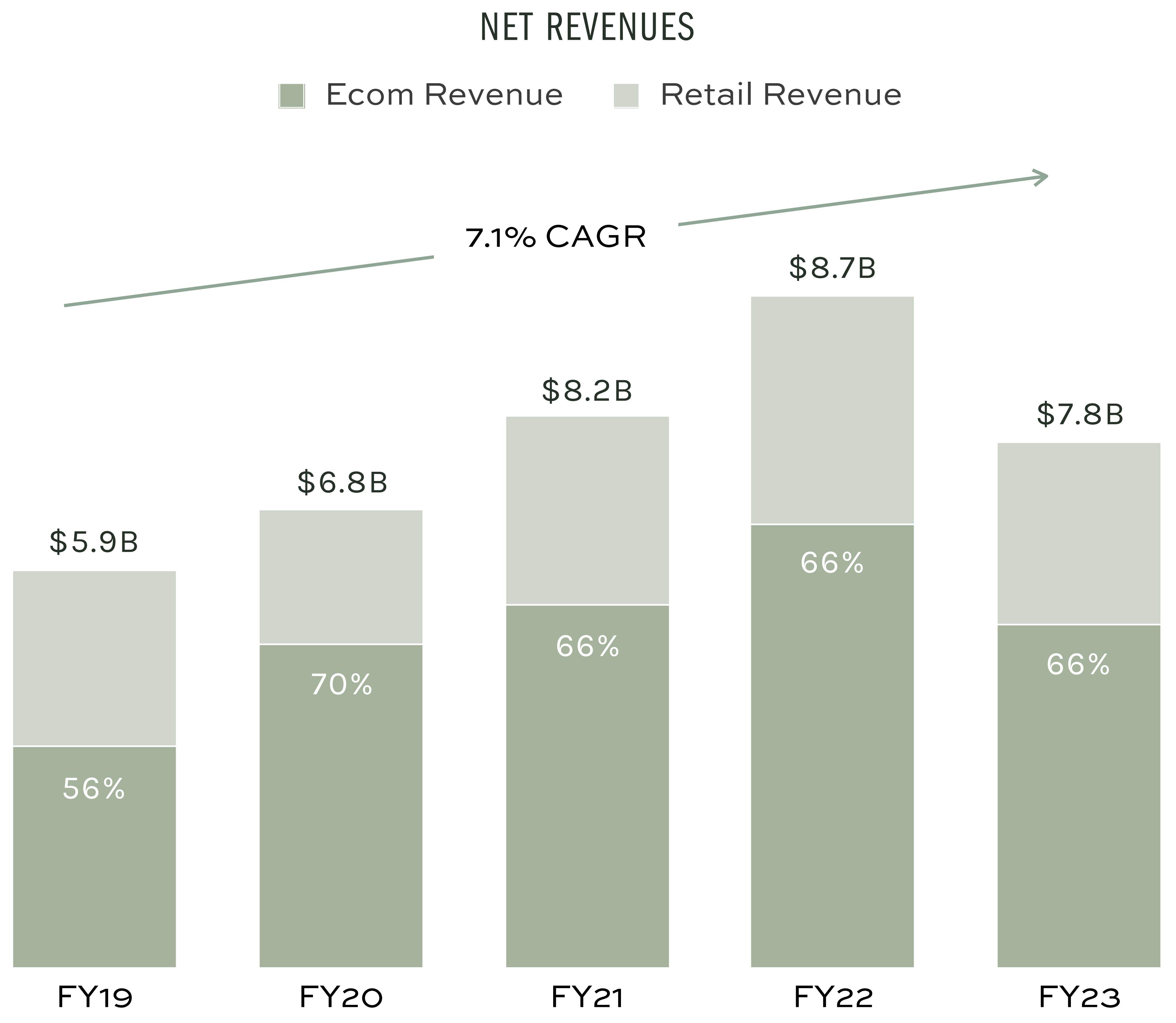
6 **COST CONTROL**
resulting from our financial discipline

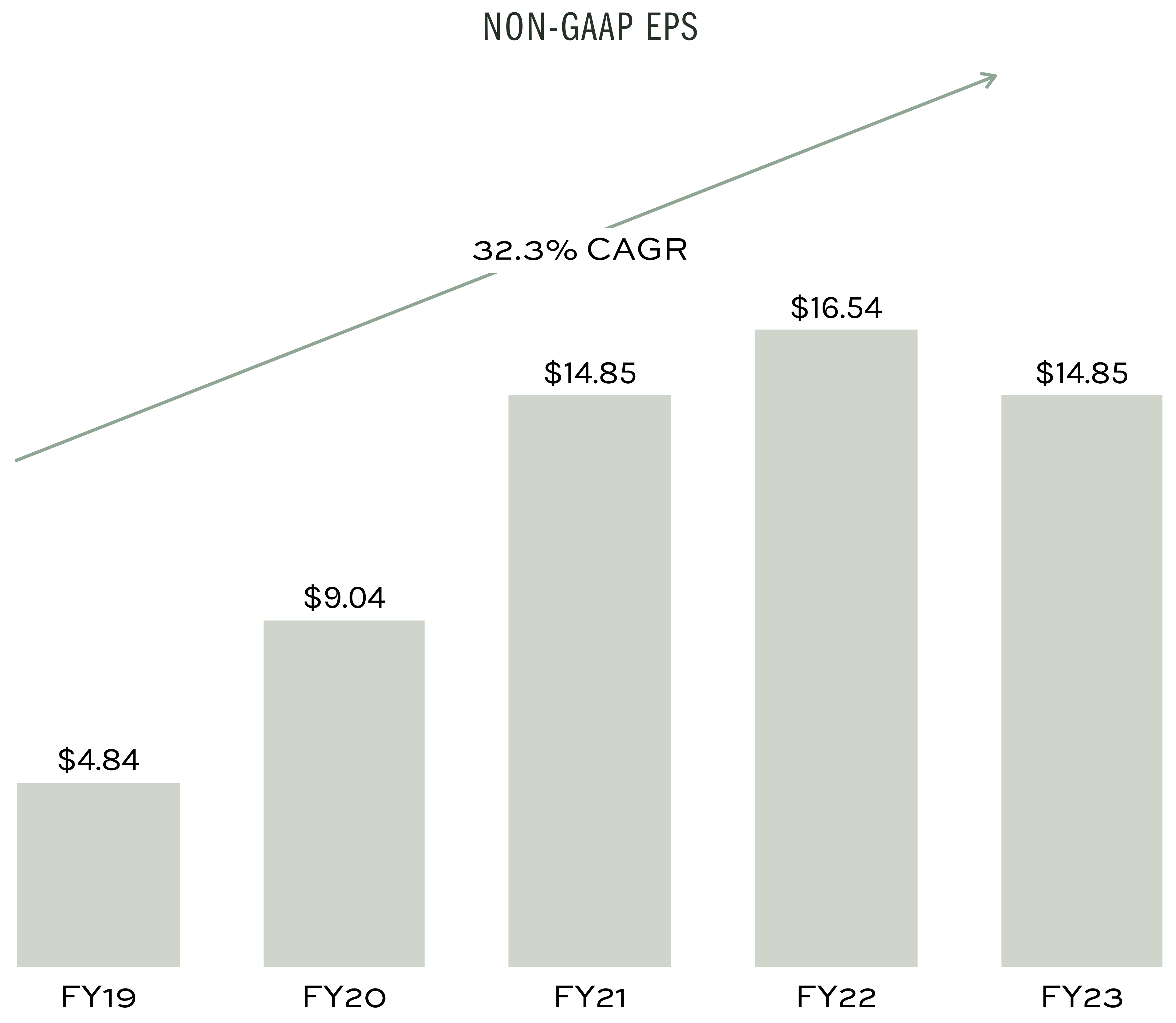
[1] Excludes the impact of the out-of-period adjustment of 60BPS. The out-of-period adjustment relates to over-recognized freight expense in fiscal years 2021, 2022 and 2023 for a cumulative amount of $49 million. The Company evaluated the error, both qualitatively and quantitatively, and determined 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.

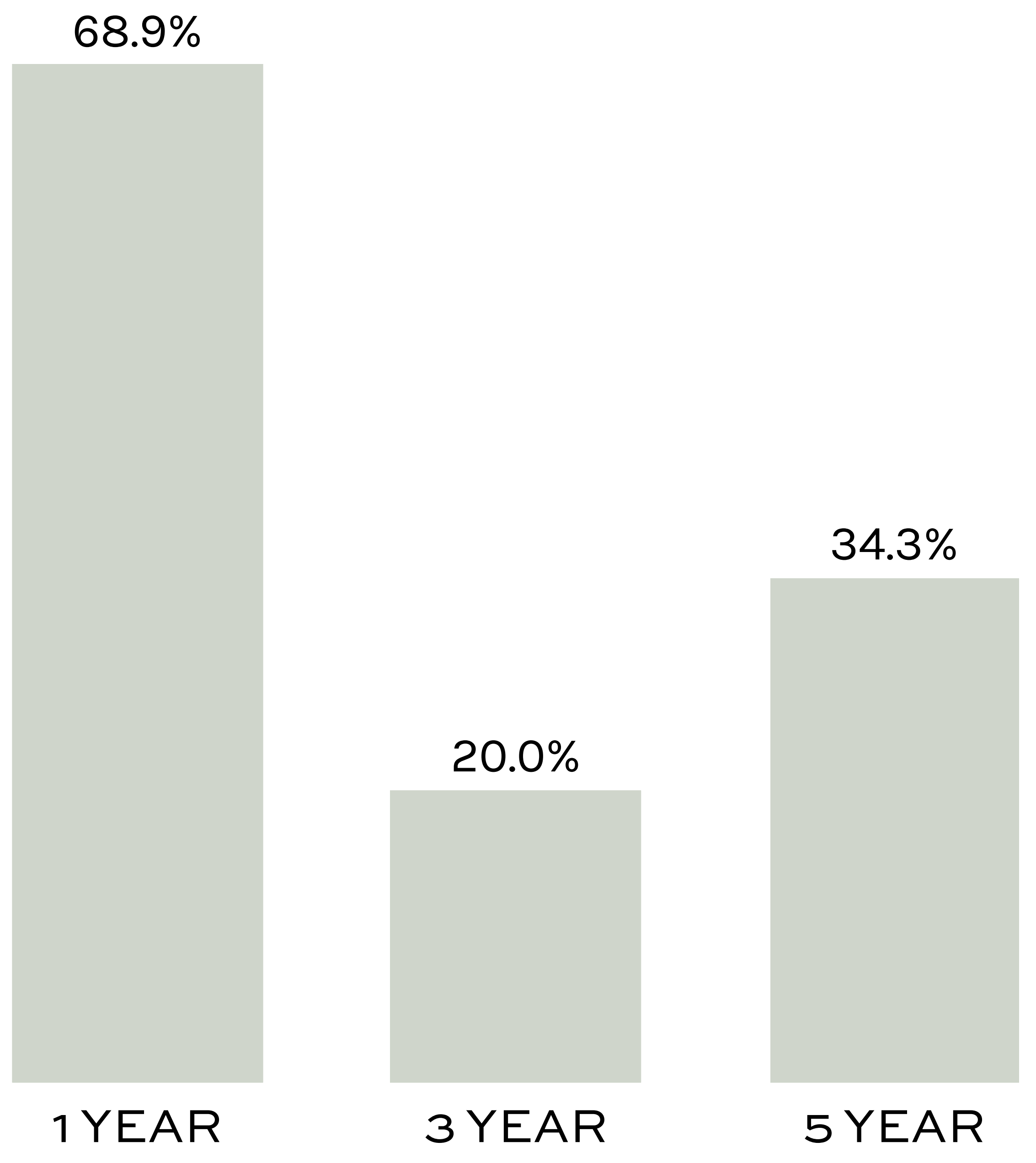




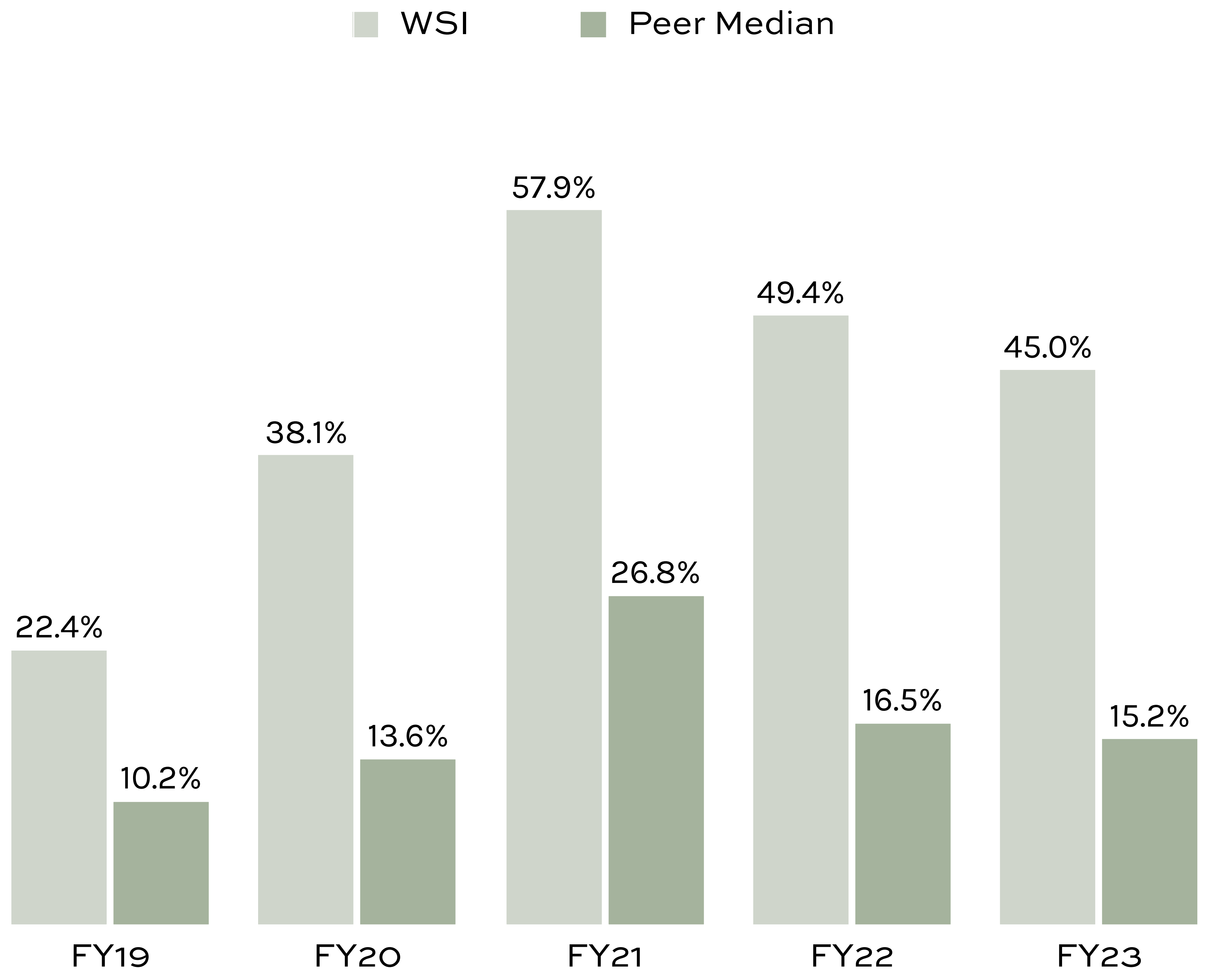
Returns on Investment

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

TOTAL SHAREHOLDER RETURNS[1]



RETURNS ON INVESTED CAPITAL (ROIC)[2]

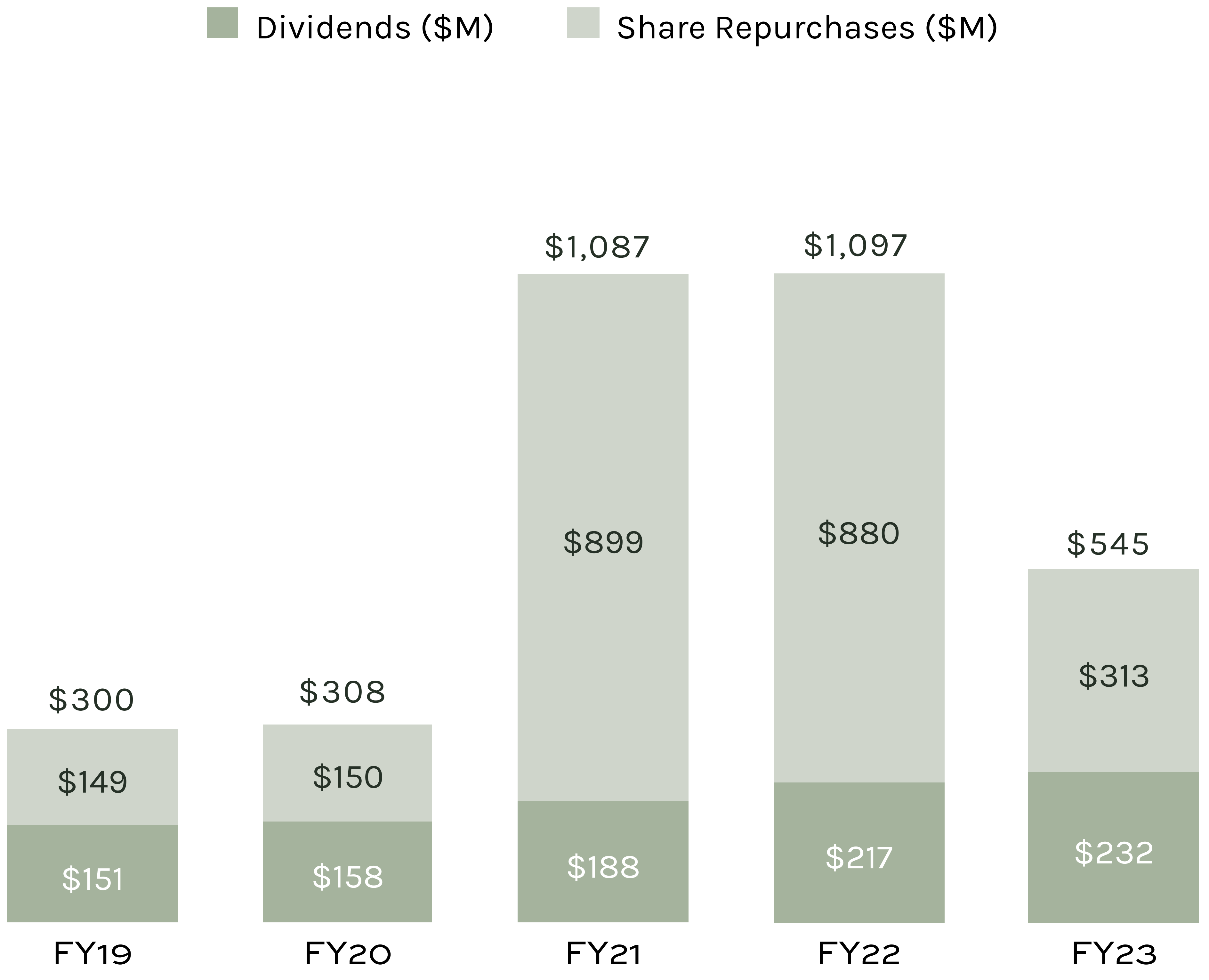


1. Assumes re-investment of dividends and reflects share repurchases.
2. See page 39 for the calculation of ROIC, together with a reconciliation of net earnings to non-GAAP net operating profit after tax ("NOPAT") .

Returns to Shareholders

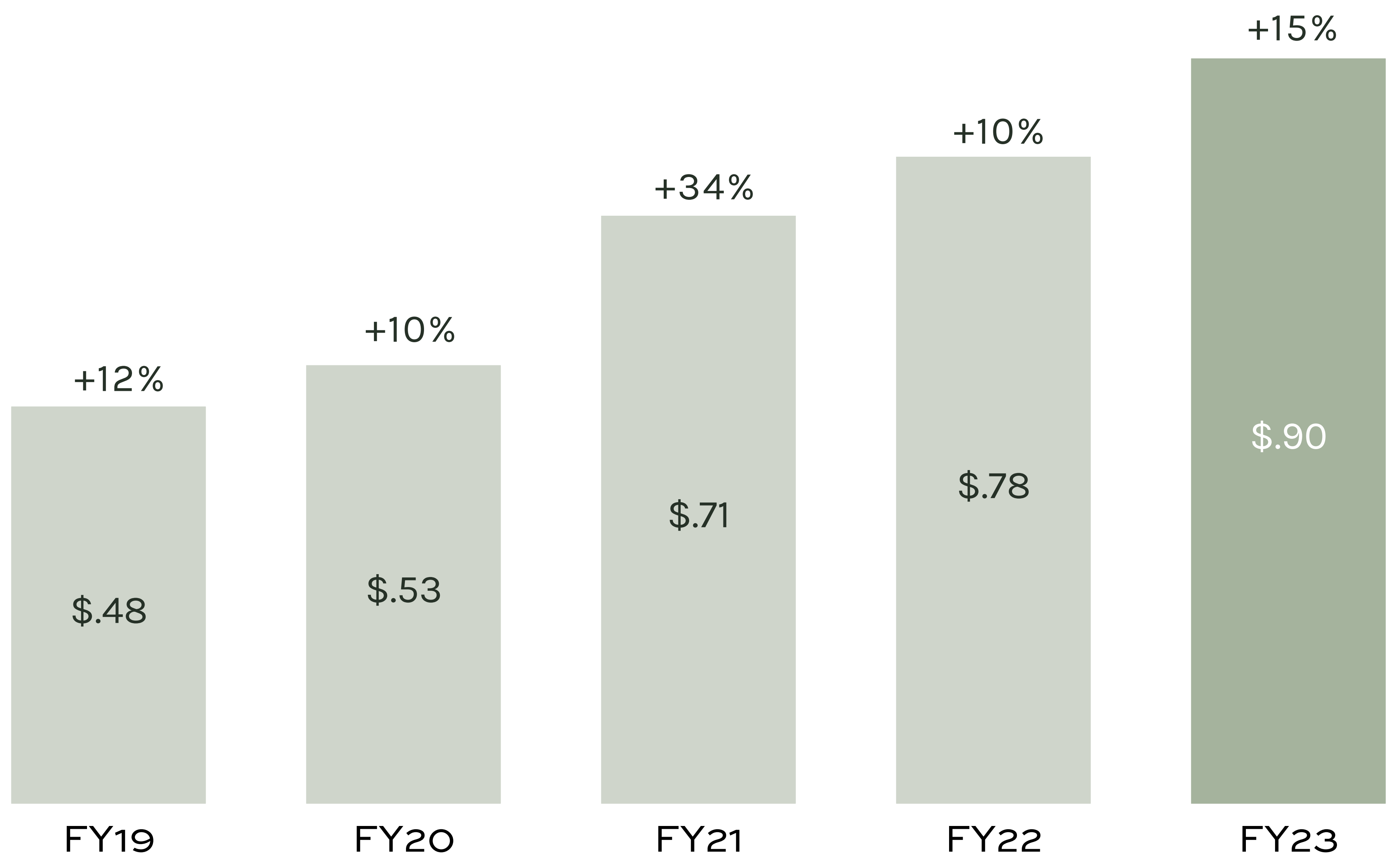
We are committed to consistent shareholder returns with
$3.3B returned to shareholders over the last 5 years.

RETURNS TO SHAREHOLDERS



QUARTERLY DIVIDEND PER SHARE

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



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.

	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 EPS	**$**	**14.55**		**$**	**16.32**	
Exit Costs[1]		0.20			-	
Reduction-in-force Initiatives[2]		0.09			-	
Impairment of Aperture[3]		-			0.21	
Non-GAAP Diluted EPS	$	14.85		$	16.54	

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.

	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 EPS	**$**	**14.75**		**$**	**8.61**	
Inventory write-off[1]		-			0.11	
Outward-related[2]		0.10			0.13	
Asset impairment[3]		-			0.26	
Deferred tax asset/liability adjustment[4]		-			(0.06)	
Non-GAAP Diluted EPS	$	14.85		$	9.04	

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.

		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 EPS	**$**	**4.49**	
Outward-related[1]		0.30	
Employment-related expense[2]		0.11	
Deferred tax asset/liability adjustment[3]		(0.08)	
Non-GAAP Diluted EPS	$	4.84	

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%**