
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended February 3, 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: 001-33764

ULTA BEAUTY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation or
organization)

**1000 Remington Blvd.,
Suite 120**

Bolingbrook, Illinois
(Address of principal
executive offices)

38-4022268
(I.R.S. Employer
Identification No.)

60440
(Zip code)

Registrant's telephone number, including area code: (630) 410-4800
Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.01 per share	ULTA	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the common stock on July 28, 2023, as reported on the NASDAQ Global Select Market, was approximately \$17,547,227,000.

The number of shares of the registrant's common stock, par value \$0.01 per share, outstanding as of March 22, 2024 was 48,268,744 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K is hereby incorporated by reference from portions of the registrant's Proxy Statement for the 2024 Annual Meeting of Stockholders. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended February 3, 2024.

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FORWARD-LOOKING STATEMENTS

References in this Annual Report on Form 10-K to “we,” “us,” “our,” “Ulta Beauty,” the “Company” and similar references mean Ulta Beauty, Inc. and its consolidated subsidiaries, unless otherwise expressly stated or the context otherwise requires.

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “plans,” “estimates,” “targets,” “strategies” or other comparable words. Any forward-looking statements contained in this Form 10-K are based upon our historical performance and on current plans, estimates, and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates, targets, strategies, or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties, which include, without limitation:

- macroeconomic conditions, including inflation, elevated interest rates and recessionary concerns, as well as continuing labor cost pressures, and transportation and shipping cost pressures, have had, and may continue to have, a negative impact on our business, financial condition, profitability, and cash flows (including future uncertain impacts);
- changes in the overall level of consumer spending and volatility in the economy, including as a result of macroeconomic conditions and geopolitical events;
- our ability to sustain our growth plans and successfully implement our long-range strategic and financial plan;
- the ability to execute our operational excellence priorities, including continuous improvement, Project SOAR (the replacement of our enterprise resource planning platform), and supply chain optimization;
- our ability to gauge beauty trends and react to changing consumer preferences in a timely manner;
- the possibility that we may be unable to compete effectively in our highly competitive markets;
- the possibility of significant interruptions in the operations of our distribution centers, fast fulfillment centers, and market fulfillment centers;
- the possibility that cybersecurity or information security breaches and other disruptions could compromise our information or result in the unauthorized disclosure of confidential information;
- the possibility of material disruptions to our information systems, including our Ulta.com website and mobile applications;
- the failure to maintain satisfactory compliance with applicable privacy and data protection laws and regulations;
- changes in the good relationships we have with our brand partners, our ability to continue to obtain sufficient merchandise from our brand partners, and/or our ability to continue to offer

permanent or temporary exclusive products of our brand partners;

- our ability to effectively manage our inventory and protect against inventory shrink;
- changes in the wholesale cost of our products and/or interruptions at our brand partners' or third-party vendors' operations;
- epidemics, pandemics or natural disasters, which could negatively impact sales;
- the possibility that new store openings and existing locations may be impacted by developer or co-tenant issues;
- our ability to attract and retain key executive personnel;
- the impact of climate change on our business operations and/or supply chain;
- our ability to successfully execute our common stock repurchase program or implement future common stock repurchase programs;
- a decline in operating results which could lead to asset impairment and store closure charges; and
- other risk factors detailed in our public filings with the Securities and Exchange Commission (the SEC), including risk factors contained in Item 1A, "Risk Factors" of this Annual Report on Form 10-K for the year ended February 3, 2024, as such may be amended or supplemented in our subsequently filed Quarterly Reports on Form 10-Q.

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Except to the extent required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Part I

Item 1. Business

Overview

Ulta Beauty is the largest specialty beauty retailer in the United States and the premier beauty destination for cosmetics, fragrance, skin care products, hair care products, and salon services. Key aspects of our business include:

One-of-a-kind Assortment. We offer guests a differentiated assortment of approximately 25,000 products from approximately 600 established and emerging beauty brands across a variety of categories and price points. We believe we offer the widest selection of beauty categories, from mass to prestige price points, across cosmetics, fragrance, haircare, skincare, bath and body products, professional hair products, and salon styling tools.

Store Footprint. We operate more than 1,350 stores predominantly located in convenient, high-traffic locations. With a bright and open store environment, we make it easy for guests to discover new products and services. Our store design, fixtures, and open layout provide the flexibility to respond to consumer trends and changes in our merchandising strategy. We also offer beauty services in nearly every store, including a full-service hair salon and a Benefit™ Brow Bar. In addition to our free-standing locations, through our partnership with Target Corporation we have more than 500 Ulta Beauty at Target shop-in-shops which provide guests with a highly-curated, prestige beauty assortment in a unique and elevated presentation in 1,000 square feet of dedicated space within certain Target locations.

Leading Digital Experiences. Through our website, Ulta.com, and our mobile applications, we offer guests convenient, interactive, and personalized digital experiences. Our digital channels enable always-on shopping and discovery, and our diverse fulfillment options, including buy online pick-up in store, buy online pick-up curbside, ship from store, ship from distribution center, and same-day delivery, provide guests with value and convenience. In addition to e-commerce platforms, we offer guests a variety of unique digital experiences, including virtual try-on and skin analysis tools, which leverage augmented reality capabilities and artificial intelligence tools to provide guests with personalized experiences.

Best-in-Class Loyalty Program. Our best-in-class loyalty program, Ulta Beauty Rewards, enables members to earn points for every dollar spent on products and beauty services at Ulta Beauty, through purchases on our private label and co-branded credit cards, and purchases at Ulta Beauty at Target. In addition

to unique membership benefits, members can redeem points for discounts on any product or service at Ulta Beauty. With more than 95% of total sales coming from members, we are uniquely positioned with a deep understanding of our customers and their preferences, enabling us to personalize experiences, recommendations, and promotions through our Customer Relationship Management (CRM) platform and support our brand partners' growth.

Great Guest Experiences. We cultivate human connection with warm and welcoming guest experiences across all of our channels. Our knowledgeable and approachable store associates, our differentiated service offerings, and our efforts to create relevant, compelling digital content are competitive advantages and enable us to build strong engagement with guests.

We were founded in 1990 as a beauty retailer at a time when prestige, mass, and salon products were sold through distinct channels — department stores for prestige products; drug stores and mass merchandisers for mass products; and salons and authorized retail outlets for professional hair care products. We developed a unique specialty retail concept that offers a broad range of brands and price points, select beauty services, and a convenient and welcoming shopping environment. We define our target consumer as a beauty enthusiast, a consumer who is passionate about the beauty category, uses beauty for self-expression, experimentation, and self-investment, and has high expectations for the

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shopping experience. We estimate beauty enthusiasts represent approximately 65% of shoppers and account for more than 80% of beauty products and services spend in the U.S.

The following description of our business should be read in conjunction with the information contained in our Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 and our Financial Statements and Supplementary Data included in Item 8 of this Annual Report on Form 10-K.

Our strategy

We target beauty enthusiasts across multiple demographics and shopping behaviors. Beauty enthusiasts have a deep emotional connection with beauty, and historically, this connection has not diminished in softer economic environments. Our proprietary consumer research confirms engagement with the beauty category remains strong. The COVID-19 pandemic and subsequent recovery drove unprecedented disruption which provided beauty enthusiasts the opportunity to develop new beauty regimens, many of which consumers are sustaining. Despite the disruption caused by the pandemic, beauty enthusiasts continue to demonstrate their commitment to the in-person shopping experience, while also embracing the use of online shopping to supplement discovery and convenience. At the same time, rising competitive pressures and a dynamic operating environment will require strong execution and continued investment and innovation to further our leadership position.

Reflecting our understanding about how the consumer and beauty category are evolving, in 2021 we refreshed our strategic framework to position Ulta Beauty for continued success. We are focused on six key strategic pillars designed to expand our market leadership and drive longer-term profitable growth.

Drive breakthrough and disruptive growth through an expanded definition of All Things Beauty. Beauty enthusiasts enjoy the experience of discovering and trying new products and increasingly include beauty as part of their self-care and wellness journey. Reflecting these insights, our objective is to engage and continuously delight beauty enthusiasts with a curated, differentiated, inclusive assortment focused on leading beauty and self-care trends. We are focused on four key areas: maximizing growth in core categories, including makeup, skincare, haircare, and fragrance; driving growth of cross-category strategic platforms, including Conscious Beauty at Ulta Beauty®, Black-owned and Black, Indigenous, and People of Color (BIPOC)-founded Brands, the Wellness Shop, and SPARKED at Ulta Beauty; differentiating our assortment through exclusive brands and products, including our private label, Ulta Beauty Collection; and increasing profitability through assortment management, inventory productivity, and promotional optimization.

Evolve the omnichannel experience through connected physical and digital ecosystems, All In Your World. Our guest insights and member data confirm that beauty enthusiasts prefer to transact in physical stores, where they can discover and engage with products and other beauty enthusiasts. At the same time, digital channels offer convenience, product reviews, and price transparency. As a result, the

guest journey is increasingly blurring across physical and digital channels. To drive greater guest engagement across all channels, we intend to expand our physical footprint, continue to differentiate our service offerings, and expand our order fulfillment capabilities while further enhancing our digital and mobile experiences and driving competitive advantage through digital innovation. Our objective is to deliver a cohesive, industry-leading omnichannel experience that drives breakthrough engagement with our guests and unlocks the combined potential of our physical and digital channels.

Expand and deepen our presence across the beauty journey, positioning Ulta Beauty at the Heart of the Beauty Community. To understand longer-term shifts in consumer values, perceptions, and behaviors, as well as of-the-moment insights, we have developed a robust consumer research capability. In addition, with more than 95% of total sales coming from our 43.3 million active Ulta Beauty Rewards loyalty program members, we have unique insights about customer preferences and behavior. Based on our proprietary insights, we know beauty enthusiasts have an emotional, personal, and deep connection with beauty. Social media contributes to this connection, and we expect the influence and reach of beauty will continue to grow as engagement with social platforms increases. To expand Ulta Beauty's reach, relevancy, and guest engagement, we are amplifying our brand purpose; building a creator and content ecosystem to deliver compelling, relevant beauty entertainment; using our member data to increase personalization, drive conversion, and support our brands; and recently introduced further innovation in our Ulta Beauty Rewards program. Our vision is to

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expand and deepen our presence across the beauty journey to drive consumer acquisition and increase guest engagement, loyalty, and share of wallet.

Drive operational excellence and optimization. Similar to other retailers, we are experiencing persistent cost pressures from macroeconomic trends, including higher wage rates and transportation and shipping costs. In addition, we anticipate ongoing headwinds from channel and category mix shifts. To mitigate the impact of these pressures and support our future growth, we have developed a continuous improvement capability to identify and activate meaningful, cross-functional process optimization opportunities; we are upgrading our enterprise resource planning platform to increase efficiency and support future growth; we are building a modern ecosystem for future analytics and data-driven decisioning capabilities; and we are enhancing our supply chain network to increase agility, speed and cost-efficiency. Our vision is to deliver profitable growth and competitive advantage by optimizing our cost structure to enable scale, developing agile operating processes that enable real-time visibility and decision-making, and building new capabilities tailored to win in a rapidly evolving omnichannel world.

Protect and cultivate our world-class culture and talent. We have developed and nurtured a guest and associate-centric, values-based and high-performance culture. These tenets are core to how we lead, how we engage with our guests and partners, and how we make decisions. We value and encourage collaboration and enterprise thinking, and we respect and listen to our associates to continually improve as a company. We have an experienced leadership team and passionate associates committed to living our values while caring for our guests and for each other. To support our growth and enhance the guest experience, we will continue to attract, develop and retain talent at all levels and in all functional areas, and we will continue to work to create an environment where every associate feels they can fully contribute and have an opportunity to grow.

Expand our environmental and social impact. As a leader in the beauty industry, we have an opportunity to drive positive impact. We believe that beauty is for everyone, regardless of age, size, ability, skin tone, culture, or gender, and we strive to provide an environment where every associate feels they can realize their full potential and every guest is optimally served, regardless of differences. We empower and inspire guests to make informed and sustainable product choices through our unique Conscious Beauty at Ulta Beauty® platform, and we strive to protect the beauty of our natural environment and minimize our impact on the world around us by managing our stores' energy, water, and waste footprints. We are committed to making the world a better place, and we are focused on driving sustainable change in areas where we can make the biggest impact and committed to collaborating with others to address shared challenges.

Our market

We operate within the large and growing U.S. beauty products and salon services industry. In 2023, this market represented approximately \$181 billion in sales, according to forecasted Euromonitor International and

IBIS World Inc. In 2023, the beauty products industry totaled approximately \$112 billion and included cosmetics, haircare, fragrance, bath and body, skincare, salon styling tools, and other toiletries. We estimate that Ulta Beauty had only a 9% share of the \$112 billion beauty product industry. Within this market, we compete across all major categories as well as a range of price points by offering prestige, mass, and salon products. In 2023, the salon services industry totaled approximately \$69 billion and included hair, skin, and nail services. We estimate that Ulta Beauty had less than 1% share of this industry. We have full-service hair salons in substantially every store and operate brow bars in most of our stores, as well as makeup and ear piercing services through our salons. In addition, we offer skin services in approximately 150 locations.

Competition

Our major competitors for prestige and mass products include traditional department stores, specialty stores, grocery stores, drug stores, mass merchandisers, and the online capabilities of national retailers and brands, as well as pure-play e-commerce companies and online marketplaces. The market for salon services and products is highly fragmented. Our competitors for salon services and products include chain and independent salons.

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Our retail channels

We are committed to meeting guests where and how they want to shop and strive to offer guests a compelling, personalized shopping experience through our stores, digital platforms, and partnerships.

Stores

Our member data suggests our guests prefer to transact in physical stores, where they can discover and interact with products and other beauty enthusiasts. In our fiscal year ended February 3, 2024 (fiscal 2023), 76% of our loyalty members transacted with us solely in one of our stores. Our retail stores are predominantly located in convenient, high-traffic locations such as power strip centers. Our typical store is approximately 10,000 square feet, including approximately 950 square feet dedicated to our full-service salon. Our retail store concept, including physical layout, displays, lighting, and quality of finishes, has changed over time to reflect the evolution of guest preferences and our merchandising and operating strategies.

We offer a full range of beauty services in our stores, focusing on hair, makeup, brow, and skin services. Our current Ulta Beauty store prototype includes an open and modern salon area, with most of our stores offering brow services on the salon floor. In addition, stores offering skin services include a skin treatment room or dedicated skin treatment area on the sales floor. The salon features a concierge desk, approximately five to ten stations, and a shampoo and hair color processing area. We employ highly skilled, licensed professional stylists and estheticians who offer services as well as educational experiences, including consultations, styling lessons, makeup applications, skincare services, and at-home care recommendations.

In addition to opening new stores, we also remodeled and relocated certain stores, as shown in the following table:

	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Total stores beginning of period	1,355	1,308	1,264
Stores opened	33	47	48
Stores closed	(3)	–	(4)
Total stores end of period	1,385	1,355	1,308
Total square footage	14,515,593	14,200,403	13,770,438
Average square footage per store	10,481	10,480	10,528
Stores remodeled	18	20	9
Stores relocated	7	12	7

Our real estate vision is to make Ulta Beauty accessible and convenient to more consumers across a variety of markets and is a key driver of how we plan to expand our market share over time. We believe that over the

long term, we have the potential to grow our store footprint to between 1,500 to 1,700 freestanding Ulta Beauty stores in the United States.

We leverage a variety of insights to identify the best new store locations and optimize our current store locations, including beauty market share information and insights from our loyalty members. This insight-led, analytical approach to site selection has resulted in a high performing real estate portfolio. The average investment required to open a new Ulta Beauty store is approximately \$2.0 million, which includes capital investments, net of landlord contributions, pre-opening expenses, and initial inventory, net of payables. Our net investment required to open new stores and the net sales generated by new stores may vary depending on a number of factors, including geographic location.

As part of our ongoing efforts to enhance and evolve our in-store experience to best engage our guests, we are introducing a new layout in our new and remodeled stores. While our traditional layout is organized by price point, with prestige makeup and skincare on one side of the store and mass makeup and skincare on the other, our new layout brings together like categories with intuitive adjacencies to magnify our differentiated assortment. In the new layout, categories

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flow from prestige to mass with delineated fixturing showcasing each segment. In addition, this new layout features elevated gondolas to showcase key, iconic, and service brands and new Beauty Bars that offer our brow and makeup services, support in-store events, and highlight beauty-in-action. We believe this new layout better reflects how our guests shop and will simplify exploration and shopping.

Digital platform

In addition to store expansion, we continue to expand our digital capabilities as more of our guests choose to engage with us across physical and digital platforms. In fiscal 2023, 18% of our loyalty members shopped both in Ulta Beauty stores and through our digital platforms. Our e-commerce platform has two key roles: generating direct channel sales and profits by communicating with our guests in an interactive, enjoyable way that reinforces the Ulta Beauty brand; and driving traffic to our stores, website, and native applications. As part of our digital store transformation, during fiscal 2023 we substantially completed a large-scale upgrade of our end-to-end e-commerce platform and migrated to a new modernized platform to enable a more seamless guest experience. Our omnichannel guests are extremely valuable, historically spending nearly three times as much as retail-only guests. We continue to develop and add new website and mobile features and functionality, marketing programs, new products and brands, and omnichannel integration points. We intend to establish ourselves as a leading online beauty resource by providing our guests with a unique, rich online experience, with information on key trends and products, editorial content, expanded assortments, interactive experiences, including virtual try-on capabilities, and social media content.

We continue to improve our order fulfillment capabilities with increased speed of delivery through existing distribution centers, fast fulfillment centers (e-commerce only), market fulfillment centers, and select retail stores, through more efficient processes designed for e-commerce order fulfillment. In addition to ship to home order fulfillment, we offer guests “Buy Online, Pick-up in Store,” “Curbside Pickup,” and “Store 2 Door,” which provides the ability for customers to order in-store and have products delivered to their homes. In addition, we offer same-day delivery for e-commerce orders in virtually all markets.

Partnerships

To expand loyalty member engagement and introduce new guests to Ulta Beauty, we have formed a partnership with Target Corporation to create Ulta Beauty at Target, a “shop-in-shop” concept that offers a curated assortment of more than 60 established and emerging prestige brands across a variety of categories. Co-designed by Ulta Beauty and Target, the Ulta Beauty at Target shop is intended to reflect the Ulta Beauty experience with a unique and elevated presentation in 1,000 square feet of dedicated space separate but adjacent to Target’s core beauty department. The shop is staffed by Target team members who are trained by Ulta Beauty to provide recommendations and answer product questions. Members in our loyalty program, Ulta Beauty Rewards, can earn points (but not redeem) for purchases made in the Ulta Beauty at Target shop. Loyalty points can only be redeemed in Ulta Beauty stores, on Ulta.com or through our mobile applications. As of February 3, 2024,

Ulta Beauty at Target was available in over 500 Target locations and on target.com. Over time, we expect Ulta Beauty at Target to be in up to 800 Target locations, in addition to our freestanding Ulta Beauty stores.

Merchandising

Strategy

We offer one of the most extensive product and brand selections in our industry, including a broad assortment of branded and private label beauty products in cosmetics, fragrance, haircare, skincare, bath and body products, and salon styling tools. Across our stores, Ulta.com and our mobile applications, we offer approximately 25,000 products from approximately 600 well-established and emerging beauty brands across all categories and price points, including Ulta Beauty's own private label, the Ulta Beauty Collection. Our merchandising team continually monitors beauty and fashion trends, sales trends, and new product launches to keep Ulta Beauty's product assortment fresh and relevant and to ensure that our assortment reflects the diversity of our guests. We believe our broad selection of merchandise, from moderately-priced brands to higher-end luxury brands, creates a unique shopping experience for our guests.

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Certain beauty enthusiasts are growing more interested in choosing products that support their own personal well-being and the well-being of workers, animals, communities, and the environment, and they are increasingly supporting brands whose products and actions align with their own values. Reflecting the growing importance of these trends, in fiscal 2020 we launched Conscious Beauty at Ulta Beauty® in all stores, on Ulta.com, and on our mobile applications. This holistic initiative provides transparency for guests to help them choose brands and products that reflect their personal values and individual needs. Through this initiative, we certify brands and products across four key pillars, Clean Ingredients, Cruelty Free, Vegan, and Sustainable Packaging, and recognize brands for their positive impact on our community. Displayed in stores on an endcap constructed of recycled and recyclable materials, the program launched in 2020 with 187 brands. As of February 3, 2024, more than 300 brands participated in the program, with more than half certified in more than one pillar. As part of the launch, we published our “Made Without List,” an evolving ingredient standard for clean beauty products, and established the Conscious Beauty Advisory Council, a coalition of experts at the forefront of clean beauty, product development, and packaging sustainability. With the help of our Advisory Council, we will ensure that Conscious Beauty at Ulta Beauty® will continue to evolve and grow as expectations and standards for clean beauty continue to change.

In the years following the COVID-19 pandemic, consumers have increased their focus on self-care. Based on internal proprietary research, approximately 65% of consumers see the beauty category as being significantly connected to wellness. In response to this trend, we created The Wellness Shop, dedicated space in our store and online that offers a curated assortment of products to support guests wellness journey across six pillars: everyday care, supplements and ingestibles, relax and renew, down there care, spa at home, and intimate wellness.

We have a long tradition of being a diversity-forward company. We aspire to be beauty at its most inclusive and have made several important commitments across our marketing, assortment, and training efforts to ensure guests, associates, partners, and communities feel connected to and reflected at Ulta Beauty and are able to discover beauty on their own terms. During fiscal 2023, we increased the number of Black-owned and Black-founded brands in our assortment to 50 brands, up 92% since making our commitment to dedicate 15% of our brand assortment to Black-owned, Black-founded and Black-led brands over time.

We believe our private label, the Ulta Beauty Collection, is a strategically important opportunity for growth and profit contribution. Our objective is to provide quality, trend-right private label products to continue to strengthen our guests’ perception of Ulta Beauty as a contemporary beauty destination. Ulta Beauty manages the full development cycle of these products from concept through production to deliver differentiated packaging and formulas that enhance our brand image. The Ulta Beauty Collection has been certified in the Clean Ingredients and Cruelty Free pillars within the Conscious Beauty at Ulta Beauty® program. We also offer products such as Tarte Double Duty Beauty cosmetics and IT Brushes for Ulta Beauty that are permanently exclusive to Ulta Beauty. Similarly, we offer a number of brands and products that are exclusive for a limited period of time or are offered in advance of our competitors,

such as Morphe, Juvia's Place, and Good Molecules. The Ulta Beauty Collection and permanent Ulta Beauty exclusive products represented approximately 3% of our total net sales in fiscal 2023. Both permanent and temporary exclusive products represented approximately 8% of our total net sales in fiscal 2023.

Categories

We offer a balanced portfolio across six primary categories: (1) cosmetics; (2) skincare; (3) haircare products and styling tools; (4) fragrance and bath; (5) services; and (6) accessories and other, which includes other revenue sources such as the private label and co-branded credit card programs, royalties derived from the partnership with Target, and deferred revenue related to the loyalty program and gift card breakage.

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The following table sets forth the approximate percentage of net sales attributed to each category for the periods presented:

(Percentage of net sales)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cosmetics	41%	42%	43%
Skincare	19%	17%	17%
Haircare products and styling tools	19%	21%	20%
Fragrance and bath	15%	14%	14%
Services	3%	3%	3%
Accessories and other	3%	3%	3%
	100%	100%	100%

Organization

Our merchandising team consists of a Chief Merchandising Officer who oversees the Senior Vice President of Cosmetics and category Vice Presidents who in turn oversee Divisional Merchandise Managers and their teams of buyers. Our Chief Merchandising Officer also oversees our centralized merchandise planning and forecasting group to ensure consistent execution across our omnichannel platforms and our planogram team.

In stores, we present products in an open-sell environment using centrally produced planograms (detailed schematics showing product placement in the store) and promotional merchandising planners. Our planogram team assists the merchants and inventory teams to keep new products flowing into stores on a timely basis. All major product categories undergo planogram revisions on a regular basis, and adjustments are made to assortment mix and product placement based on current sales trends. Our visual team works with our merchandising team to develop strategic placement of promotional merchandise, functional and educational signage, and creative product presentation standards in all of our stores. All stores receive centrally produced promotional merchandising planners to ensure consistent implementation of our marketing programs.

Planning and allocation

We have developed a disciplined approach to buying and a dynamic inventory planning and allocation process to support our merchandising strategy. We centrally manage product replenishment to our stores through our merchandise planning group. This group serves as a strategic partner to, and provides financial oversight of, the merchandising team. The merchandising team creates a sales forecast by category for the year. Our merchandise planning group creates an open-to-buy plan, approved by senior executives, for each product category. The open-to-buy plan is updated weekly with point-of-sale

(POS) data, receipts, and inventory levels and is used throughout the year to balance buying opportunities and inventory return on investment. We believe this structure maximizes our buying opportunities while maintaining organizational and financial control. POS data is used to calculate sales forecasts and to determine replenishment levels. We determine promotional product replenishment levels using sales history from similar or comparable events. To ensure our inventory remains productive, our planning and replenishment group, along with senior executives, monitor the levels of clearance and aged inventory in our stores on a weekly basis.

Brand partnerships

We have strong, active relationships with our brand partners. Our top ten brand partners, such as L'Oréal and Estée Lauder Companies, among others, represented 55% and 56% of our total net sales in fiscal 2023 and our fiscal year ended January 28, 2023 (fiscal 2022), respectively. We believe our brand partners view us as a significant distribution channel for growth and brand enhancement, and we work closely with them to market both new and existing brands.

All brand partners and respective subcontractors and their facilities are subject to the applicable Ulta Vendor Standards, which set forth the ethical, legal, social, and workplace standards to meet in order to do business with Ulta Beauty. In addition to complying with Ulta Vendor Standards, many brand partners have committed to help advance our mission to

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maintain the beauty of our environment and minimize our impact on the world around us by offering sustainable packaging. We have made a commitment that 50% of packaging from products sold at our stores will be recyclable, refillable, or made from recycled or bio-sourced materials by 2025.

Marketing and advertising

We employ a multi-faceted marketing strategy to increase brand awareness, drive traffic to our stores, website, and mobile applications, acquire new loyalty program members, improve guest retention, increase frequency of shopping, and increase spend per member. We communicate with our guests and prospective guests through multiple vehicles, including print advertising, digital and social media, television and radio. These vehicles highlight the breadth of our selection of prestige, mass and salon beauty products, new products and services, and special offers, as well as build our emotional connection with guests. Our comprehensive public relations strategy enhances Ulta Beauty's reputation as a beauty destination, increases brand awareness, supports our charitable efforts related to the Ulta Beauty Charitable Foundation, and drives awareness of new products, in-store events, and new store openings.

The Ulta Beauty Rewards loyalty program is an important tool to increase retention of existing guests and to enhance their loyalty to the Ulta Beauty brand. Our CRM platform enables sophisticated analysis of the customer data in our loyalty member database as well as greater personalization of our marketing campaigns and day-to-day communications. Our data demonstrates that loyalty members spend more per visit as compared to non-members. Ulta Beauty Rewards enables customers to earn points based on their purchases at Ulta Beauty stores, through our digital platforms, and at Ulta Beauty at Target. Points earned are valid for at least one year and may be redeemed on any product we sell or service we provide in Ulta Beauty stores or through our digital platforms. To enhance our loyalty program, we offer co-branded and private label credit cards. The credit cards drive higher wallet share and greater loyalty from our rewards members, provide increased consumer insights, and offer attractive economics. Furthermore, we continue to expand our gift card program through increased distribution in our store and online channels and through partnerships with third parties.

We are directing a growing percentage of our marketing expense towards digital, social media, and streaming advertising. We believe these channels are highly effective in communicating with existing guests, as well as driving consideration amongst those who have not yet shopped with us. Our digital marketing strategy includes search engine optimization, paid search, mobile advertising, social media, display advertising, and other digital marketing channels. Digital marketing, coupled with our national TV and radio advertising, has helped us increase brand awareness and consideration among those not familiar with Ulta Beauty, which we believe has resulted in new guests.

Retail media network

We have a deep understanding of our Ulta Beauty Rewards loyalty members and their preferences. This unique understanding combined with our ongoing investment in data analytics and CRM capabilities enables us to create personalized experiences and value for our guests and has unlocked new ways for us to support our brand partners and drive additional vendor income. In 2022 we launched our retail media network, UB Media, to transform the way our brand partners can connect with beauty enthusiasts. UB Media offers brands a suite of media and advertising capabilities that aim to personalize guest engagement and drive the acquisition of new guests.

Staffing and operations

Retail stores

Our current Ulta Beauty store format is typically staffed with a general manager, a services manager, and three associate managers, along with approximately 28 full- and part-time associates, including approximately four to eight prestige consultants and five to ten licensed salon professionals. The management team in each store reports to the General Manager. The General Manager oversees all store activities including salon management, inventory management, merchandising, cash management, scheduling, hiring, and guest services. Members of store management receive bonuses depending on their position and based upon various performance metrics. Each General Manager reports to a District Manager, who in turn reports to a Regional Vice President of Operations, who in turn reports to a Senior Vice President

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of Stores, who in turn reports to the Chief Store Operations Officer, who in turn reports to the President and Chief Operating Officer, who in turn reports to the Chief Executive Officer. Each store team receives additional support from time to time from recruiting specialists for the retail and salon operations, regionally based talent development managers, a field loss prevention team, service district educators and service district leaders, and brand partners.

Ulta Beauty stores are open seven days a week, typically eleven hours a day, Monday through Saturday, and seven hours on Sunday. Our stores have extended hours during the holiday season.

Salon services

A typical salon is staffed with five to ten licensed salon professionals, including six or more stylists, and select stores have an esthetician. Our most productive salons have a guest coordinator and an assistant manager. Our services district educators and brand partner education classes create a comprehensive educational program for approximately 7,500 Ulta Beauty salon professionals.

Supply chain

Our vision is to build and operate a dynamic and agile end-to-end supply chain that improves operational efficiency, performance, and guest experience to fuel organizational growth effectively. This includes enhanced systems and processes as well as a modernized distribution center network to support our new store and e-commerce growth. We operate four regional distribution centers that support both stores and e-commerce demand, and two fast fulfillment centers that support e-commerce orders only. In fiscal 2023, we opened our first market fulfillment center, which is smaller than our regional distribution centers, and focuses on our most productive products and supports e-commerce sales and store demand, enabling us to improve service and responsiveness, especially in markets with high store and population density. In addition, approximately 400 stores fulfill e-commerce orders as part of our ship-from-store program.

Inventory is shipped from our suppliers to our distribution centers, fast fulfillment centers, and market fulfillment centers. We replenish our stores with such products primarily in eaches (i.e., less-than-case quantities), which allows us to ship less than an entire case when only one or two of a particular product is required. Our distribution centers, fast fulfillment centers, and market fulfillment centers use warehouse management software systems to manage inventory to support product purchase decisions. Product is delivered to stores using a broad network of contract and local pool (final mile) carriers.

Human capital management

We believe our associates, with their combined skills, knowledge, experiences, and commitment to serving our guests, are among our most important resources and are critical to our continued success. We strive to make Ulta Beauty a great place to work by leading with our hearts, caring for each other in everything we do, and demonstrating integrity, authenticity and inclusivity in our daily actions.

The following table sets forth the approximate number of associates employed as of February 3, 2024:

Full-time	20,000
Part-time	<u>36,000</u>
Total associates	<u>56,000</u>

We have no collective bargaining agreements and have not experienced any work stoppages. We believe we have good relationships with our associates.

Diversity, equity, and inclusion

Our goal is to create an inclusive environment where associates feel they can be their authentic selves and every guest is optimally served, regardless of differences. A critical way we achieve this is by educating all associates on the lived

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experiences of their peers and key moments in time that have cultural or heritage significance, as well as the unconscious beliefs and biases that shape our behavior today. We embed diversity, equity, and inclusion (DEI) efforts through a cross-functional approach, led by our Chief Executive Officer, to ensure teams remain energized and motivated to lead in this critical space and integrate DEI in all that we do. We accomplish this through inclusive recruitment strategies, dedicating time to celebrate intersectionality and diversity, encouraging associates to build personal habits through everyday inclusive actions, and managing a diverse leaders program to empower, inspire, and educate high-potential diverse associates.

In addition, we aim to ensure that all in-store experiences are equitable, fair, and unbiased. We take action to support this goal by conducting quarterly trainings for in-store associates and providing weekly learning opportunities to focus on guest perspectives and reinforce key takeaways. We offer similar training across the organization to help key decision-makers and associates in their own learning journeys and support our Champion Diversity value and inclusion competency.

The following table sets forth key metrics as of February 3, 2024:

	Board of Directors	Leadership	All Other Associates
Women	55%	65%	91%
Men	45%	35%	9%
People of color	36%	26%	55%

Oversight and management

We strive to make sure that our associates are at the heart of every decision we make. The Chief Human Resources Officer, along with the entire executive team, is responsible for developing and executing the Company's human capital strategy. This includes the attraction, acquisition, development, and engagement of talent and the design of associate compensation and benefits programs. Our human capital objectives and initiatives, including the risks related to compensation policies and practices, management development and leadership succession, DEI policies and practices, and implementation and compliance monitoring of our code of business conduct, are also overseen by individual Board committees as described in our corporate governance guidelines.

We believe open and honest two-way communication is critical to maintaining strong associate engagement. We regularly conduct an associate engagement survey to determine associates' satisfaction with their roles, their leaders, and the Company as a whole, which our executive team reviews and monitors. Our leadership team also hosts roundtable sessions, as well as additional forums, including department town halls, store and distribution center visits, and other small group gatherings, to dive deeper on specific topics.

Training and development

Our success is dependent, in part, on our ability to attract, train, retain, and motivate qualified associates at all levels of the organization. We are

committed to continually developing our associates and providing career advancement opportunities. Our associates and management teams are essential to our store expansion strategy. We use a combination of existing managers, promoted associates, and outside hires to support our new stores. The majority of our promotions are internal. As we continue to promote and develop from within, we are building a bench of associates and leaders who understand our business well and support our values-driven culture.

All of our associates participate in an interactive new-hire orientation through which each associate becomes acquainted with Ulta Beauty's mission, vision, and values. Through our learning management system and our digital workplace system, we provide continuing education to associates throughout their careers at Ulta Beauty. Additionally, our leadership development program prepares promising future leaders for new levels of responsibility.

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Compensation and benefits

Our commitment to our associates and their well-being is one of our highest priorities. We have assembled a suite of benefits that affirms and supports all that our associates contribute every day, including:

- Health care coverage is offered to those who work more than 30 hours a week in any position. Coverage extends to eligible dependents, including spouses, domestic partners, and children under the age of 26. We offer comprehensive medical plans that empower associates to choose the coverage that best suits them.
- 401(k) plan with up to a 4% company match.
- Disability and life insurance.
- Company-paid short-term disability pay at 80% of pay.
- Additional insurance options, including legal, pet, home, and auto.
- Tuition reimbursement program.
- Paid time off, including an extended illness bank.
- Discounts on retail products and salon services.

In addition, we believe wellness, like beauty, is more than skin deep, so we offer mental health resources, such as counseling services and access to mobile applications, financial wellness planning and guidance, and health mobile applications and educational resources for soon-to-be parents.

The Ulta Beauty Charitable Foundation supports the Associate Relief Program to assist associates facing unforeseen financial hardship. The Associate Relief Program provides short-term financial support to reimburse medical bills or support temporary housing.

Sustainability

We strive to operate in an environmentally responsible manner. Our retail stores are focused on energy reduction efforts by maintaining safe indoor air for all customers while products are being used in our salons, using adequate energy-efficient lighting, managing the in-store temperatures, and making efficient use of water needed for our salon services. In addition, we will continue to look for ways to reduce our carbon footprint by investments in renewable energy credits and working with our brand partners to identify ways to work together to reduce Scope 3 emissions.

Information technology

We are committed to using technology to enhance our competitive position. We intend to leverage our technology infrastructure and systems to gain operational efficiencies through more effective use of our systems, people, and processes. In fiscal 2021, we began a multi-year strategic investment agenda to upgrade key elements of our technology infrastructure including upgrading our enterprise resource planning platform and refreshing our POS system in all stores, driving our digital store transformation, and building a modern ecosystem for future analytics and data-driven decisioning capabilities. Collectively, these investments are aimed at providing a flexible and scalable operating environment allowing for greater business efficiency.

and enhancing the guest experience. We will continue to make investments in our information systems to facilitate growth and enhance our competitive position. Also see “Cybersecurity” included as part of Item 1C. of this Annual Report on Form 10-K.

Intellectual property

We have registered trademarks in the United States and other countries. The majority of our trademark registrations contain the ULTA mark, including Ulta Beauty and two related designs, Ulta.com and Ulta Salon, Cosmetics & Fragrance (and design). We maintain our marks and monitor filing deadlines for renewal and continued validity. All marks that are deemed material to our business have been applied for or registered in the United States and select foreign countries, including Canada, Mexico and other countries in Latin America, Europe, and Asia.

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We believe our trademarks, especially those related to the Ulta Beauty brand, “All Things Beauty. All In One Place. ®”, “The Possibilities are Beautiful®”, “21 Days of Beauty®”, and “Conscious Beauty at Ulta Beauty®” have significant value and are important to building brand recognition.

Government regulation

We are affected by extensive laws, governmental regulations, administrative determinations, court decisions, and similar constraints. Such laws, regulations, and other constraints exist at the federal, state, or local levels in the United States. The products we sell, such as cosmetics (including products with cannabidiol), dietary supplements, food, over-the-counter (OTC) drugs, medical devices, and styling tools, including our Ulta Beauty branded products, may be subject to regulation by the U.S. Food and Drug Administration (FDA), the U.S. Federal Trade Commission (FTC), the Consumer Product Safety Commission (CPSC), the Environmental Protection Agency (EPA), state regulatory agencies, and State Attorneys General (State AGs). Such regulations principally relate to the safety, labeling, manufacturing, advertising, and distribution of the products. In addition, the salon services provided in our stores may be subject to state and local regulations.

Cosmetics, OTC drugs, medical devices, and dietary supplements have specific regulatory requirements, including but not limited to ingredient, labeling, manufacturing, and holding requirements. Products such as wrinkle reducing lights may be classified as medical devices and, in addition to being subject to labeling and manufacturing requirements, may also be subject to premarketing review by the FDA. Finally, products such as styling tools (e.g., blow dryers and curling irons) are regulated by the CPSC, which has strict requirements including the requirement to report certain product defects. The labeling and packaging of all of these products may also be subject to the requirements of the Fair Packaging and Labeling Act and state specific requirements.

Further, statements we make in advertising, including statements about the safety or efficacy of products, pricing, and environmental claims, are subject to federal and state consumer protection laws, which generally prohibit unfair or deceptive practices.

Federal, state, municipal, and local labor and employment statutes, laws, ordinances, regulations, mandates, and taxation laws, to which most retailers are typically subject, also impact our day-to-day operations. We are also subject to typical governmental and real estate land use restrictions and typical advertising and consumer protection laws (both federal and state). Our services operations are subject to state board regulations and state licensing requirements.

In our store leases, we require our landlords to obtain all necessary governmental approvals and permits for the site to be used as a retail site, and we also ask them to obtain any governmental approvals and permits for our specific use (but at times the responsibility for obtaining governmental approvals and permits for our specific use falls to us). As applicable, we require our landlords to deliver a certificate of occupancy for any work they perform on our buildings or the shopping centers in

which our stores are located. If required by the municipality, we are responsible for delivering a certificate of occupancy for any remodeling or build-outs that we perform and are responsible for complying with all applicable laws in connection with such construction projects or build-outs.

Seasonality

Our business is subject to seasonal fluctuation. Significant portions of our net sales and profits are realized during the fourth quarter of the fiscal year due to the holiday selling season. To a lesser extent, our business is also affected by Mother's Day and Valentine's Day.

Available information

Our principal website address is www.ulta.com. We make available at this address under investor relations (at <https://ulta.com/investor>), free of charge, our proxy statement, annual report to shareholders, annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Information available on our website is not incorporated by reference in and is not deemed a part of this Form 10-K. In addition, our filings with

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the SEC may be accessed through the SEC's website at www.sec.gov. All statements made in any of our securities filings, including all forward-looking statements or information, are made as of the date of the document in which the statement is included, and we do not assume or undertake any obligation to update any of those statements or documents unless we are required to do so by law.

Item 1A. Risk Factors

The risks described below could materially and adversely affect our business, financial condition, results of operations, or future growth. We could also be affected by additional risks that apply to all companies operating in the United States, as well as other risks that are not presently known to us or that we currently consider to be immaterial. You should carefully consider the following risks and all of the other information contained in this Annual Report on Form 10-K before making an investment in our common stock.

Business, Operational and Strategic Risks

We may not be able to sustain our growth plans and successfully implement our long-range strategic, operational and financial plans, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Our continued and future growth largely depends on our ability to implement our long-range strategic, operational and financial plans and successfully open and operate new stores profitably. There can be no assurance that we will be successful in implementing our growth plans, long-range strategic imperatives and/or operational excellence priorities, including continuous improvement, Project SOAR (our replacement enterprise resource planning platform) and supply chain optimization, and our failure to do so could have a material adverse effect on our business, financial condition, profitability, and cash flows.

If we are unable to gauge beauty trends and react to changing consumer preferences in a timely manner, our sales may decrease.

We believe our success depends in substantial part on our ability to:

- recognize and define product and beauty trends;
- anticipate, gauge, and react to changing consumer preferences (including relating to sustainability of product sources and packaging, ingredient transparency, and animal welfare) in a timely manner;
- translate market trends into appropriate, saleable product and service offerings in our stores and salons in advance of our competitors;
- develop and maintain vendor relationships that provide us access to the newest merchandise on reasonable terms; and
- distribute merchandise to our stores in an efficient and effective manner and maintain appropriate in-stock levels.

If we are unable to anticipate and fulfill the merchandise needs of the consumer, our net sales may decrease and we may be forced to increase

markdowns of slow-moving merchandise, either of which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Any significant interruption in the operations of our distribution, fast fulfillment, and market fulfillment centers could disrupt our ability to deliver merchandise to our stores and guests in a timely manner, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

We distribute products to our stores without supplementing such deliveries with direct-to-store arrangements from vendors or wholesalers. We are a retailer carrying approximately 25,000 beauty products that change on a regular basis in response to beauty trends, which makes the success of our operations particularly vulnerable to disruptions in our distribution infrastructure. Any significant interruption in the operation of our supply chain infrastructure, such as disruptions in our information systems, disruptions in operations due to fire, natural disasters, or other catastrophic

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events, labor disagreements, inventory availability, or shipping and transportation problems, could drastically reduce our ability to receive and process orders and provide products and services to our stores and guests, which could have a material adverse effect on our business, financial condition, profitability, and cash flows. In addition, shipping and transportation costs represent a component of our cost structure and an increase in shipping and transportation costs, including as a result of inflationary pressures, could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Our e-commerce platform exposes us to certain additional risks which could adversely affect our results of operations.

We offer most of our beauty products for sale through our Ulta.com website and through our mobile applications. As a result, we encounter risks and difficulties frequently experienced by internet-based businesses, including risks related to our ability to attract and retain customers on a cost-effective basis and our ability to operate, support, expand, and develop our internet operations, website, mobile applications and software, and other related operational systems. Although we believe that our omnichannel participation is a distinct advantage for us due to synergies and the potential for new customers, supporting product offerings through these channels can create issues that have the potential to adversely affect our results of operations. For example, if our e-commerce platform successfully grows, it may do so in part by attracting existing guests, rather than new guests, who choose to purchase products from us online or through our mobile applications rather than from our physical stores, thereby reducing the financial performance of our stores. In addition, offering different products through each channel could cause conflicts and cause some of our current or potential internet or mobile customers to consider competing distributors of beauty products. Offering products through our internet channel or through our mobile applications could also cause some of our current or potential vendors to consider competing internet or mobile offerings of their products either on their own or through competing distributors. Additionally, omnichannel retailing continues to rapidly evolve, and we must keep pace with changing guest expectations and new developments by our competitors. As we continue to grow our e-commerce platform, the impact of attracting existing rather than new guests, conflicts between product offerings online or through our mobile applications and through our stores, and opening up our channels to increased competition from pure-play e-commerce companies could have a material adverse effect on our business, financial condition, profitability, and cash flows. In addition, if we are unable to make, improve, or develop relevant guest-facing technology in a timely manner, our ability to compete and our results of operations could be adversely affected.

Increased costs or interruption in our third-party vendors' overseas sourcing operations could disrupt production, shipment, or receipt of some of our merchandise, which could result in lost sales and could increase our costs.

We directly source the majority of our Ulta Beauty branded product components and gifts with purchase and other promotional products through third-party vendors using foreign factories. In addition, many of

our vendors use overseas sourcing to varying degrees to manufacture some or all of their products. Any event causing a disruption of manufacturing or imports from such foreign countries, including the imposition of import restrictions, geopolitical events, unanticipated political changes, increased customs duties, and legal or economic restrictions on overseas suppliers' ability to produce and deliver products, could result in substantial disruptions in our supply chain (including inventory availability) and materially harm our operations. We have no long-term supply contracts with respect to such foreign-sourced items, many of which are subject to existing or potential duties, tariffs, or quotas that may limit the quantity of certain types of goods that may be imported into the United States from such countries. Our business is also subject to a variety of other risks generally associated with sourcing goods from abroad, such as political instability, disruption of imports by labor disputes, and local business practices. Our sourcing operations may also be hurt by health concerns regarding infectious diseases in countries in which our merchandise is produced, adverse weather conditions or natural disasters that may occur overseas, or acts of war or terrorism, to the extent these acts affect the production, shipment, or receipt of merchandise. Our future operations and performance will be subject to these factors, and these factors could have a material adverse effect on our business, financial condition, profitability, and cash flows or may require us to modify our current business practices and incur increased costs.

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We rely on our good relationships with brand partners to purchase prestige, mass, and salon beauty products on reasonable terms, and to offer certain brands or products that are permanently or temporarily exclusive to us. If these relationships were to be impaired, or if certain brand partners were to change their distribution model or are unable to supply sufficient merchandise to keep pace with our growth plans, we may not be able to obtain a sufficient selection or volume of merchandise on reasonable terms, and we may not be able to respond promptly to changing trends in beauty products, either of which could have a material adverse effect on our competitive position, business, financial condition, profitability, and cash flows.

We have no long-term supply agreements with brand partners, and therefore, our success depends on maintaining good relationships with our brand partners. Our business depends to a significant extent on the willingness and ability of our brand partners to supply us with a sufficient selection and volume of products to stock our stores. Some of our prestige brand partners may not have the capacity to supply us with sufficient merchandise to keep pace with our growth plans. We also have strategic partnerships with certain core brands, which have allowed us to benefit from the growing popularity of such brands. Any of our other core brands could in the future decide to scale back or end its partnership with us and strengthen its relationship with our competitors, which could negatively impact the revenue we earn from the sale of such products. If we fail to maintain strong relationships with our existing brand partners, or if we fail to continue acquiring and strengthening relationships with additional brand partners of beauty products, our ability to obtain a sufficient amount and variety of merchandise on reasonable terms may be limited, which could have a negative impact on our competitive position.

During fiscal 2023 and fiscal 2022, merchandise supplied to Ulta Beauty by our top ten brand partners accounted for approximately 55% and 56% of our net sales, respectively. There continues to be vendor consolidation within the beauty products industry. The loss of or a reduction in the amount of merchandise made available to us by any one of these key vendors, or by any of our other brand partners, could have a material adverse effect on our business, financial condition, profitability, and cash flows.

We also offer products that are permanently exclusive to us and offer a number of brands and products that are exclusive to us for a limited period of time or are offered in advance of our competitors. If our brand partners ceased granting us permanent or temporary exclusive rights our net sales could be negatively impacted, which could have a material adverse effect on our business, financial condition and profitability.

If we are unable to protect against inventory shrink, our results of operations and financial condition could be adversely affected.

Our business depends on our ability to effectively manage our inventory. Risk of inventory loss (also called shrink) is inherent in the retail business. We have historically experienced inventory shrink due to damage, theft (including from organized retail crime), and other causes. While some level of inventory shrink is unavoidable, we continue to

experience elevated levels of inventory shrink relative to historical levels, which have adversely affected, and could continue to adversely affect, our results of operations and financial condition. To protect against rising inventory shrink, we have taken, and may continue to take, certain operational and strategic actions that could adversely affect our reputation, guest experience, and results of operations.

Our comparable sales and quarterly financial performance may fluctuate for a variety of reasons, which could result in a decline in the price of our common stock.

Our comparable sales and quarterly results of operations have fluctuated in the past, and we expect them to continue to fluctuate in the future. A variety of factors affect our comparable sales and quarterly financial performance, including:

- general U.S. economic conditions and, in particular, the retail sales environment;
- changes in our merchandising strategy or mix;
- performance of our new and remodeled stores;
- the effectiveness of our inventory management;
- timing and concentration of new store openings, including additional human resource requirements and related pre-opening and other start-up costs;

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- cannibalization of existing store sales by new store openings;
- timing and effectiveness of our marketing activities;
- seasonal fluctuations due to weather conditions;
- actions by our existing or new competitors; and
- hurricanes, tornadoes, wildfires, earthquakes, mudslides, other natural disasters, epidemics or pandemics, and geopolitical events.

Accordingly, our results for any one fiscal quarter are not necessarily indicative of the results to be expected for any other quarter, and comparable sales for any particular future period may decrease. In that event, the price of our common stock may decline.

The capacity of our distribution and order fulfillment infrastructure and the performance of our distribution centers, fast fulfillment centers, and market fulfillment centers may not be adequate to support our future growth, which could prevent the successful implementation of these plans or cause us to incur excess costs to expand this infrastructure, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

We currently operate four regional distribution centers, which house the distribution operations for Ulta Beauty retail stores together with the order fulfillment operations of our e-commerce platform, two fast fulfillment centers (e-commerce only), and one market fulfillment center (with a second one expected to open in fiscal 2024), which focuses on our most productive products and supports e-commerce and retail stores. To support our expected future growth and to maintain the efficient operation of our business, it is likely additional distribution facilities will be added in the future. Our failure to effectively upgrade and expand our distribution capacity on a timely basis to keep pace with our anticipated growth in stores and the performance of our distribution centers could have a material adverse effect on our business, financial condition, profitability, and cash flows.

If our marketing, advertising and promotional programs are unsuccessful, our results of operations and financial condition could be adversely affected.

Customer traffic and demand for our merchandise are influenced by our advertising, marketing, and promotional activities. We use marketing, advertising, and promotional programs to attract customers through various media, including social media, websites, mobile applications, email, and print. Our future growth and profitability will depend in part upon the effectiveness and efficiency of our advertising and marketing programs. Further, disruption to certain media channels could have a material adverse effect on our results of operations and financial condition.

Use of social media may adversely impact our reputation.

Given the pervasive use of social media platforms, including blogs, social media websites, and other forms of internet-based and mobile communications, negative commentary regarding us or the products we sell may be adverse to our reputation or business. Customers value

readily available information and often act on such information without further investigation and without regard to its accuracy or source. The harm may be immediate without affording us an opportunity for redress or correction.

We also use social media platforms as marketing tools. For example, we maintain Facebook, Twitter, Instagram, TikTok, and Pinterest accounts. As laws and regulations evolve to govern the use of these platforms and devices, the failure by us, our employees, or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our business, financial condition, profitability, and cash flows.

If we fail to retain our existing senior management team or attract qualified new personnel at all levels, such failure could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Our business requires disciplined execution at all levels of our organization. This execution requires an experienced and talented management team. If we were to lose the benefit of the experience, efforts, and abilities of key executive personnel, it could have a material adverse effect on our business, financial condition, profitability, and cash flows.

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Furthermore, our ability to manage our retail expansion requires us to continue to train, motivate, and manage our associates. We also need to attract, motivate, and retain additional qualified executive, managerial, and merchandising personnel and store and distribution center associates. Competition for this type of personnel is intense, and we may not be successful in attracting, assimilating, and retaining the personnel required to grow and operate our business profitably. In addition, fluctuations in the cost of labor, including as a result of inflationary pressures on wages, may negatively impact our profitability and cash flows.

Our secured revolving credit facility contains certain restrictive covenants that could limit our operational flexibility, including our ability to open stores.

We have an \$800.0 million secured revolving credit facility with a term expiring in March 2029. Substantially all of our assets are pledged as collateral for outstanding borrowings under the agreement. The credit facility agreement contains usual and customary restrictive covenants that, among other things, limit our ability to incur additional indebtedness, pay cash dividends and repurchase our stock, and merge or consolidate with another entity, and requires us to maintain a fixed charge coverage ratio of not less than 1.0 to 1.0 during such periods when availability under the agreement falls below a specified threshold. These covenants could restrict our operational flexibility and any failure to comply with these covenants or our payment obligations would limit our ability to borrow under the credit facility and, in certain circumstances, may allow the lenders thereunder to require repayment.

Economic, Market and Other External Risks

Macroeconomic conditions could have a material adverse impact on our business, financial condition, profitability, and cash flows.

Macroeconomic conditions, including inflation, elevated interest rates and recessionary concerns, as well as continuing labor cost pressures, and transportation and shipping cost pressures, have had, and may continue to have, a negative impact on our business, financial condition, profitability, and cash flows. We expect the impact of inflationary cost pressures to continue in 2024, and we continue to closely monitor macroeconomic conditions, including customer behavior, and the impact of these factors on customer demand. Continuing or worsening inflation, recessionary concerns and/or cost pressures, may have a material adverse impact on our business, financial condition, profitability, and/or cash flows.

Although we do not have any operations outside the United States, geopolitical events, including the ongoing conflicts in Ukraine and the Middle East, have caused greater uncertainty in the global economy and exacerbated the inflation situation.

The health of the economy may affect consumer purchases of discretionary items such as beauty products and salon services, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Our results of operations may be materially affected by conditions in the capital markets and the economy generally. We appeal to a wide demographic consumer profile and offer an extensive selection of beauty products sold directly to retail consumers and premium salon services. Uncertainty in the economy could adversely impact consumer purchases of discretionary items across all of our product categories, including prestige beauty products and premium salon services. Factors that could affect consumers' willingness to make such discretionary purchases include: general business conditions, inflationary pressures, recessionary concerns, levels of employment, interest rates, tax rates, the availability of consumer credit, consumer confidence in future economic conditions, and risks related to epidemics or pandemics and geopolitical events. In the event of a prolonged period of inflation, an economic downturn or a recession, consumer spending habits could be adversely affected, and we could experience lower than expected net sales.

In addition, a general deterioration in economic conditions could adversely affect our commercial partners including our brand partners as well as the real estate developers and landlords who we rely on to construct and operate centers in which our stores are located. A bankruptcy or financial failure of a significant vendor or a number of significant real estate developers or shopping center landlords could have a material adverse effect on our business, financial condition, profitability, and cash flows. Additionally, volatility and disruption to the capital and credit markets may have a

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significant, adverse impact on global economic conditions, resulting in inflationary or recessionary pressures and declines in consumer confidence and economic growth, which, in turn, may lead to declines in consumer spending. Reduced consumer spending could cause changes in customer order patterns and changes in the level of merchandise purchased by our customers, and may signify a reset of consumer spending habits, all of which may adversely affect our business, financial condition, profitability, and cash flows.

We may be unable to compete effectively in our highly competitive markets.

The markets for beauty products and salon services are highly competitive with few barriers to entry. We compete against a diverse group of retailers, both small and large, including regional and national department stores, specialty retailers, drug stores, mass merchandisers, high-end and discount salon chains, locally owned beauty retailers and salons, online capabilities of national retailers, pure-play e-commerce companies, online marketplaces, catalog retailers, and direct response television, including television home shopping retailers and infomercials. We believe the principal bases upon which we compete are the breadth of merchandise, our value proposition, the quality of our guests' shopping experience, and the convenience of our stores as one-stop destinations for beauty products and salon services. Many of our competitors are, and many of our potential competitors may be, larger and have greater financial, marketing, and other resources and therefore, may be able to adapt to changes in customer requirements more quickly, devote greater resources to the marketing and sale of their products, generate greater national brand recognition, or adopt more aggressive pricing policies than we can. As a result, we may lose market share, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

A reduction in traffic to, or the closing of, the other destination retailers in the shopping areas where our stores are located could significantly reduce our sales and leave us with excess inventory, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

As a result of our real estate strategy, most of our stores are located in off-mall shopping areas known as power centers. Power centers typically contain three to five big-box anchor stores along with a variety of smaller specialty tenants. As a consequence of most of our stores being located in such shopping areas, our sales are derived, in part, from the volume of traffic generated by the other destination retailers and the anchor stores in power centers where our stores are located. Customer traffic to these shopping areas may be adversely affected by the closing of such destination retailers or anchor stores, or by a reduction in traffic to such stores resulting from a regional or global economic downturn, a public health crisis, a general downturn in the local area where our store is located, or a decline in the desirability of the shopping environment of a particular power center. Such a reduction in customer traffic would reduce our sales and leave us with excess inventory, which could have a material adverse effect on our business, financial condition, profitability, and cash flows. We may respond by increasing markdowns, initiating marketing promotions, or transferring product to other stores to reduce

excess inventory, which would further decrease our gross profits and net income.

Epidemics, pandemics, natural disasters, or other catastrophes or crises could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Epidemics, pandemics, or other public health crises, natural disasters, such as hurricanes, tornados, wildfires, earthquakes, and mudslides, as well as acts of violence or terrorism, have resulted in the temporary closure of our stores and, in the future, could also result in physical damage to our properties, the temporary closing of our stores, the temporary closing of our distribution, fast fulfillment, and market fulfillment centers, the temporary lack of an adequate work force, the temporary or long-term disruption in the supply of products (or a substantial increase in the cost of those products) from domestic or foreign suppliers, the temporary disruption in the delivery of goods both to and from our distribution, fast fulfillment, and market fulfillment centers (or a substantial increase in the cost of those deliveries), the temporary reduction in the availability of products in our stores and/or the temporary reduction in visits to stores by customers. Accordingly, if one or more epidemics, pandemics, natural disasters, and/or acts of violence or terrorism were to occur in the future, it could have a material adverse effect on our business, financial condition, profitability, and cash flows or may require us to incur increased costs.

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Our stock repurchase programs could affect the price of our common stock and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

We may have in place from time to time, a stock repurchase program. Any such stock repurchase program adopted will not obligate the Company to repurchase any dollar amount or number of shares of common stock and may be suspended or discontinued at any time, which could cause the market price of our common stock to decline. Repurchases pursuant to any such stock repurchase program could affect our stock price and the existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock.

Climate change might adversely impact our business operations and/or our supply chain.

Scientific consensus shows that carbon dioxide and other greenhouse gases in the atmosphere have caused and will in the future cause changes in weather patterns around the globe. Climatologists predict these changes will result in the increased frequency of extreme weather events and natural disasters which could disrupt our business operations or those of our suppliers. These weather events could also lead to an increased rate of temporary store closures and reduced customer traffic at our stores. In addition, concern about climate change and greenhouse gases may result in new or additional legal, legislative, and/or regulatory requirements to reduce or mitigate the effects of climate change on the environment. Any such new requirements could increase our operating costs for things like energy or packaging, as well as our product supply chain and distribution costs.

There is also increased focus, including by investors, guests, and other stakeholders, on climate change and other environmental, social, governance and sustainability matters, including single use plastic, energy, waste and worker safety. Concern about climate change might cause consumer preferences to change, including moving away from products or ingredients considered to have high climate change impact and towards products that are more sustainably made, and we expect to incur additional costs in connection with our initiatives in this area.

Our reputation could be damaged if we do not (or are perceived not to) act responsibly with respect to these matters and, taken together, these matters could materially and adversely affect our business, financial condition, profitability and cash flows, as well as our ability to meet the needs of our customers.

Information Security, Cybersecurity, Data Privacy, Regulatory and Legal Risks

Cybersecurity or information security breaches and other disruptions could compromise our information, result in the unauthorized disclosure of confidential guest, employee, Company

and/or business partners' information, damage our reputation, and expose us to liability, which could negatively impact our business.

In the ordinary course of our business, we collect, process, and store sensitive and confidential data, including our proprietary business information and that of our guests, suppliers, and business partners, and personally identifiable information of our guests and employees, in our data centers and on our networks. The secure processing, maintenance, and transmission of this information is critical to our operations. We rely on commercially available systems, software, tools, and monitoring to provide security for processing, transmission, and storage of confidential information. Despite the security measures we have in place and continual vigilance in regard to the protection of sensitive information, our systems and those of our third-party service providers may be vulnerable to security breaches, denial-of-service attacks, break-ins, phishing attacks, social engineering, acts of vandalism, computer viruses, misplaced or lost data, human errors, or other similar events. Furthermore, we allow certain of our employees to work remotely, as certain of our third-party service providers also allow, and this remote working environment may increase cybersecurity related risks. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, damage our reputation, and cause a loss of confidence in our business, products, and services, which could adversely affect our business, financial condition, profitability, and cash flows.

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We are subject to risks relating to our information technology systems, and any failure to adequately protect our critical information technology systems, successfully upgrade our information technology systems, or any material disruption of our information systems could negatively impact financial results and materially adversely affect our business operations, particularly during the holiday season.

We are dependent on a variety of information systems, including management, supply chain and financial information, and various other processes and transactions, to effectively manage our business. We also are expanding and upgrading our information systems (including replacing our enterprise resource planning platform through Project SOAR) to support historical and expected future growth. The failure of these projects, the failure of our information systems to perform as designed, or breaches of security could have an adverse effect on our business and results of our operations. Any material disruption of our systems could disrupt our ability to track, record, and analyze the merchandise that we sell and could cause delays or cancellation of customer orders or impede the manufacture or shipment of products, the processing of transactions, our ability to receive and process e-commerce orders, and/or the reporting of financial results.

Our e-commerce operations are increasingly important to our business. The Ulta.com website and our mobile applications serve as an effective extension of Ulta Beauty's marketing and prospecting strategies by exposing potential new customers to the Ulta Beauty brand, product offerings, and enhanced content. As the importance of our website, mobile applications, and e-commerce operations to our business continues to grow, we are increasingly vulnerable to downtime and other technical failures. Our failure to successfully respond to these risks could reduce e-commerce sales and damage our brand's reputation.

Failure to maintain satisfactory compliance with applicable privacy and data protection laws and regulations may subject us to negative financial consequences, including civil or criminal penalties, and harm our brand and reputation.

Complex local, state and national laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection laws and regulations are quickly evolving, with new or modified laws and regulations proposed and implemented frequently (such as those enacted by California and certain other states) and existing laws and regulations subject to new or different interpretations and enforcement. Complying with these laws and regulations may cause us to incur substantial costs, require changes to our business practices, and limit our ability to obtain data used to provide a differentiated guest experience. In addition, our failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to protect personal data from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by guests and other affected individuals, fines, and/or damage to our brand and reputation, any of which could adversely affect our business, financial condition, profitability, and cash flows.

Litigation and other legal or regulatory proceedings or claims and the outcome of such litigation, proceedings or claims, including possible fines and penalties, could have a material adverse effect on our business and any loss contingency accruals may not be adequate to cover actual losses.

From time to time, we are subject to litigation, including potential class action and single-plaintiff litigation and other legal or regulatory proceedings or claims in the ordinary course of our business operations regarding, but not limited to, employment matters, consumer claims, security of consumer and employee personal information, contractual relations with suppliers, marketing and infringement of trademarks, and other intellectual property rights. Litigation to defend ourselves against claims by third parties, or to enforce any rights that we may have against third parties, may be necessary, which could absorb significant management time and/or result in substantial costs and diversion of our resources, causing a material adverse effect on our business, financial condition, profitability, and cash flows. We establish accruals for potential liability arising from litigation and other legal or regulatory proceedings or claims when potential liability is probable and the amount of the loss can be reasonably estimated based on currently available information. We may still incur legal costs for a matter even if we have not accrued a liability. In addition, actual losses may be higher than the amount accrued for a certain matter, or in the aggregate. Any resolution of litigation or other legal or regulatory proceedings or claims could materially adversely impact our business, financial condition, profitability, and cash flows.

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Specifically, our technologies, promotional products purchased from third-party vendors, and/or Ulta Beauty branded products, or potential products in development may infringe rights under patents, patent applications, trademark, copyright, or other intellectual property rights of third parties in the United States and abroad. These third parties could bring claims against us that would cause us to incur substantial expenses and, if successful, could cause us to pay substantial damages. Further, if a third party were to bring an intellectual property infringement suit against us, we could be forced to stop or delay development, manufacturing, or sales of the product that is the subject of the suit.

As a result of intellectual property infringement claims, or to avoid potential claims, we may choose to seek, or be required to seek, a license from the third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Ultimately, we could be prevented from commercializing a product or be forced to cease some aspect of our business operations if, as a result of actual or threatened intellectual property infringement claims, we are unable to enter into licenses on acceptable terms. Even if we were able to obtain a license, the rights may be non-exclusive, which would give our competitors access to the same intellectual property. The inability to enter into licenses could harm our business significantly.

If our manufacturers are unable to produce products manufactured uniquely for Ulta Beauty, including the Ulta Beauty Collection and Ulta Beauty branded gifts with purchase and other promotional products, consistent with applicable regulatory requirements, we could suffer lost sales and be required to take costly corrective action, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

We do not own or operate any manufacturing facilities and therefore depend upon independent third-party vendors for the manufacture of all products manufactured uniquely for Ulta Beauty, including the Ulta Beauty Collection and Ulta Beauty branded gifts with purchase and other promotional products. The FDA does not currently have a pre-market approval system for cosmetics, but requires safety and efficacy substantiation. If we or our third-party manufacturers fail to comply with applicable regulatory requirements, we could be required to take costly corrective action. In addition, sanctions under various laws may include seizure of products, injunctions against future shipment of products, restitution and disgorgement of profits, operating restrictions, and criminal prosecution. These events could interrupt the marketing and sale of our Ulta Beauty branded products, severely damage our brand reputation and image in the marketplace, increase the cost of our products, cause us to fail to meet customer expectations, or cause us to be unable to deliver merchandise in sufficient quantities or of sufficient quality to our stores, any of which could result in lost sales, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

We, as well as our vendors, are subject to laws and regulations that could require us to modify our current business practices

and incur increased costs, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

In our U.S. markets, numerous laws and regulations at the federal, state, and local levels can affect our business. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. If we fail to comply with any present or future laws or regulations, we could be subject to future liabilities, a prohibition on the operation of our stores, or a prohibition on the sale of our Ulta Beauty branded products. In particular, failure to adequately comply with the following legal requirements could have a material adverse effect on our business, financial condition, profitability, and cash flows.

- Our large workforce makes us vulnerable to changes in labor and employment laws. In addition, changes in federal and state minimum wage laws and other laws relating to employee benefits could cause us to incur additional wage and benefits costs, which could hurt our profitability and affect our growth strategy.
- Our salon operations are subject to state board regulations and state licensing requirements for our stylists and our salon procedures. Failure to maintain compliance with these regulatory and licensing requirements could jeopardize the viability of our salons.
- We operate stores in California, which has enacted legislation commonly referred to as “Proposition 65” requiring that “clear and reasonable” warnings be given to consumers who are exposed to chemicals known to the State of California to cause cancer or reproductive toxicity. Although we have sought to comply with Proposition 65 requirements, there can be no assurance that we will not be adversely affected by litigation relating to Proposition 65.

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- Future changes in healthcare reform legislation could significantly impact our business.

The formulation, manufacturing, packaging, labeling, distribution, sale, and storage of our vendors' products and our Ulta Beauty branded products are also subject to extensive regulation by various federal agencies, including FDA, FTC, CPSC, and various state and local agencies, such as State AGs and District Attorneys. If we, our vendors, or the manufacturers of our Ulta Beauty branded products fail to comply with those regulations, we could become subject to significant penalties, claims, or product recalls, which could harm our results of operations, our reputation and/or our ability to conduct our business.

Additionally, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may impair the marketability of our vendors' products or our Ulta Beauty branded products, resulting in significant loss of net sales. Our failure to comply with federal, state, or local requirements when we advertise our products (including prices) or services, or engage in other promotional activities, in digital (including social media), television, or print may result in enforcement actions and imposition of penalties or otherwise harm the distribution and sale of our products.

Our associates or others may engage in misconduct or other improper activities, including noncompliance with our policies and procedures.

We are exposed to the risk of misconduct or other improper activities by our associates and third parties such as independent contractors or agents. Misconduct by associates, independent contractors, or agents could include inadvertent or intentional failures to comply with our policies and procedures, the laws and regulations to which we are subject, and/or ethical, social, product, labor, and environmental standards. Our current and former associates or independent contractors may also become subject to allegations of sexual harassment, racial and gender discrimination, or other similar misconduct, which, regardless of the ultimate outcome, may result in adverse publicity that could significantly harm our brand, reputation, and operations. Associate misconduct could also involve improper use of information obtained in the course of the associate's prior or current employment, which could result in legal or regulatory action and harm to our reputation.

If we are unable to protect our intellectual property rights, our brand and reputation could be harmed, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

We regard our trademarks, trade dress, copyrights, trade secrets, know-how, and similar intellectual property as critical to our success. Our principal intellectual property rights include registered and common law trademarks on "The Possibilities are Beautiful.®," "Ulta Beauty," "Ulta," and other marks incorporating our name and "All Things Beauty. All in One Place®," "21 Days of Beauty®," and "Conscious Beauty at Ulta Beauty®," copyrights in our website and mobile applications content,

rights to our domain name www.ulta.com, and trade secrets and know-how with respect to our Ulta Beauty branded product formulations, product sourcing, sales and marketing, and other aspects of our business, and our digital innovations such as try-on applications and artificial intelligence. As such, we rely on trademark and copyright law, trade secret protection, and confidentiality agreements with certain of our employees, consultants, suppliers, and others to protect our proprietary rights. If we are unable to protect or preserve the value of our trademarks, copyrights, trade secrets, or other proprietary rights for any reason (including any cybersecurity incident that results in the unauthorized use of our intellectual property rights), or if other parties infringe on our intellectual property rights, our brand and reputation could be impaired, and we could lose customers, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

In addition, we license certain of our trademarks to some of our business partners. While we enter into comprehensive agreements with our business partners covering, among other things, use of our brand name, the value of our brand and our reputation could be impaired to the extent that our business partners do not operate their businesses, including their stores or websites, in a manner consistent with our requirements regarding our brand identities and customer experience standards. Failure to protect the value of our brands, or any other harmful acts or omissions by a business partner, could have an adverse effect on our business, financial condition, profitability, cash flows and reputation.

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Our Ulta Beauty branded products and salon services may cause unexpected and undesirable side effects that could result in their discontinuance or expose us to lawsuits, either of which could result in unexpected costs and damage to our reputation, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Unexpected and undesirable side effects caused by our Ulta Beauty branded products for which we have not provided sufficient label warnings or salon services, which may have been performed negligently, could result in the discontinuance of sales of our products or of certain salon services or prevent us from achieving or maintaining market acceptance of the affected products and services. Such side effects could also expose us to product liability or negligence lawsuits. Any claims brought against us may exceed our existing or future insurance policy coverage or limits. Any judgment against us that is in excess of our policy limits would have to be paid from our cash reserves, which would reduce our capital resources. These events could cause negative publicity regarding our Company, brand, or products, which could in turn harm our reputation and net sales, which could have a material adverse effect on our business, financial condition, profitability, and cash flows.

Anti-takeover provisions in our organizational documents and Delaware law may discourage or prevent a change in control, even if a sale of the Company would be beneficial to our stockholders, which could cause our stock price to decline and prevent attempts by our stockholders to replace or remove our current management.

Our certificate of incorporation and bylaws contain provisions that may delay or prevent a change in control, discourage bids at a premium over the market price of our common stock, and harm the market price of our common stock and diminish the voting and other rights of the holders of our common stock. These provisions include:

- authorizing our Board of Directors to issue preferred stock and additional shares of our common stock without stockholder approval;
- prohibiting stockholder actions by written consent;
- prohibiting our stockholders from calling a special meeting of stockholders; and
- requiring advance notice for raising business matters or nominating directors at stockholders' meetings.

We are also subject to provisions of Delaware law that, in general, prohibit any business combination with a beneficial owner of 15% or more of our common stock for three years after the stockholder becomes a 15% stockholder, subject to specified exceptions. Together, these provisions of our certificate of incorporation and bylaws and of Delaware law could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We depend on a variety of information systems and technologies to maintain and improve our competitive position and to manage the operations of our business, including supply chain, merchandising, point of sale, e-commerce, marketing, finance, accounting, and human resources. Our core business systems consist mostly of purchased software programs that integrate together with our internally developed software solutions across a company-wide network that connects all corporate users, stores, and our distribution center infrastructure.

We manage data security and privacy at the highest levels. The Company's Board of Directors oversees an enterprise-wide approach to risk management (ERM), designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. Management is responsible for the Company's day-to-day risk management activities and processes, and our Board's role is to engage in informed oversight of, and provide guidance with respect to, such risk management activities and processes. The Company's cybersecurity policies, standards, and practices are fully integrated into the Company's ERM program and are based on recognized frameworks established by the National Institute of Standards and Technology, the

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International Organization for Standardization and other applicable industry standards. In general, the Company seeks to address cybersecurity risks through a comprehensive, proactive cross-functional approach that is focused on preserving the confidentiality, security, and availability of the information that the Company collects and stores by identifying, preventing, and mitigating cybersecurity threats and effectively responding to cybersecurity incidents if they occur.

Risk Management and Strategy

As one of the critical elements of the Company's overall ERM approach, the Company's cybersecurity program is focused on the following key areas:

Collaborative Approach. The Company has implemented a comprehensive, cross-functional approach to identifying, preventing, and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt identification and escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.

Technical Safeguards. The Company's Security Operations Center, led by our Vice President IT Risk Management (Chief Information Security Officer), constantly and proactively monitors our network and application landscape for threats and anomalies. The Security Operations Center deploys technical safeguards that are designed to protect the Company's information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

Incident Response Plan. The Company has established and maintains a comprehensive incident response plan that addresses the Company's response to a cybersecurity incident.

Third-Party Risk Management. The Company maintains a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers, and other external users of the Company's systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Training. All Ulta Beauty associates have a role as stewards of Company data, and we educate them on how to keep data safe. As part of the Company's annual security awareness training and regular training around phishing, we train associates on how to keep devices and data safe in public places; how to avoid security threats and phishing scams; how to maintain a secure workplace; and everyday practices that help maintain the security of corporate digital devices, data and systems.

The Company engages in the periodic assessment and testing of the Company's policies, standards, processes, and practices that are designed to address cybersecurity threats and incidents. We assess

ourselves against the National Institute of Standards and Technology Cybersecurity Framework, Payment Card Industry Data Security Standard and management's defined technology controls to support internal controls over financial reporting. These efforts include a wide range of activities, including audits, assessments, tabletop exercises, threat modeling, vulnerability testing, and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. The Company regularly engages third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, audits, and independent reviews of our information security control environment and operating effectiveness, including network penetration assessments. The results of such assessments, audits, and reviews are reported to the Audit Committee of the Board and the Board of Directors, and the Company adjusts its cybersecurity policies, standards, processes, and practices as necessary based on the information provided by these assessments, audits, and reviews.

In the last three fiscal years, the Company has not experienced any material cybersecurity incidents, and expenses incurred from cybersecurity incidents were immaterial. Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected or are not reasonably likely to materially affect the Company, including its business strategy, results of operations or financial condition. Also see "Information Security, Cybersecurity, Data Privacy, Regulatory and Legal Risks" included as part of Item 1A. Risk Factors of this Annual Report on Form 10-K, which disclosures are incorporated by reference herein.

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Governance

The Company's Board of Directors is actively engaged in oversight of cybersecurity, and it is part of the responsibilities of our Audit Committee. The Company's Chief Technology and Information Officer (CTIO) and Chief Executive Officer keep the Board informed on cybersecurity and privacy matters throughout the year, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends, and information security considerations arising with respect to the Company's peers and third parties. The Board and the Audit Committee also receive prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed.

The Company's cybersecurity risk management and strategy processes, which are discussed in greater detail above, are led by our CTIO and our Vice President IT Risk Management. The Company's CTIO works collaboratively across the Company to implement a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response plans. To facilitate the success of the Company's cybersecurity risk management program, we have a unified and centrally coordinated team, led by our Vice President IT Risk Management, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices in close coordination with senior leadership and other teams across Ulta Beauty. Reporting to our Vice President IT Risk Management are a number of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

The Company's CTIO leads the core elements of Ulta Beauty's IT and Digital functions, including IT infrastructure, systems and security, digital experience and operations, and consumer technology. He has served in various roles in information technology and information security for over 30 years, including serving as the Global Chief Technology Officer of a large public company prior to joining the Company. The Vice President IT Risk Management leads our information risk management organization responsible for overseeing the Company's information security program. She has over 25 years of industry experience, including serving in similar roles leading and overseeing cybersecurity programs at other public companies.

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Item 2. Properties

All of our retail stores, distribution centers, fast fulfillment centers, market fulfillment centers, and corporate offices are leased or subleased.

Retail stores

Our retail stores are predominantly located in convenient, high-traffic locations such as power centers. Our typical store is approximately 10,000 square feet, including approximately 950 square feet dedicated to our full-service salon. Most of our retail store leases provide for a fixed minimum annual rent and generally have a 10-year initial term with options for two or three extension periods of five years each, exercisable at our option. As of February 3, 2024, we operated 1,385 retail stores across 50 states, as shown in the table below:

Location	Number of stores	Location	Number of stores
Alabama	25	Montana	6
Alaska	3	Nebraska	5
Arizona	35	Nevada	16
Arkansas	11	New Hampshire	8
California	170	New Jersey	45
Colorado	27	New Mexico	7
Connecticut	19	New York	55
Delaware	4	North Carolina	45
Florida	99	North Dakota	4
Georgia	43	Ohio	46
Hawaii	4	Oklahoma	22
Idaho	9	Oregon	18
Illinois	55	Pennsylvania	45
Indiana	26	Rhode Island	4
Iowa	11	South Carolina	24
Kansas	13	South Dakota	3
Kentucky	16	Tennessee	31
Louisiana	18	Texas	131
Maine	3	Utah	15
Maryland	28	Vermont	1
Massachusetts	27	Virginia	33
Michigan	49	Washington	37
Minnesota	20	West Virginia	7
Mississippi	12	Wisconsin	21
Missouri	25	Wyoming	4
Total			1,385

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Distribution centers, fast fulfillment centers, and market fulfillment centers

Our standard distribution center, fast fulfillment center, and market fulfillment center lease provides for a fixed minimum annual rent and generally has a 10 or 15-year initial term with three or four renewal options with terms of five years each. The general location, approximate size, and lease expiration date for each distribution center (DC), fast fulfillment center (FFC) and market fulfillment center (MFC) at February 3, 2024, are set forth below:

<u>Location</u>	<u>Type</u>	<u>Approximate Square Feet</u>	<u>Lease Expiration Date</u>
Bolingbrook, Illinois (1)	MFC	321,132	July 31, 2033
Chambersburg, Pennsylvania	DC	503,605	June 30, 2027
Dallas, Texas	DC	670,680	July 31, 2026
Fresno, California	DC	670,680	July 31, 2028
Greenwood, Indiana	DC	670,680	July 31, 2025
Greer, South Carolina	MFC	303,580	May 31, 2033
Jacksonville, Florida	FFC	203,463	September 30, 2029
Romeoville, Illinois	FFC	291,335	May 31, 2026

(1) Expected to open in fiscal 2024.

Corporate office

Our principal executive office is in Bolingbrook, Illinois. The corporate office is approximately 349,000 square feet with lease terms expiring in 2028. Additionally, we have a satellite corporate office in Chicago, Illinois. The Chicago office is approximately 23,000 square feet with lease expiration in 2026.

Item 3. Legal Proceedings

See Note 9 to our consolidated financial statements, "Commitments and contingencies - General litigation," for information on legal proceedings.

Item 4. Mine Safety Disclosures

None.

Item 4A. Executive Officers

The names of our executive officers, their ages and their positions (as of February 3, 2024) are shown below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
David C. Kimbell	57	Chief Executive Officer and member of the Board of Directors
Kecia L. Steelman	53	President and Chief Operating Officer
Scott M. Settersten	63	Chief Financial Officer, Treasurer and Assistant Secretary
Jodi J. Caro	58	General Counsel, Chief Risk & Compliance Officer and Corporate Secretary

There is no family relationship between any of the directors or executive officers and any other director or executive officer of Ulta Beauty.

David C. Kimbell. Mr. Kimbell was named Chief Executive Officer in June 2021 after having previously served as President since December 2019, Chief Merchandising and Marketing Officer since March 2015, and Chief Marketing Officer since February 2014. Prior to joining Ulta Beauty, he served as Chief Marketing Officer and Executive Vice President at U.S. Cellular, Chief Marketing Officer and Senior Vice President of Seventh Generation, Vice President of Marketing at PepsiCo, and held a number of brand management roles in the Beauty Division of The Procter and Gamble

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Company from 1995 to 2001. Mr. Kimbell was appointed to the board of directors for Best Buy in 2023. Mr. Kimbell currently serves on the board of directors for Big Brothers Big Sisters of Metropolitan Chicago and Chicago Lights, and is a member of The Economic Club of Chicago.

Kecia Steelman. Ms. Steelman was named President and Chief Operating Officer in September 2023, and Chief Operating Officer in June 2021. Ms. Steelman has responsibility for corporate strategy, information technology, store and services operations, supply chain, Ulta Beauty at Target, loss prevention, and enterprise-wide transformation and optimization efforts. Previously, Ms. Steelman served as Chief Store Operations Officer since September 2015 and as Senior Vice President, Store Operations since July 2014. Prior to joining Ulta Beauty, Ms. Steelman was Group Vice President at Family Dollar Stores from 2011 to 2014, after joining the company in 2009 as Vice President, Store Development and Store Operations. From 2005 to 2009, Ms. Steelman was Vice President, General Manager of Expo Design Center, Home Depot Design Center, and YardBIRDS and Director of New Store Innovations at the Home Depot Corporation. Ms. Steelman began her career at Target Corporation and served in a variety of retail operations and merchandising roles with increasing responsibility from 1993 to 2005. Ms. Steelman currently serves on the board of directors for Metropolitan Family Services and the Adler Planetarium, and is a member of The Economic Club of Chicago.

Scott M. Settersten. Mr. Settersten was named Chief Financial Officer, Treasurer and Assistant Secretary in March 2013, after serving as Acting Chief Financial Officer and Assistant Secretary since October 2012. Mr. Settersten oversees the company's finance, accounting, tax, treasury, procurement, internal audit, investor relations, and real estate teams, including the optimization of the company's store fleet. Previously, Mr. Settersten served as Vice President of Accounting since 2010, after joining Ulta Beauty in January 2005 as a Director of Financial Reporting. Prior to Ulta Beauty, Mr. Settersten spent 15 years with PricewaterhouseCoopers LLP as a certified public accountant serving in various senior manager roles in the assurance and risk management practices.

Jodi J. Caro. Ms. Caro was named General Counsel, Chief Risk & Compliance Officer in August 2015. She also serves as Corporate Secretary and Chief Privacy Officer. Ms. Caro oversees Ulta Beauty's Legal, Risk & Governance Services team in delivering legal, governance, compliance, risk management, and environmental, health and safety services. Ms. Caro also leads the Company's Environmental, Social, and Governance efforts, including responsibility for the Ulta Beauty Charitable Foundation. Prior to joining Ulta Beauty, she was Vice President, General Counsel and Secretary for Integrys Energy Group, in addition to holding the role of Integrys' Chief Compliance and Ethics Officer. Prior to joining Integrys in 2008, Ms. Caro owned and operated her own law practice, which provided general counsel and corporate services to clients ranging from established multi-million-dollar companies to medium and small early-stage enterprises. Prior to opening her law practice in 2006, she was co-founder and General Counsel of Looking Glass Networks, a privately held, facilities-based telecommunications company, and served as an in-house attorney with MCI/WORLDCOM. Ms. Caro serves on the Advisory Board for Markaaz,

Inc., a privately held financial services company. She is also Vice-Chair of the Retail Litigation Center and serves on the Chicago-Kent College of Law Board of Advisors as well as the Leadership Council for Communities in Schools of Chicago.

Anita J. Ryan. Ms. Ryan was named Chief Human Resources Officer in April 2022, after having previously served as Senior Vice President of Human Resources since 2018 and Vice President of Human Resources since 2016. Ms. Ryan is responsible for Ulta Beauty's Human Resources strategy and innovation, including oversight of the Company's people success business partner team and centers of excellence in talent acquisition; associate care and support; leadership and organization development; diversity, equity, and inclusion; compliance; internal communications and training for the enterprise. Prior to her more than 20-year career at Ulta Beauty, Ms. Ryan began her career in the grocery industry where she held numerous operations leadership roles before transitioning to human resources. Ms. Ryan currently serves on the board of directors of Skills for Chicagoland's Future.

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Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market information

Our common stock has traded on the NASDAQ Global Select Market under the symbol “ULTA” since October 25, 2007.

Holders of the registrant’s common stock

The last reported sale price of our common stock on the NASDAQ Global Select Market on March 22, 2024 was \$520.37 per share. As of March 22, 2024, we had 27 holders of record of our common stock. Because many shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Purchases of equity securities by the issuer and affiliated purchasers

The following table sets forth repurchases of our common stock during the fourth quarter of 2023:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under plans or programs (in thousands)
October 29, 2023 to November 25, 2023	102,295	\$ 397.66	102,261	\$ 219,154
November 26, 2023 to December 30, 2023	97,384	476.60	97,384	173,180
December 31, 2023 to February 3, 2024	<u>152,819</u>	485.11	<u>152,360</u>	99,933
14 weeks ended February 3, 2024	<u>352,498</u>	457.38	<u>352,005</u>	99,933

- (1) There were 352,005 shares repurchased as part of our publicly announced share repurchase program during the 14 weeks ended February 3, 2024 and there were 493 shares transferred from employees in satisfaction of minimum statutory tax withholding obligations upon the vesting of restricted stock during the period.
- (2) On March 7, 2022, the Board of Directors authorized the 2022 share repurchase program pursuant to which the Company may repurchase up to \$2.0 billion of the Company’s common stock. As of February 3, 2024, the amount remaining available was \$99.9 million. On March 12, 2024, the Board of Directors authorized the 2024 share repurchase program. For additional information on the 2024 share

repurchase program see Note 19 to our consolidated financial statements, "Subsequent events."

Recent sales of unregistered securities

None.

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Securities authorized for issuance under equity compensation plans

The following table provides information about Ulta Beauty common stock that may be issued under our equity compensation plans as of February 3, 2024:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (2)	Weighted-average exercise price of outstanding options, warrants and rights (3)	Number of securities remaining available for future issuance under equity compensation plans (4)
Equity compensation plans approved by security holders (1)	553,051	\$ 303.47	2,280,721

- (1) Includes options issued and available for exercise and shares available for issuance in connection with past awards under the Amended and Restated 2011 Incentive Award Plan and predecessor equity incentive plans. We currently grant awards only under the Amended and Restated 2011 Incentive Award Plan.
- (2) Includes 307,424 shares issuable pursuant to the exercise of outstanding stock options, 140,004 shares issuable pursuant to restricted stock units, and 105,623 shares issuable pursuant to performance-based units.
- (3) Calculation of weighted-average exercise price of outstanding awards includes stock options but does not include shares of restricted stock units or performance-based units that convert to shares of common stock for no consideration.
- (4) Represents shares that are available for issuance pursuant to the Amended and Restated 2011 Incentive Award Plan. The shares available under the plan are reduced by 1.0 for each stock option awarded and by 1.5 for each restricted stock unit and performance-based unit awarded.

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Stock performance graph

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

Set forth below is a graph comparing the cumulative total stockholder return on Ulta Beauty’s common stock with the S&P 500 and the S&P 500 Consumer Discretionary (Industry Group, SP500-2550) for the period covering February 2, 2019 through the end of Ulta Beauty’s fiscal year ended February 3, 2024. The graph assumes an investment of \$100 made at the closing of trading on February 2, 2019 in (i) Ulta Beauty’s common stock, (ii) the stocks comprising the S&P 500 and (iii) the stocks comprising the S&P 500 Consumer Discretionary (Industry Group, SP500-2550). All values assume reinvestment of the full amount of all dividends, if any, into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable time period.

Graphic

Company / Index	Fiscal year ended					
	February 2,	February 1,	January 30,	January 29,	January 28,	February 3,
	2019	2020	2021	2022	2023	2024
Ulta Beauty	\$ 100.00	\$ 91.95	\$ 96.02	\$ 123.16	\$ 173.56	\$ 173.44
S&P 500	100.00	119.18	137.23	163.75	150.40	183.21
S&P 500 Consumer Discretionary	100.00	119.51	167.91	176.76	145.13	202.14

Item 6. [Reserved]

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Overview

We were founded in 1990 as a beauty retailer at a time when prestige, mass, and salon products were sold through distinct channels – department stores for prestige products; drug stores and mass merchandisers for mass products; and salons and authorized retail outlets for professional hair care products. We developed a unique specialty retail concept that offers a broad range of brands and price points, select beauty services, and a convenient and welcoming shopping environment. We define our target consumer as a beauty enthusiast, a consumer who is passionate about the beauty category, uses beauty for self-expression, experimentation, and self-investment, and has high expectations for the shopping experience. We estimate beauty enthusiasts represent approximately 65% of shoppers and 80% of beauty products and services spend in the U.S. We believe our strategy provides us with the competitive advantages that have contributed to our financial performance.

Today, we are the largest specialty beauty retailer in the United States and the premier beauty destination for cosmetics, fragrance, skin care products, hair care products, and salon services. Key aspects of our business include: a differentiated assortment of approximately 25,000 beauty products across a variety of categories and price points as well as a variety of beauty services, including salon services, in more than 1,350 stores predominantly located in convenient, high-traffic locations; engaging digital experiences delivered through our website, Ulta.com, and our mobile applications; our best-in-class loyalty program that enables members to earn points for every dollar spent on products and beauty services and provides us with deep, proprietary customer insights; and our ability to cultivate human connection with warm and welcoming guest experiences across all of our channels.

The continued growth of our business and any future increases in net sales, net income, and cash flows is dependent on our ability to execute our strategic priorities: 1) drive breakthrough and disruptive growth through an expanded definition of All Things Beauty; 2) evolve the omnichannel experience through connected physical and digital ecosystems, All In Your World; 3) expand and deepen our presence across the beauty journey, positioning Ulta Beauty at the Heart of the Beauty Community; 4) drive operational excellence and optimization; 5) protect and cultivate our world-class culture and talent; and 6) expand our environmental and social impact. We believe the attractive and growing U.S. beauty products and salon services industry, the expanding definition of beauty and the role that omnichannel capabilities play in consumers' lives, coupled with Ulta Beauty's competitive strengths, position us to capture additional market share in the industry.

Comparable sales is a key metric that is monitored closely within the retail industry. Our comparable sales have fluctuated in the past, and we expect them to continue to fluctuate in the future. A variety of factors affect our comparable sales, including general U.S. economic conditions, changes in merchandise strategy or mix, and timing and effectiveness of our marketing activities, among others.

Over the long term, our growth strategy is to increase total net sales through growing our comparable sales, expanding omnichannel capabilities, and opening new stores. Long-term operating profit is expected to increase as a result of our efforts to optimize our real estate portfolio, expand merchandise margin, and leverage our fixed store costs with comparable sales increases and operating efficiencies, partially offset by incremental investments in people, guest experiences, systems, and supply chain required to support a 1,500 to 1,700 store chain in the U.S. with successful e-commerce and competitive omnichannel capabilities.

Current Trends

Industry trends

Our research indicates that Ulta Beauty has captured meaningful market share across all categories over the last several years. The overall beauty market expanded in 2022 and in 2023, supported by healthy consumer engagement with the

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beauty category. We remain confident that our differentiated and diverse business model, our commitment to strategic investments, and our highly engaged associates will continue to drive market share gains over the long term.

Impact of inflation and other macroeconomic trends

Although we do not believe inflation had a material impact on our sales during fiscal 2023, continued pressure from inflation or other evolving macroeconomic conditions could have an adverse impact on consumer spending and could lead to a recession. Furthermore, inflationary pressures, as well as other macroeconomic trends, could negatively impact our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net sales if the selling prices of our products do not increase with higher costs. In addition, inflation could cause the interest rates on any future debt to remain at an elevated level or increase.

Basis of presentation

The Company has one reportable segment, which includes retail stores, salon services, and e-commerce.

We recognize merchandise revenue at the point of sale in our retail stores. E-commerce sales are recognized upon shipment or guest pickup of the merchandise based on meeting the transfer of control criteria. Retail store and e-commerce sales are recorded net of estimated returns. Shipping and handling are treated as costs to fulfill the contract and not a separate performance obligation. Accordingly, we recognize revenue for our single performance obligation related to online sales at the time control of the merchandise passes to the customer, which is at the time of shipment or guest pickup. We provide refunds for merchandise returns within 60 days from the original purchase date. State sales taxes are presented on a net basis as we consider our self a pass-through conduit for collecting and remitting state sales tax. Salon service revenue is recognized at the time the service is provided to the guest. Gift card sales revenue is deferred until the guest redeems the gift card. Company coupons and other incentives are recorded as a reduction of net sales. Other revenue includes the private label and co-branded credit card programs, royalties derived from the partnership with Target Corporation, and deferred revenue related to the loyalty program and gift card breakage.

Comparable sales reflect sales for stores beginning on the first day of the 14th month of operation. Therefore, a store is included in our comparable store base on the first day of the period after one year of operations plus the initial one-month grand opening period. Non-comparable store sales include sales from new stores that have not yet completed their 13th month of operation and stores that were closed for part or all of the period in either year. Remodeled stores are included in comparable sales unless the store was closed for a portion of the current or prior period. Comparable sales include retail sales, salon services, and e-commerce. In fiscal years with 53 weeks, the 53rd week of comparable sales is included in the calculation. In the year following a 53-week year, the prior year period is shifted by one week to compare similar calendar weeks. There may be variations in the way in which some of our

competitors and other retailers calculate comparable or same store sales.

Measuring comparable sales allows us to evaluate the performance of our store base as well as several other aspects of our overall strategy. Several factors could positively or negatively impact our comparable sales results:

- the general national, regional, and local economic conditions and corresponding impact on customer spending levels;
- the introduction of new products or brands;
- the location of new stores in existing store markets;
- competition;
- our ability to respond on a timely basis to changes in consumer preferences;
- the effectiveness of our various merchandising and marketing activities; and
- the number of new stores opened and the impact on the average age of all of our comparable stores.

Cost of sales includes:

- the cost of merchandise sold, offset by vendor income that is not a reimbursement of specific, incremental, and identifiable costs;

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- distribution costs including labor and related benefits, freight, rent, depreciation and amortization, real estate taxes, utilities, and insurance;
- shipping and handling costs for e-commerce orders;
- retail store occupancy costs including rent, depreciation and amortization, real estate taxes, utilities, repairs and maintenance, insurance, and licenses;
- salon services payroll and benefits; and
- shrink and inventory valuation reserves.

Our cost of sales may be negatively impacted as we open new stores. Changes in our merchandise or channel mix may also have an impact on cost of sales. This presentation of items included in cost of sales may not be comparable to the way in which our competitors or other retailers compute their cost of sales.

Selling, general and administrative (SG&A) expenses include:

- payroll, bonus, and benefit costs for retail store and corporate employees;
- advertising and marketing costs, offset by vendor income that is a reimbursement of specific, incremental, and identifiable costs;
- occupancy costs related to our corporate office facilities;
- stock-based compensation expense;
- depreciation and amortization for all assets, except those related to our retail stores and distribution operations, which are included in cost of sales; and
- legal, finance, information systems, and other corporate overhead costs.

This presentation of items in selling, general and administrative expenses may not be comparable to the way in which our competitors or other retailers compute their selling, general and administrative expenses.

Pre-opening expenses include non-capital expenditures during the period prior to store opening for new, remodeled, and relocated stores including rent during the construction period for new and relocated stores, store set-up labor, management and employee training, and grand opening advertising.

Interest (income) expense represents interest from cash equivalents, which include highly liquid investments such as money market funds and certificates of deposit with an original maturity of three months or less from the date of purchase. Interest expense includes interest costs and facility fees associated with our credit facility, which is structured as an asset-based lending instrument. Our credit facility interest is based on a variable interest rate structure which can result in increased cost in periods of rising or elevated interest rates.

Income tax expense reflects the federal statutory tax rate and the weighted average state statutory tax rate for the states in which we operate stores.

Results of operations

Our fiscal years are the 52- or 53-week periods ending on the Saturday closest to January 31. The Company's fiscal years ended February 3, 2024 (fiscal 2023), January 28, 2023 (fiscal 2022), and January 29, 2022 (fiscal 2021) were 53, 52, and 52 week years, respectively.

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As of February 3, 2024, we operated 1,385 stores across 50 states. The following tables present the components of our consolidated results of operations for the periods indicated:

(Dollars in thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	\$11,207,303	\$10,208,580	\$8,630,889
Cost of sales	6,826,203	6,164,070	5,262,335
Gross profit	4,381,100	4,044,510	3,368,554
Selling, general and administrative expenses	2,694,561	2,395,299	2,061,545
Pre-opening expenses	8,510	10,601	9,517
Operating income	1,678,029	1,638,610	1,297,492
Interest (income) expense, net	(17,622)	(4,934)	1,663
Income before income taxes	1,695,651	1,643,544	1,295,829
Income tax expense	404,646	401,136	309,992
Net income	<u>\$ 1,291,005</u>	<u>\$ 1,242,408</u>	<u>\$ 985,837</u>
Other operating data:			
Number of stores end of year	1,385	1,355	1,308
Comparable sales	5.7%	15.6%	37.9%

(Percentage of net sales)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	100.0%	100.0%	100.0%
Cost of sales	60.9%	60.4%	61.0%
Gross profit	39.1%	39.6%	39.0%
Selling, general and administrative expenses	24.0%	23.5%	23.9%
Pre-opening expenses	0.1%	0.1%	0.1%
Operating income	15.0%	16.1%	15.0%
Interest income, net	(0.2%)	0.0%	0.0%
Income before income taxes	15.1%	16.1%	15.0%
Income tax expense	3.6%	3.9%	3.6%
Net income	<u>11.5%</u>	<u>12.2%</u>	<u>11.4%</u>

Fiscal year 2023 versus fiscal year 2022

Net sales

Net sales increased \$998.7 million, or 9.8%, to \$11.2 billion in fiscal 2023 compared to \$10.2 billion in fiscal 2022. The net sales increase was primarily due to increased comparable sales, strong new store performance, an increase of \$68.3 million in other revenue and the benefit of an extra week of sales in fiscal 2023. Net sales for the 53rd week of fiscal 2023 were approximately \$181.9 million. The total comparable sales increase of 5.7% in fiscal 2023, compared to an increase of 15.6% in fiscal 2022, was driven by a 7.4% increase in transactions and a 1.5% decrease in average ticket.

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Gross profit

Gross profit increased \$336.6 million, or 8.3%, to \$4.4 billion in fiscal 2023, compared to \$4.0 billion in fiscal 2022. Gross profit as a percentage of net sales decreased 50 basis points to 39.1% in fiscal 2023 compared to 39.6% in fiscal 2022. The decrease in gross profit margin was primarily due to:

- 80 basis points of deleverage in merchandise margins driven by higher promotional activity and category mix, as well as lapping of benefits from price increases; and
- 40 basis points of deleverage in inventory shrink; partially offset by
- 50 basis points of leverage in other revenue primarily due to credit card income growth, an increase in royalty income from our partnership with Target, and higher loyalty point redemptions; and
- 20 basis points of leverage of store fixed costs attributed to the impact of higher sales.

Selling, general and administrative expenses

SG&A expenses increased \$299.3 million, or 12.5%, to \$2.7 billion in fiscal 2023 compared to \$2.4 billion in fiscal 2022. As a percentage of net sales, SG&A expenses increased 50 basis points to 24.0% in fiscal 2023 compared to 23.5% in fiscal 2022. The deleverage of SG&A expenses was primarily due to:

- 60 basis points of deleverage of corporate overhead primarily due to strategic investments;
- 20 basis points of deleverage of store payroll and benefits due to wage investments;
- 10 basis points of deleverage of store expenses due to ongoing inflationary pressures; and
- 10 basis points of deleverage due to higher marketing expenses; partially offset by
- 50 basis points of leverage due to lower incentive compensation.

Pre-opening expenses

Pre-opening expenses decreased \$2.1 million, or 19.7%, to \$8.5 million in fiscal 2023 compared to \$10.6 million in fiscal 2022.

Interest income, net

Net interest income was \$17.6 million in fiscal 2023 compared to \$4.9 million in fiscal 2022, due to higher average interest rates on cash balances. We did not have any outstanding borrowings on our credit facility as of February 3, 2024 and January 28, 2023.

Income tax expense

Income tax expense of \$404.6 million in fiscal 2023 represents an effective tax rate of 23.9%, compared to fiscal 2022 income tax expense of \$401.1 million and an effective tax rate of 24.4%. The lower income tax rate is primarily due to a decrease in state income taxes compared to

fiscal 2022 and a tax benefit from the income tax accounting for stock-based compensation.

Net income

Net income increased \$48.6 million to \$1.3 billion in fiscal 2023 compared to \$1.2 billion in fiscal 2022. The increase in net income was primarily due to a \$336.6 million increase in gross profit, partially offset by a \$299.3 million increase in SG&A expenses and a \$3.5 million increase in income taxes.

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Fiscal year 2022 versus fiscal year 2021

Net sales

Net sales increased \$1.6 billion, or 18.3%, to \$10.2 billion in fiscal 2022 compared to \$8.6 billion in fiscal 2021. The net sales increase was primarily due to the favorable impact from the continued resilience of the beauty category, retail price increases, the impact of new brands and product innovation, increased social occasions and fewer COVID-19 limitations compared to fiscal 2021, and an increase of \$77.3 million in other revenue. The total comparable sales increase of 15.6% in fiscal 2022, compared to an increase of 37.9% in fiscal 2021, was driven by a 10.8% increase in transactions and a 4.3% increase in average ticket.

Gross profit

Gross profit increased \$676.0 million, or 20.1%, to \$4.0 billion in fiscal 2022, compared to \$3.4 billion in fiscal 2021. Gross profit as a percentage of net sales increased 60 basis points to 39.6% in fiscal 2022 compared to 39.0% in fiscal 2021. The increase in gross profit margin was primarily due to:

- 100 basis points of leverage of fixed costs attributed to the impact of higher sales and ongoing occupancy cost optimization efforts;
- 60 basis points of leverage in other revenue primarily due to credit card income growth, an increase in royalty income from our partnership with Target, and higher loyalty point redemptions; and
- 20 basis points of leverage due to favorable channel mix shifts; partially offset by
- 70 basis points of deleverage in inventory shrink; and
- 50 basis points of deleverage in merchandise margins driven by brand mix and lapping benefits from favorable inventory reserve adjustments in fiscal 2021, partially offset by the timing of retail price changes.

Selling, general and administrative expenses

SG&A expenses increased \$333.8 million, or 16.2%, to \$2.4 billion in fiscal 2022 compared to \$2.1 billion in fiscal 2021. As a percentage of net sales, SG&A expenses decreased 40 basis points to 23.5% in fiscal 2022 compared to 23.9% in fiscal 2021. The leverage of SG&A expenses was primarily due to:

- 80 basis points of leverage due to lower marketing expenses; and
- 20 basis points of leverage of incentive compensation due to higher sales; partially offset by
- 40 basis points of deleverage of corporate overhead primarily due to strategic investments; and
- 20 basis points of deleverage of store payroll and benefits due to wage investments.

Pre-opening expenses

Pre-opening expenses increased \$1.1 million, or 11.4%, to \$10.6 million in fiscal 2022 compared to \$9.5 million in fiscal 2021.

Interest (income) expense, net

Interest income, net was \$4.9 million in fiscal 2022 compared to \$1.7 million of interest expense, net in fiscal 2021. Interest income represents interest from cash equivalents and short-term investments with maturities of twelve months or less from the date of purchase. Interest expense represents interest on borrowings and fees related to the credit facility. We did not have any outstanding borrowings on our credit facility as of January 28, 2023 and January 29, 2022.

Income tax expense

Income tax expense of \$401.1 million in fiscal 2022 represents an effective tax rate of 24.4%, compared to fiscal 2021 income tax expense of \$310.0 million and an effective tax rate of 23.9%. The higher income tax expense is primarily due

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to less tax benefit from the income tax accounting for share-based compensation and an increase in state tax expense compared to fiscal 2021.

Net income

Net income increased \$256.6 million to \$1.2 billion in fiscal 2022 compared to \$985.8 million in fiscal 2021. The increase in net income was primarily due to a \$676.0 million increase in gross profit, partially offset by a \$333.8 million increase in SG&A expenses and a \$91.1 million increase in income taxes.

Liquidity and capital resources

Our primary sources of liquidity are cash and cash equivalents, cash flows from operations, and borrowings under our credit facility. The most significant components of our working capital are merchandise inventories, cash and cash equivalents, and receivables, reduced by accounts payable, deferred revenue, and accrued liabilities. As of February 3, 2024 and January 28, 2023, we had cash and cash equivalents of \$766.6 million and \$737.9 million, respectively.

Our primary cash needs are for rent, capital expenditures for new, remodeled, and relocated stores, increased merchandise inventories related to store expansion and new brand additions, supply chain improvements, share repurchases, and continued investment in our information technology systems.

Our most significant ongoing short-term cash requirements relate primarily to funding operations (including expenditures for lease expenses, inventory, labor, distribution, advertising and marketing, and tax liabilities) as well as periodic spend for capital expenditures, investments, and share repurchases. Our working capital needs are greatest from August through November each year as a result of our inventory build-up during this period for the approaching holiday season.

Long-term cash requirements primarily relate to funding lease expenses and other purchase commitments.

We generally fund short-term and long-term cash requirements with cash from operating activities. We believe our primary sources of liquidity will satisfy our cash requirements over both the short term (the next twelve months) and long term.

The following table summarizes contractual cash requirements as of February 3, 2024:

		Less Than	1 to 3	3 to 5	More than 5
(In thousands)	Total	1 Year	Years	Years	Years
Operating lease obligations (1)	\$2,289,652	\$351,517	\$755,334	\$545,888	\$ 636,913
Purchase obligations	55,587	39,954	15,633	—	—

Total (2)	<u>\$2,345,239</u>	<u>\$391,471</u>	<u>\$770,967</u>	<u>\$545,888</u>	<u>\$ 636,913</u>
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- (1) These amounts are for our undiscounted lease obligations recorded in our consolidated balance sheets as operating lease liabilities. Also included are legally binding minimum lease payments for leases signed but not yet commenced of \$122.2 million, which are excluded from operating lease liabilities shown on our consolidated balance sheets.
- (2) The unrecognized tax benefit of \$4.1 million as of February 3, 2024 is excluded due to uncertainty regarding the realization and timing of the related future cash flows, if any.

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Purchase obligations reflect legally binding agreements entered into by the Company to purchase goods or services. The amount of purchase obligations relates to commitments for products and services and other goods and service contracts entered into as of February 3, 2024. Excluded from purchase obligations are normal purchases and contracts entered into in the ordinary course of business.

Cash flows

We believe our ability to generate substantial cash from operating activities and readily secure financing at competitive rates are key strengths that give us significant flexibility to meet our short and long-term financial commitments.

The following table presents a summary of our cash flows during the last three years:

	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
(In thousands)			
Net cash provided by operating activities	\$ 1,476,266	\$1,481,915	\$ 1,059,265
Net cash used in investing activities	(441,425)	(314,584)	(176,484)
Net cash used in financing activities	(1,006,124)	(861,014)	(1,497,216)

Operating activities

Operating activities consist of net income adjusted for certain non-cash items, including depreciation and amortization, non-cash lease expense, deferred income taxes, stock-based compensation expense, realized gains or losses on disposal of property and equipment, and the effect of working capital changes.

The decrease in net cash provided by operating activities in fiscal 2023 compared to fiscal 2022 is mainly due to the timing of accrued liabilities, accounts payable, receivable collections, prepaid income taxes, and prepaid expenses and other current assets and a larger increase in merchandise inventories in fiscal 2023, partially offset by the increase in net income and non-cash lease expense.

Merchandise inventories, net were \$1.7 billion at February 3, 2024, compared to \$1.6 billion at January 28, 2023, representing an increase of \$138.7 million or 8.6%. The increase in total inventory is primarily due to the following:

- \$69 million increase due to new key brand launches;
- \$36 million increase due to the addition of 30 net new stores opened since January 28, 2023;
- \$15 million increase primarily due to inventory cost increases; and
- \$13 million increase in distribution center inventory primarily due to the opening of the new market fulfillment center in Greer, SC.

The increase in net income was primarily due to an increase in gross profit resulting from higher sales, partially offset by an increase in SG&A expenses and income taxes.

The increase in non-cash lease expense was primarily due to an increase in tenant allowances.

The increase in net cash provided by operating activities in fiscal 2022 relative to fiscal 2021 was primarily due to the increase in net income, a smaller increase in merchandise inventories in fiscal 2022 compared to fiscal 2021, and the timing of receivable collections, partially offset by the timing of payables and a smaller increase in deferred revenue compared to fiscal 2021.

Investing activities

We have historically used cash primarily for new, remodeled, relocated, and refreshed stores, supply chain investments, short-term investments, and investments in information technology systems. Investment activities for capital expenditures were \$435.3 million during fiscal 2023, compared to \$312.1 million during fiscal 2022.

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The increase in net cash used in investing activities in fiscal 2023 relative to fiscal 2022 was primarily due to more capital expenditures for new, remodeled, and relocated stores and information technology systems compared to fiscal 2022.

The increase in net cash used in investing activities in fiscal 2022 relative to fiscal 2021 was primarily due to more capital expenditures for new, remodeled, and relocated stores, supply chain, and information technology systems compared to fiscal 2021.

Capital expenditures

The following table presents a summary of our store activities during the last three years:

	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Stores opened	33	47	48
Stores remodeled	18	20	9
Stores relocated	7	12	7

During fiscal 2023, the average investment required to open a new Ulta Beauty store was approximately \$2.0 million, which includes capital investment net of landlord contributions, pre-opening expenses, and initial inventory net of payables.

Capital expenditures during the last three years by major category are as follows:

(In millions)	Budget			
	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
New, Remodeled, and Relocated Stores	\$ 218	\$ 141	\$ 102	\$ 73
Merchandising and Refreshed Stores	64	37	34	16
Information Technology Systems	80	124	74	37
Supply Chain	75	73	70	23
Store Maintenance and Other	53	60	32	23
Total	<u>\$ 490</u>	<u>\$ 435</u>	<u>\$ 312</u>	<u>\$ 172</u>

Our future investments will depend primarily on the number of new, remodeled, and relocated stores, information technology systems investments, and supply chain investments that we undertake and the timing of these expenditures. Based on past performance and current expectations, we believe our sources of liquidity will be sufficient to fund future capital expenditures. We expect fiscal 2024 capital expenditures will be up to \$490 million and will be used primarily to fund our new, remodeled, and relocated stores and strategic priorities, including investments in information technology systems and supply chain optimization.

Financing activities

Financing activities include share repurchases, borrowing and repayment of our revolving credit facility, and capital stock transactions. Purchases of treasury shares represent the fair value of common shares repurchased from plan participants in connection with shares withheld to satisfy minimum statutory tax obligations upon the vesting of restricted stock.

The increase in net cash used in financing activities in fiscal 2023 relative to fiscal 2022 was primarily due to an increase in share repurchases and less stock options exercised.

The decrease in net cash used in financing activities in fiscal 2022 relative to fiscal 2021 was primarily due to a decrease in share repurchases.

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We had no borrowings outstanding under the credit facility at the end of fiscal 2023, 2022 and 2021. The zero outstanding borrowings position is due to a combination of factors including sales demand, overall performance of management initiatives including expense control, and inventory and other working capital reductions. We may require borrowings under the facility from time to time in future periods for unexpected business disruptions, to support our new store program, seasonal inventory needs, or share repurchases.

Share repurchase program

In March 2020, the Board of Directors authorized a share repurchase program (the 2020 Share Repurchase Program) pursuant to which the Company could repurchase up to \$1.6 billion of the Company's common stock. The 2020 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the earlier share repurchase program. The 2020 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

In March 2022, the Board of Directors authorized a share repurchase program (the 2022 Share Repurchase Program) pursuant to which the Company could repurchase up to \$2.0 billion of the Company's common stock. The 2022 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the 2020 Share Repurchase Program. The 2022 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

A summary of common stock repurchase activity is presented in the following table:

(Dollars in millions)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Shares repurchased	2,173,431	2,192,556	4,249,632
Total cost of shares repurchased	\$ 1,009.3	\$ 900.0	\$ 1,521.9

On March 12, 2024, the Board of Directors authorized a new share repurchase program (the 2024 Share Repurchase Program) pursuant to which the Company may repurchase up to \$2.0 billion of the Company's common stock. The 2024 Share Repurchase Program authorization revokes the previously authorized but unused amounts from the 2022 Share Repurchase Program. The 2024 Share Repurchase Program does not have an expiration date and may be suspended or discontinued at any time.

Credit facility

On March 13, 2024, we entered into Amendment No. 3 to the Second Amended and Restated Loan Agreement (as so amended, the Loan Agreement) with Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and a Lender thereunder; Wells

Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as Lead Arrangers and Bookrunners; JPMorgan Chase Bank, N.A., as Syndication Agent and a Lender; PNC Bank, National Association, as Documentation Agent and a Lender; and the other lenders party thereto. The Loan Agreement matures on March 13, 2029, provides maximum revolving loans equal to the lesser of \$800.0 million or a percentage of eligible owned inventory and eligible owned receivables (which borrowing base may, at the election of the Company and satisfaction of certain conditions, include a percentage of qualified cash), contains a \$50.0 million subfacility for letters of credit and allows the Company to increase the revolving facility by an additional \$200.0 million, subject to the consent by each lender and other conditions. The Loan Agreement contains a requirement to maintain a fixed charge coverage ratio of not less than 1.0 to 1.0 during such periods when availability under the Loan Agreement falls below a specified threshold. Substantially all of the Company's assets are pledged as collateral for outstanding borrowings under the Loan Agreement. Outstanding borrowings bear interest, at the Company's election, at either a base rate plus a margin of 0.5% to 1.0% or the Term Secured Overnight Financing Rate plus a margin of 1.5% to 2.0%, and a credit spread adjustment of 0.10%, with such margins based on the Company's borrowing availability, and the unused line fee is 0.25% to 0.375% per annum.

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As of February 3, 2024 and January 28, 2023, we had no borrowings outstanding under the credit facility and we were in compliance with all terms and covenants of the Loan Agreement.

Seasonality

Our business is subject to seasonal fluctuation. Significant portions of our net sales and profits are realized during the fourth quarter of the fiscal year due to the holiday selling season. To a lesser extent, our business is also affected by Mother's Day and Valentine's Day. Any decrease in sales during these higher sales volume periods could have an adverse effect on our business, financial condition, or operating results for the entire fiscal year. Our quarterly results of operations have varied in the past and are likely to do so again in the future. As such, we believe that period-to-period comparisons of our results of operations should not be relied upon as an indication of our future performance.

Critical accounting policies and estimates

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements required the use of estimates and judgments that affect the reported amounts of our assets, liabilities, revenues, and expenses. Management bases estimates on historical experience and other assumptions it believes to be reasonable under the circumstances and evaluates these estimates on an on-going basis. Actual results may differ from these estimates. A discussion of our more significant estimates follows. Management has discussed the development, selection, and disclosure of these estimates and assumptions with the Audit Committee of the Board of Directors.

Inventory valuation

Merchandise inventories are carried at the lower of cost or net realizable value. Cost is determined using the moving average cost method and includes costs incurred to purchase and distribute goods as well as related vendor allowances including co-op advertising, markdowns, and volume discounts. We record valuation adjustments to our inventories if the cost of a specific product on hand exceeds the amount we expect to realize from the ultimate sale or disposal of the inventory as well as for any excess or discontinued inventory. These estimates are based on management's judgment regarding future demand, age of inventory, and analysis of historical experience. If actual demand or market conditions are different than those projected by management, future merchandise margin rates may be affected by adjustments to these estimates.

Inventories are adjusted for the results of periodic physical inventory counts at each of our locations. We record a shrink reserve representing management's estimate of inventory losses by location that have occurred since the date of the last physical count. This estimate is based on management's analysis of historical results, including consideration of current loss rates.

We do not believe that there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to calculate our inventory reserves. Adjustments to earnings resulting from revisions to management's estimates of the inventory reserves have been insignificant during fiscal 2023, 2022 and 2021. An increase or decrease in the lower of cost or net realizable value reserve of 10% would not have a material impact on our operating income for fiscal 2023. An increase or decrease in the shrink rate included in the shrink reserve calculation of 10% would not have a material impact on our operating income for fiscal 2023.

Vendor allowances

The majority of cash consideration received from a vendor is considered to be a reduction of the cost of the related products and is reflected in cost of sales in our consolidated statements of income as the related products are sold unless it is in exchange for an asset or service or a reimbursement of a specific, incremental, identifiable cost incurred by the Company in selling the vendors' products. We estimate the amount recorded as a reduction of inventory at the end of each period based on a detailed analysis of inventory turns and management's analysis of the facts and circumstances of the various contractual agreements with vendors. We record cash consideration expected to be received from vendors in

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receivables. We do not believe there is a reasonable likelihood there will be a material change in the future estimates or assumptions we use to calculate our reduction of inventory. An increase or decrease in inventory turns of five basis points would not have a material impact on our operating income for fiscal 2023.

Impairment of long-lived tangible assets

We review long-lived tangible assets whenever events or circumstances indicate these assets might not be recoverable. Assets are primarily reviewed at the store level, which is the lowest level for which cash flows can be identified. Significant estimates are used in determining future operating results of each store over its remaining lease term. An impairment loss would be recorded if the carrying amount of the long-lived asset exceeds its fair value. We do not believe there is a reasonable likelihood there will be a material change in the future estimates or assumptions we use to calculate our impairment charges. No impairment charges were recognized in fiscal 2023, 2022, and 2021.

Loyalty program

We maintain a customer loyalty program, Ulta Beauty Rewards, which allows members to earn points based on purchases of merchandise or services. Points earned are valid for at least one year. The loyalty program represents a material right to the customer and points may be redeemed on future products and services. Revenue from the loyalty program is recognized when the members redeem points or points expire. We defer revenue related to points earned that have not yet been redeemed. The amount of deferred revenue includes estimates for the standalone selling price of points earned by members and the percentage of points expected to be redeemed. The expected redemption percentage is based on historical redemption patterns and considers current information or trends. The standalone selling price of points earned and the estimated redemption rate is evaluated each reporting period. We do not believe there is a reasonable likelihood there will be a material change in the future estimates or assumptions used to calculate the estimated redemption rate.

Adjustments to earnings resulting from revisions to management's estimates of the redemption rates have been insignificant during fiscal 2023, 2022 and 2021. An increase or decrease in the estimated redemption rate of 5% would not have a material impact on our operating income in fiscal 2023.

Income taxes

We are subject to income taxes in the United States. Judgment is required in determining our provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

We recognize deferred income taxes for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in

the years in which temporary differences are anticipated to be recovered or settled. The effect on deferred taxes of a change in income tax rates is recognized in the consolidated statements of income in the period of enactment. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets to the amount expected to be realized unless it is more-likely-than-not that such assets will be realized in full. The estimated tax benefit of an uncertain tax position is recorded in our consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax position will withstand challenge, if any, from applicable taxing authorities.

Judgment is required in assessing the future tax consequences of events that have been recognized on our consolidated financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our consolidated financial statements.

Recent accounting pronouncements not yet adopted

See Note 2 to our consolidated financial statements, "Summary of significant accounting policies - Recent accounting pronouncements not yet adopted."

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates. We continually monitor this risk and may develop strategies to manage it. We do not hold or issue financial instruments for trading purposes.

Interest rate risk

We are exposed to interest rate risks primarily through borrowings under our credit facility. Interest on our borrowings is based upon variable rates. We did not have any outstanding borrowings on our credit facility as of February 3, 2024, January 28, 2023, or January 29, 2022.

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Item 8. Financial Statements and Supplementary Data

ULTA BEAUTY, INC.

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Report of Independent Registered Public Accounting Firm

The Stockholders and the Board of Directors of Ulta Beauty, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ulta Beauty, Inc. (the Company) as of February 3, 2024 and January 28, 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended February 3, 2024, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 3, 2024 and January 28, 2023, and the consolidated results of its operations and its cash flows for each of the three years in the period ended February 3, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 3, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 26, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.



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Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Loyalty Program

Description of the matter The Company maintains a loyalty program, Ulta Beauty Rewards, which offers members the ability to earn and redeem points on purchases of products and services. As described in Note 2 to the consolidated financial statements, revenue from the loyalty program is recognized when members redeem points or points expire. The Company estimates the amount of revenue to defer using the standalone selling price of the points earned and the expected redemption percentage. The Company evaluates its estimated standalone selling price quarterly based on the value of products or services purchased using points. The expected redemption percentage is based on historical redemption patterns in conjunction with current information and trends.

Auditing the Company's estimate of loyalty deferred revenue was complex as the calculation involved management's assumptions, such as the standalone selling price and expected redemption rate, which drive the revenue deferral. In particular, the estimate is sensitive to these significant assumptions, which are affected by expectations about future customer behavior.

How we addressed the matter in our audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's estimation process and controls supporting the measurement and recognition of the amount of loyalty revenue deferred. This included testing controls over management's review of the assumptions and other inputs used in the estimation, the completeness and accuracy of issuance, redemption, and expiration data used in the calculation, and controls over the assignment of membership levels based on customer spending patterns.

Our audit procedures included, among others, evaluating the methodology used, analyzing the significant assumptions discussed above, and testing the accuracy and completeness of the underlying data used in management's calculation. To test the standalone selling price per point, we validated that the price per point for each membership level was appropriate based on products or services

purchased by loyalty members. In addition, we tested the value of points redeemed was complete and accurate. To audit the redemption rate, we tested the issuance and redemption activity and compared the results of that testing to the redemption rate used by management in its estimate. We also considered recent trends in redemption activity and the impact on the redemption rate. In addition, we performed sensitivity analyses of significant assumptions to evaluate the change in the deferral amounts.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1997.

Chicago, Illinois
March 26, 2024

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Report of Independent Registered Public Accounting Firm

The Stockholders' and the Board of Directors Ulta Beauty, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Ulta Beauty, Inc.'s internal control over financial reporting as of February 3, 2024, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Ulta Beauty, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of February 3, 2024, based on COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 3, 2024 and January 28, 2023, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended February 3, 2024, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated March 26, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's annual report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chicago, Illinois
March 26, 2024

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Ulta Beauty, Inc.
Consolidated Balance Sheets

(In thousands, except per share data)	February 3, 2024	January 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 766,594	\$ 737,877
Receivables, net	207,939	199,422
Merchandise inventories, net	1,742,136	1,603,451
Prepaid expenses and other current assets	115,598	130,246
Prepaid income taxes	4,251	38,308
Total current assets	2,836,518	2,709,304
Property and equipment, net	1,182,335	1,009,273
Operating lease assets	1,574,530	1,561,263
Goodwill	10,870	10,870
Other intangible assets, net	510	1,312
Deferred compensation plan assets	43,516	35,382
Other long-term assets	58,732	43,007
Total assets	<u>\$5,707,011</u>	<u>\$5,370,411</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 544,001	\$ 559,527
Accrued liabilities	382,468	444,278
Deferred revenue	436,591	394,677
Current operating lease liabilities	283,821	283,293
Accrued income taxes	11,310	—
Total current liabilities	1,658,191	1,681,775
Non-current operating lease liabilities	1,627,271	1,619,883
Deferred income taxes	85,921	55,346
Other long-term liabilities	56,300	53,596
Total liabilities	3,427,683	3,410,600
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.01 par value, 400,000 shares authorized; 49,123 and 51,120 shares issued; 48,324 and 50,364 shares outstanding; at February 3, 2024 and January 28, 2023, respectively	491	511
Treasury stock-common, at cost	(83,032)	(60,470)
Additional paid-in capital	1,075,104	1,023,997
Retained earnings	1,286,765	995,773
Total stockholders' equity	2,279,328	1,959,811
Total liabilities and stockholders' equity	<u>\$5,707,011</u>	<u>\$5,370,411</u>

See accompanying notes to consolidated financial statements.

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Ulta Beauty, Inc.
Consolidated Statements of Income

(In thousands, except per share data)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	\$11,207,303	\$10,208,580	\$8,630,889
Cost of sales	6,826,203	6,164,070	5,262,335
Gross profit	4,381,100	4,044,510	3,368,554
Selling, general and administrative expenses	2,694,561	2,395,299	2,061,545
Pre-opening expenses	8,510	10,601	9,517
Operating income	1,678,029	1,638,610	1,297,492
Interest (income) expense, net	(17,622)	(4,934)	1,663
Income before income taxes	1,695,651	1,643,544	1,295,829
Income tax expense	404,646	401,136	309,992
Net income	<u>\$ 1,291,005</u>	<u>\$ 1,242,408</u>	<u>\$ 985,837</u>
Net income per common share:			
Basic	\$ 26.18	\$ 24.17	\$ 18.09
Diluted	\$ 26.03	\$ 24.01	\$ 17.98
Weighted average common shares outstanding:			
Basic	49,304	51,403	54,482
Diluted	49,596	51,738	54,841

See accompanying notes to consolidated financial statements.

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Ulta Beauty, Inc.
Consolidated Statements of Comprehensive Income

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net income	\$1,291,005	\$1,242,408	\$985,837
Other comprehensive income:			
Foreign currency translation adjustments	—	—	(56)
Comprehensive income	<u>\$1,291,005</u>	<u>\$1,242,408</u>	<u>\$985,781</u>

See accompanying notes to consolidated financial statements.

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Ulta Beauty, Inc.
Consolidated Statements of Cash Flows

	Fiscal year	
	February 3, 2024	January 31, 2023
(In thousands)		
Operating activities		
Net income	\$ 1,291,005	\$1,241,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	243,840	243,840
Non-cash lease expense	332,754	30,575
Deferred income taxes	30,575	1,419
Stock-based compensation expense	48,246	4,914
Loss on disposal of property and equipment	11,419	—
Change in operating assets and liabilities:		
Receivables	(8,517)	3,327
Merchandise inventories	(138,685)	(10,000)
Prepaid expenses and other current assets	14,648	(1,419)
Income taxes	45,367	(4,914)
Accounts payable	(20,873)	—
Accrued liabilities	(62,238)	4,914
Deferred revenue	41,914	4,914
Operating lease liabilities	(338,105)	(32,754)
Other assets and liabilities	(15,084)	(1,419)
Net cash provided by operating activities	1,476,266	1,481,000
Investing activities		
Capital expenditures	(435,267)	(31,419)
Other investments	(6,158)	(1,419)
Net cash used in investing activities	(441,425)	(32,838)
Financing activities		
Borrowings from credit facility	195,400	—
Payments on credit facility	(195,400)	—
Repurchase of common shares	(995,738)	(90,000)
Stock options exercised	12,176	4,914
Purchase of treasury shares	(22,562)	(1,419)
Net cash used in financing activities	(1,006,124)	(86,505)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	28,717	30,648
Cash and cash equivalents at beginning of year	737,877	43,000
Cash and cash equivalents at end of year	<u>\$ 766,594</u>	<u>\$ 73,648</u>
Supplemental information		
Cash paid for interest	\$ 3,327	\$ —
Income taxes paid, net of refunds	328,215	42,000
Non-cash investing and financing activities:		
Non-cash capital expenditures	61,757	6,158
Repurchase of common shares in accrued liabilities	4,297	—

See accompanying notes to consolidated financial statements.

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Ulta Beauty, Inc.
Consolidated Statements of Stockholders' Equity

	Common Stock		Treasury - Common Stock		Additional		Accumulated
	Issued	Amount	Treasury	Amount	Paid-In	Retained	Other
(In thousands)	Shares		Shares		Capital	Earnings	Comprehensive
							Income
Balance - January 30, 2021	56,952	\$ 569	(692)	\$(37,801)	\$ 847,303	\$ 1,189,422	\$ 56
Net income	—	—	—	—	—	985,837	—
Stock-based compensation	—	—	—	—	47,259	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	(56)
Stock options exercised and other awards	347	3	—	—	40,383	—	—
Purchase of treasury shares	—	—	(46)	(15,677)	—	—	—
Repurchase of common shares	(4,250)	(42)	—	—	—	(1,521,883)	—
Balance - January 29, 2022	<u>53,049</u>	<u>\$ 530</u>	<u>(738)</u>	<u>\$(53,478)</u>	<u>\$ 934,945</u>	<u>\$ 653,376</u>	<u>\$ —</u>
Net income	—	—	—	—	—	1,242,408	—
Stock-based compensation	—	—	—	—	43,044	—	—
Stock options exercised and other awards	264	3	—	—	46,008	—	—
Purchase of treasury shares	—	—	(18)	(6,992)	—	—	—
Repurchase of common shares	(2,193)	(22)	—	—	—	(900,011)	—
Balance - January 28, 2023	<u>51,120</u>	<u>\$ 511</u>	<u>(756)</u>	<u>\$(60,470)</u>	<u>\$1,023,997</u>	<u>\$ 995,773</u>	<u>\$ —</u>
Net income	—	—	—	—	—	1,291,005	—
Stock-based compensation	—	—	—	—	48,246	—	—
Stock options exercised and other awards	176	2	—	—	12,174	—	—
Purchase of treasury shares	—	—	(43)	(22,562)	—	—	—
Repurchase of common shares, including excise tax	(2,173)	(22)	—	—	(9,313)	(1,000,013)	—
Balance - February 3, 2024	<u>49,123</u>	<u>\$ 491</u>	<u>(799)</u>	<u>\$(83,032)</u>	<u>\$1,075,104</u>	<u>\$ 1,286,765</u>	<u>\$ —</u>

See accompanying notes to consolidated financial statements.

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Ulta Beauty, Inc.
Notes to Consolidated Financial Statements
(In thousands, except per share and store count data)

1. Business and basis of presentation

Ulta Beauty, Inc. was founded in 1990 to operate specialty retail stores selling cosmetics, fragrance, haircare and skincare products, and related accessories and services. Nearly every store features a full-service salon. As used in these notes and throughout this Annual Report on Form 10-K, all references to “we,” “us,” “our,” “Ulta Beauty,” or the “Company” refer to Ulta Beauty, Inc. and its consolidated subsidiaries. All amounts are stated in thousands, with the exception of per share amounts and number of stores.

As of February 3, 2024, the Company operated 1,385 stores across 50 states.

The Company has one reportable segment, which includes retail stores, salon services, and e-commerce.

2. Summary of significant accounting policies

Fiscal year

The Company’s fiscal year is the 52 or 53 weeks ending on the Saturday closest to January 31. The Company’s fiscal years ended February 3, 2024 (fiscal 2023), January 28, 2023 (fiscal 2022), and January 29, 2022 (fiscal 2021) were 53, 52, and 52 week years, respectively.

Consolidation

The Company’s consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts, transactions, and unrealized profit were eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates. The Company considers its accounting policies relating to inventory valuations, vendor allowances, impairment of long-lived tangible and right-of-use assets, loyalty program and income taxes to be the most significant accounting policies that involve management estimates and judgments. Significant changes, if any, in those estimates and assumptions resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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Cash and cash equivalents

Cash equivalents include highly liquid investments such as money market funds and certificates of deposit with an original maturity of three months or less from the date of purchase. Cash equivalents also include amounts due from third-party financial institutions for credit card and debit card transactions. These receivables typically settle in five days or less with little or no default risk.

(In thousands)	February 3, 2024	January 28, 2023
Cash	\$677,004	\$651,367
Receivables from third-party financial institutions for credit card and debit card transactions	89,590	86,510
Cash and cash equivalents	<u>\$766,594</u>	<u>\$737,877</u>

Fair value of financial instruments

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates fair value due to the short maturities of these instruments. There was no outstanding debt as of February 3, 2024 and January 28, 2023.

Receivables

Receivables primarily include amounts due from vendors for allowances, royalties and other credit card amounts, and amounts due from third-party gift card providers. The Company does not require collateral on its receivables and does not accrue interest. Credit risk with respect to receivables is limited due to the diversity of vendors comprising the Company's vendor base. The Company performs ongoing credit evaluations of its vendors and evaluates the collectability of its receivables based on the length of time the receivable is past due and historical experience.

(In thousands)	February 3, 2024	January 28, 2023
Vendor allowances	\$140,356	\$109,899
Royalties and other credit card	24,818	19,738
Gift card	11,694	42,065
Other	31,706	28,796
Allowance for doubtful accounts	(635)	(1,076)
Receivables, net	<u>\$207,939</u>	<u>\$199,422</u>

Vendor allowances

The Company receives consideration from vendors for advertising, markdown allowances, purchase volume discounts and rebates, reimbursement for defective merchandise, and certain selling and display expenses. A majority of all vendor allowances are recorded as a reduction of the vendor's product cost and recognized in cost of sales as the product is sold.

Merchandise inventories

Merchandise inventories are stated at the lower of cost or net realizable value. Cost is determined using the moving average cost method and includes costs incurred to purchase and distribute goods. Inventory cost also includes vendor allowances related to co-op advertising, markdowns, and volume discounts. The Company maintains an inventory reserve for lower of cost or net realizable value and shrink. The inventory reserve was \$45,360 and \$39,532 as of February 3, 2024 and January 28, 2023, respectively.

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Property and equipment and internal use software

Property and equipment is stated at cost, net of accumulated depreciation, and depreciated using the straight-line method over the shorter of the assets' estimated useful lives or lease term. Leasehold improvements purchased after the beginning of the initial lease term are amortized over the shorter of the assets' useful lives or a term that includes the original lease term, plus any renewals that are reasonably certain at the date the leasehold improvements are acquired. Repair and maintenance costs are expensed as incurred.

Equipment and fixtures	1 to 10 years
Electronic equipment and software	3 to 15 years

Costs incurred to obtain or develop internal use software that are capitalized are amortized on a straight-line basis over the estimated useful life of the software.

Cloud computing arrangements

Cloud computing arrangements (software-as-a-service contracts) and related implementation costs that are capitalized are amortized on a straight-line basis over the contract term (1 month to 5 years). These amounts are classified within prepaid expenses and other current assets and other long-term assets in the consolidated balance sheets.

Impairment of long-lived tangible and right-of-use assets

The asset group is defined as the lowest level for which identifiable cash flows are available and largely independent of the cash flows of other groups of assets. The asset group identified is at the store level and includes both property and equipment and operating lease assets.

Significant estimates are used in determining future cash flows of each store over its remaining lease term including our expectations of future projected cash flows including revenues and operating expenses. An impairment loss is recorded if the carrying amount of the long-lived asset exceeds its fair value.

Long-lived tangible and right-of-use assets are evaluated for indicators of impairment quarterly or when events or changes in circumstances indicate that their carrying amounts may not be recoverable. An undiscounted cash flow analysis is performed over the asset group. Asset groups are written down only to the extent that their carrying value exceeds their respective fair value. Fair values of the asset group are determined by discounting the cash flows at a rate that approximates the cost of capital of a market participant. Management's forecast of future cash flows is based on the income approach. The fair value of individual right-of-use assets is determined under the market approach using estimated market rent assessments based on broker quotes.

The determination of fair value under the income approach requires assumptions including forecasts of future cash flows (such as revenue growth rates and operating expenses) and selection of a market-based discount rate. Estimates of market rent are based on non-binding broker quotes. As these inputs are unobservable, they are classified as Level 3

inputs under the fair value hierarchy. If actual results are not consistent with estimates and assumptions used in estimating future cash flows and asset fair values, there may be exposure to additional impairment losses in a future period.

Goodwill

Goodwill represents the excess of cost over the fair value of net assets acquired. The recoverability of goodwill is reviewed annually during the fourth quarter or more frequently if an event occurs or circumstances change that would indicate that impairment may exist (see Note 6, "Goodwill").

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Other intangible assets

Other definite-lived intangible assets are amortized over their useful lives. The recoverability of intangible assets is reviewed whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable (see Note 7, "Other intangible assets").

Leases

The Company determines whether an arrangement is or contains a lease at contract inception. The lease classification evaluation begins at the lease commencement date. The lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain.

Total rent payable is recorded during the lease term, including rent escalations in which the amount of future rent is fixed on the straight-line basis over the term of the lease (including the rent holiday period beginning upon control of the premises and any fixed payments stated in the lease). For leases with an initial term greater than 12 months, a related lease liability is recorded on the balance sheet at the present value of future payments discounted at the estimated fully collateralized incremental borrowing rate (discount rate) corresponding with the lease term. In addition, a right-of-use asset is recorded as the initial amount of the lease liability, plus any lease payments made to the lessor before or at the lease commencement date and any initial direct costs incurred, less any tenant improvement allowance incentives received. Tenant incentives are amortized through the right-of-use asset as reduction of rent expense over the lease term. The difference between the minimum rents paid and the straight-line rent is reflected within the right-of-use asset.

Certain leases contain provisions that require variable payments based upon sales volume or payment of common area maintenance costs, real estate taxes, and insurance related to leases (variable lease cost). Variable lease costs are expensed as incurred. This results in some variability in lease expense as a percentage of revenues over the term of the lease in stores where variable lease costs are paid. Contingent rent is accrued each period as the liabilities are incurred, in addition to the straight-line rent expense. This results in some variability in lease expense as a percentage of revenues over the term of the lease in stores where contingent rent is paid.

Leases with an initial term of 12 months or less (short-term leases) are not recorded on the balance sheet. Short-term lease expense is recognized on a straight-line basis over the lease term.

The Company subleases certain real estate to third parties for stores with excess square footage space.

The Company does not separate lease and non-lease components (e.g., common area maintenance).

As the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate corresponding with the

lease term. As there are no outstanding borrowings under the Company's credit facility, this rate is estimated based on prevailing market conditions, comparable company and credit analysis, and judgment. The incremental borrowing rate is reassessed if there is a change to the lease term or if a modification occurs and it is not accounted for as a separate contract (see Note 8, "Leases").

Loyalty program

The Company maintains a loyalty program, Ulta Beauty Rewards, which allows members to earn points based on purchases of merchandise or services. Points earned are valid for at least one year. The loyalty program represents a material right to the customer and points may be redeemed on future products and services. Revenue from the loyalty program is recognized when the members redeem points or points expire. The Company defers revenue related to points earned that have not yet been redeemed. The amount of deferred revenue includes estimates for the standalone selling price of points earned by members and the percentage of points expected to be redeemed. The expected redemption percentage is based on historical redemption patterns and considers current information or trends. The standalone selling price of points earned and the estimated redemption rate is evaluated each reporting period. When a guest redeems points or the points expire, the Company recognizes revenue in net sales on the consolidated statements of income.

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Credit cards

The Company has agreements (the Agreements) with third parties to provide guests with private label credit cards and/or co-branded credit cards (collectively, the Credit Cards). The private label credit card can be used at any store location and online, and the co-branded credit card can be used anywhere the co-branded card is accepted. A third-party financing company is the sole owner of the accounts and underwrites the credit issued under the Credit Card programs. The Company's performance obligation is to maintain the Ulta Beauty Rewards loyalty program as only guests enrolled in the loyalty program can apply for the Credit Cards. Loyalty members earn points through purchases at Ulta Beauty, Ulta Beauty at Target, and anywhere the co-branded credit card is accepted.

The third parties reimburse the Company for certain credit card program costs such as advertising and loyalty points, which help promote the credit card program. The Company recognizes revenue when collectability is reasonably assured, under the assumption the amounts are not constrained and it is probable that a significant revenue reversal will not occur in future periods, which is generally the time at which the actual usage of the Credit Cards or specified transaction occurs.

The Company accounts for the amounts associated with the Agreements as a single contract with the sole commercial objective to maintain the Credit Card programs. As a result, all amounts associated with the Agreements are recognized within net sales on the consolidated statements of income.

Gift card program

The Company records a contract liability for gift card sales which will be redeemed in the future within deferred revenue on the consolidated balance sheets and recognized in net sales when the gift card is redeemed for product or services. Gift cards do not expire and do not include service fees that decrease guest balances. The Company maintains historical data related to gift card transactions sold and redeemed over a significant time frame. Gift card breakage (amounts not expected to be redeemed) is recognized to the extent there is no requirement for remitting balances to governmental agencies under unclaimed property laws. Estimated gift card breakage revenue is recognized over time in proportion to actual gift card redemptions. Gift card breakage revenue was \$22,606, \$18,835, and \$15,266 in fiscal 2023, 2022, and 2021, respectively.

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to the guest, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a guest;

- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied.

Net sales include retail stores and e-commerce merchandise sales as well as salon services and other revenue.

Revenue from merchandise sales at retail stores is recognized at the point of sale, net of estimated returns. Revenue from e-commerce merchandise sales is recognized upon shipment to the guest or guest pickup of the merchandise based on meeting the transfer of control criteria, net of estimated returns. Salon services revenue is recognized at the time the service is provided to the guest. Shipping and handling are treated as costs to fulfill the contract and not a separate performance obligation. Accordingly, the Company recognizes revenue for its single performance obligation related to e-commerce sales at the time control of the merchandise passes to the customer, which is at the time of shipment or guest pickup. The Company provides refunds for merchandise returns within 60 days from the original purchase date. State sales taxes are presented on a net basis as the Company considers itself a pass-through conduit for collecting and

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remitting state sales tax. Company coupons and other incentives are recorded as a reduction of net sales at the point of sale.

Advertising

Advertising costs primarily consist of print, digital and social media, and television and radio advertising, net of vendor income that is a reimbursement of specific, incremental, and identifiable costs. Costs related to advertising are expensed in the period the related promotional event occurs.

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Advertising expense, net	\$422,779	\$374,730	\$387,794
Advertising expense, net as a percentage of net sales	3.8%	3.7%	4.5%

Prepaid advertising costs included in prepaid expenses and other current assets on the consolidated balance sheets were \$12,708 and \$9,466 as of February 3, 2024 and January 28, 2023, respectively.

Pre-opening expenses

Non-capital expenditures incurred prior to the grand opening of a new, remodeled, or relocated store are expensed as incurred.

Cost of sales

Cost of sales includes the cost of merchandise sold, offset by vendor income that is not a reimbursement of specific, incremental, and identifiable costs; distribution costs including labor and related benefits, freight, rent, depreciation and amortization, real estate taxes, utilities, and insurance; shipping and handling costs; retail stores occupancy costs including rent, depreciation and amortization, real estate taxes, utilities, repairs and maintenance, insurance, and licenses; salon services payroll and benefits; and shrink and inventory valuation reserves.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses includes payroll, bonus, and benefit costs for retail store and corporate employees; advertising and marketing costs, offset by vendor income that is a reimbursement of specific, incremental, and identifiable costs; occupancy costs related to our corporate office facilities; stock-based compensation expense; depreciation and amortization for all assets, except those related to our retail stores and distribution operations, which are included in cost of sales; and legal, finance, information systems, and other corporate overhead costs.

Income taxes

Deferred income taxes reflect the net tax effect of temporary differences between the financial statement carrying amounts of assets and liabilities and their tax bases. The amounts reported were derived using the enacted tax rates in effect for the year the differences are expected to reverse.

Income tax benefits related to uncertain tax positions are recognized only when it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The determination is based on the technical merits of the position and presumes that each uncertain tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information. Penalties and interest related to unrecognized tax positions are recorded in income tax expense in the consolidated statements of income (see Note 11, "Income taxes").

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Stock-based compensation

Stock-based compensation expense is measured at grant date, based on the fair value of the award, and is recognized on a straight-line basis over the requisite service period for awards expected to vest. Stock-based compensation expense was \$48,246, \$43,044, and \$47,259 in fiscal 2023, 2022 and 2021, respectively (see Note 15, “Stock-based compensation”).

Insurance expense

The Company has insurance programs with third party insurers for employee health, workers compensation, and general liability, among others, to limit the Company’s liability exposure. The insurance programs are premium based and include retentions, deductibles, and stop loss coverage. Current stop loss coverage per claim is \$400 for employee health claims, \$350 for general liability claims, and \$350 for workers compensation claims. The Company makes collateral and premium payments during the plan year and accrues expenses in the event additional premium is due from the Company based on actual claim results. UB Insurance, Inc., an Arizona-based wholly owned captive insurance subsidiary of the Company, charges the operating subsidiaries of the Company premiums to insure certain liability exposures. Pursuant to Arizona insurance regulations, UB Insurance, Inc. maintains certain levels of cash and cash equivalents related to its liability exposures.

Net income per common share

Basic net income per common share is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per common share includes dilutive common stock equivalents, using the treasury stock method (see Note 16, “Net income per common share”).

Recent accounting pronouncements not yet adopted

Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure. The guidance updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. The ASU is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07 on related disclosures.

Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The guidance includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation

categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024 and should be applied either prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on related disclosures.

SEC Climate-Related Disclosures

In March 2024, the SEC adopted rules intended to enhance and standardize climate-related disclosures in registration statements and annual reports. The new rules will require disclosure of material climate-related risks, including disclosure of Board of Directors' oversight and risk management activities, the material impacts of these risks to us and the quantification of material impacts to us as a result of severe weather events and other natural conditions. The rules also require disclosure of material greenhouse gas emissions and any material climate-related targets and goals. The new rules will be effective for annual reporting periods beginning in fiscal year 2025, except for the greenhouse gas

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emissions disclosures which will be effective for annual reporting periods beginning in fiscal year 2026. The Company is currently evaluating the impact of these new rules.

3. Revenue

Net sales include retail stores and e-commerce merchandise sales as well as salon services and other revenue. Other revenue includes the private label and co-branded credit card programs, royalties derived from the partnership with Target Corporation, and deferred revenue related to the loyalty program and gift card breakage.

Disaggregated revenue

The following table sets forth the approximate percentage of net sales by primary category:

(Percentage of net sales)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cosmetics	41%	42%	43%
Skincare	19%	17%	17%
Haircare products and styling tools	19%	21%	20%
Fragrance and bath	15%	14%	14%
Services	3%	3%	3%
Accessories and other	3%	3%	3%
	100%	100%	100%

Deferred revenue

Deferred revenue primarily represents contract liabilities for the obligation to transfer additional goods or services to a guest for which the Company has received consideration, such as unredeemed Ulta Beauty Rewards loyalty points and unredeemed Ulta Beauty gift cards. In addition, breakage on gift cards is recognized proportionately as redemption occurs.

The following table provides a summary of the changes included in deferred revenue during fiscal 2023 and 2022:

(In thousands)	Fiscal year ended	
	February 3, 2024	January 28, 2023
Beginning balance	\$ 388,583	\$ 345,206
Additions to contract liabilities (1)	332,369	292,254
Deductions to contract liabilities (2)	(292,164)	(248,877)
Ending balance	\$ 428,788	\$ 388,583

(1) Loyalty points and gift cards issued in the current period but not redeemed or expired.

(2) Revenue recognized in the current period related to the beginning liability.

Other amounts included in deferred revenue were \$7,803 and \$6,094 at February 3, 2024 and January 28, 2023, respectively.



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4. Prepaid expenses and other assets

Prepaid expenses and other current assets consist of the following:

(In thousands)	February 3, 2024	January 28, 2023
Prepaid supplies	\$ 37,839	\$ 40,454
Cloud computing costs (1)	24,583	34,900
Prepaid maintenance	14,855	10,789
Prepaid advertising	12,708	9,466
Other	25,613	34,637
Prepaid expenses and other current assets	<u>\$115,598</u>	<u>\$130,246</u>

Other long-term assets consist of the following:

(In thousands)	February 3, 2024	January 28, 2023
Cloud computing costs (1)	\$ 39,669	\$ 28,540
Other	19,063	14,467
Other long-term assets	<u>\$ 58,732</u>	<u>\$ 43,007</u>

- (1) Expense related to cloud computing arrangements was \$101,062, \$87,593, and \$62,215 in fiscal 2023, fiscal 2022, and fiscal 2021, respectively, and was included in SG&A expenses in the consolidated statements of income.

5. Property and equipment

Property and equipment consists of the following:

(In thousands)	February 3, 2024	January 28, 2023
Equipment and fixtures	\$ 1,297,428	\$ 1,147,870
Leasehold improvements	928,900	855,695
Electronic equipment and software	774,441	663,497
Construction-in-progress	193,260	196,117
	<u>3,194,029</u>	<u>2,863,179</u>
Less: accumulated depreciation and amortization	<u>(2,011,694)</u>	<u>(1,853,906)</u>
Property and equipment, net	<u>\$ 1,182,335</u>	<u>\$ 1,009,273</u>

6. Goodwill

The changes in the carrying amounts of goodwill during the fiscal 2023 and 2022 are as follows:

(In thousands)	February 3, 2024	January 28, 2023
Beginning balance	\$ 10,870	\$ 10,870
Acquisitions	—	—
Ending balance	<u>\$ 10,870</u>	<u>\$ 10,870</u>

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7. Other intangible assets

Other intangible assets subject to amortization consists of the following:

(In thousands)	Weighted-average remaining useful life in years	February 3, 2024			January 28, 2023		
		Gross carrying value	Accumulated amortization	Net	Gross carrying value	Accumulated amortization	Net
Developed technology	1.7	\$5,506	\$ (4,996)	\$510	\$5,419	\$ (4,107)	\$1,312

Amortization expense related to intangible assets was \$889, \$1,014, and \$926 in fiscal 2023, fiscal 2022, and fiscal 2021, respectively.

Estimated amortization expense related to intangible assets for the next five years and thereafter is as follows:

Fiscal year	Estimated amortization expense (In thousands)
2024	\$ 306
2025	204
2026	—
2027	—
2028	—
2029 and thereafter	—
	<u>\$ 510</u>

8. Leases

The Company leases retail stores, distribution centers, fast fulfillment centers, market fulfillment centers, corporate offices, and certain equipment under non-cancelable operating leases with various expiration dates through 2036. All leases are classified as operating leases and generally have initial lease terms of 10 years and, when determined applicable, include renewal options under substantially the same terms and conditions as the original leases. Leases do not contain any material residual value guarantees or material restrictive covenants.

The following table presents supplemental balance sheet information, the weighted-average remaining lease term, and discount rate for operating leases:

(In thousands)	Classification on the Balance Sheet	February 3, 2024	January 28, 2023
Right-of-use assets	Operating lease assets	<u>\$1,574,530</u>	<u>\$1,561,263</u>
		\$ 283,821	\$ 283,293

Current lease liabilities	Current operating lease liabilities		
Non-current lease liabilities	Non-current operating lease liabilities	1,627,271	1,619,883
Total lease liabilities		<u>\$1,911,092</u>	<u>\$1,903,176</u>
Weighted-average remaining lease term		6.6 years	6.7 years
Weighted-average discount rate		3.7%	3.2%

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Lease cost

The following table presents the components of lease cost for operating leases:

(In thousands)	Classification on the Statement of Income	Fiscal year ended		
		February 3, 2024	January 28, 2023	January 29, 2022
Operating lease cost	Cost of sales (1)	\$344,600	\$322,195	\$311,5
Variable lease cost	Cost of sales	88,381	83,488	77,4
Short-term lease cost	SG&A expenses	1,451	685	4
Sublease income	Net sales	(1,672)	(1,748)	(8
Total lease cost		<u>\$432,760</u>	<u>\$404,620</u>	<u>\$388,5</u>

- (1) The majority of operating lease cost relates to retail stores, distribution centers, fast fulfillment centers, and market fulfillment centers and is classified within cost of sales. Operating lease cost for corporate offices is classified within the SG&A expenses. Operating lease cost from the control date through store opening date is classified within pre-opening expenses.

Other information

The following table presents supplemental disclosures of cash flow information related to operating leases:

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Cash paid for operating lease liabilities (1)	\$396,573	\$ 383,209	\$368,498
Operating lease assets obtained in exchange for operating lease liabilities (non-cash)	346,021	380,922	253,870

- (1) Excludes \$39,654, \$30,927, and \$28,591 related to cash received for tenant incentives as of February 3, 2024, January 28, 2023, and January 29, 2022, respectively.

Maturity of lease liabilities

The following table presents maturities of operating lease liabilities:

Fiscal year	(In thousands)
2024	\$ 347,558
2025	385,859
2026	346,833
2027	297,232
2028	225,358
2029 and thereafter	564,247
Total lease payments	<u>\$ 2,167,087</u>
Less: imputed interest	(255,995)
Present value of operating lease liabilities	<u>\$ 1,911,092</u>

Operating lease payments exclude \$122,203 of legally binding minimum lease payments for leases signed but not yet commenced.

9. Commitments and contingencies

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Contractual obligations - As of February 3, 2024, the Company had various non-cancelable obligations of \$55,587 primarily due to commitments made to a third party for products and services for our strategic investments related to supply chain optimization and information technology systems. A majority of these agreements are due within three years and are recorded as liabilities when the goods are received or the services are rendered. Payments under these agreements were \$51,161 in fiscal 2023.

General litigation - The Company is involved in various legal proceedings that are incidental to the conduct of the business including both class action and single plaintiff litigation. In the opinion of management, the amount of any liability with respect to these proceedings, either individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

10. Accrued liabilities

Accrued liabilities consist of the following:

(In thousands)	February 3, 2024	January 28, 2023
Accrued payroll, bonus, and employee benefits	\$150,880	\$183,828
Accrued taxes	56,790	58,850
Accrued capital expenditures	42,257	55,438
Accrued advertising	33,875	40,580
Other accrued liabilities	98,666	105,582
Accrued liabilities	<u>\$382,468</u>	<u>\$444,278</u>

11. Income taxes

The provision for income taxes consists of the following:

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Current:			
Federal	\$308,656	\$315,763	\$280,300
State	65,415	69,719	55,358
Total current	374,071	385,482	335,658
Deferred:			
Federal	27,391	11,800	(22,936)
State	3,184	3,854	(2,730)
Total deferred	30,575	15,654	(25,666)
Provision for income taxes	<u>\$404,646</u>	<u>\$401,136</u>	<u>\$309,992</u>

A reconciliation of the federal statutory rate to the Company's effective tax rate is as follows:

	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Federal statutory rate	21.0%	21.0%	21.0%

State effective rate, net of federal tax benefit	3.2%	3.6%	3.3%
Executive compensation limitation	0.3%	0.3%	0.5%
Excess deduction of stock compensation	(0.4%)	(0.2%)	(0.5%)
Other	(0.2%)	(0.3%)	(0.4%)
Effective tax rate	<u>23.9%</u>	<u>24.4%</u>	<u>23.9%</u>

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On August 16, 2022, the Inflation Reduction Act of 2022 was enacted into law, which, among other things, introduced a 15% corporate alternative minimum tax on book income of certain large corporations and created a 1% excise tax on net share repurchases. The corporate alternative minimum tax will be effective in fiscal 2024 and is not expected to have a material impact on the consolidated financial statements. The excise tax applies to share repurchases made after December 31, 2022.

Significant components of deferred tax assets and liabilities are as follows:

(In thousands)	February 3, 2024	January 28, 2023
Deferred tax assets:		
Operating lease liability	\$490,907	\$487,824
Reserves not currently deductible	58,796	52,133
Accrued liabilities	40,501	39,989
Employee benefits	32,885	27,395
Inventory valuation	1,962	—
Property and equipment	1,729	16,600
Credit carryforwards	359	338
NOL carryforwards	231	265
Total deferred tax assets	627,370	624,544
Deferred tax liabilities:		
Operating lease asset	607,251	591,007
Prepaid expenses	83,775	69,248
Receivables not currently includable	20,502	15,644
Other	1,763	2,308
Inventory valuation	—	1,538
Intangibles	—	145
Total deferred tax liabilities	713,291	679,890
Net deferred tax liability	<u>\$ (85,921)</u>	<u>\$ (55,346)</u>

At February 3, 2024, the Company had \$454 of credit carryforwards for state income tax purposes that expire between 2024 and 2027. The Company had \$41 of state net operating loss (NOL) carryforwards that expire by 2038 and \$117 of state NOL carryforwards that do not expire. The Company also had \$505 of federal NOL carryforwards that do not expire.

The Company accounts for uncertainty in income taxes in accordance with Accounting Standards Codification 740-10. The reserve for uncertain tax positions was \$4,060 and \$4,158 at February 3, 2024 and January 28, 2023, respectively, which represents the best estimate of the potential liability. A reconciliation of unrecognized tax benefits, excluding interest and penalties, is as follows:

(In thousands)	February 3, 2024	January 28, 2023
Beginning balance	\$ 4,158	\$ 3,389
Increase due to a prior year tax position	1,437	1,473
Decrease due to a prior year tax position	(590)	(704)
Decrease due to a prior year audit adjustment	<u>(945)</u>	<u>—</u>

Ending balance	<u>\$ 4,060</u>	<u>\$ 4,158</u>
----------------	-----------------	-----------------

The Company acknowledges that the amount of unrecognized tax benefits may change in the next twelve months. However, it does not expect the change to have a significant impact on its consolidated financial statements. Income tax-related interest and penalties were insignificant for fiscal 2023 and 2022.

The Company files tax returns in the U.S. federal and state jurisdictions. The Company is no longer subject to U.S. federal examinations by the Internal Revenue Service for years before 2020 and is no longer subject to examinations by

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state authorities before 2019.

12. Debt

On February 27, 2023, the Company entered into Amendment No. 2 to the Second Amended and Restated Loan Agreement (as so amended, the Loan Agreement) with Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and a Lender thereunder; Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as Lead Arrangers and Bookrunners; JPMorgan Chase Bank, N.A., as Syndication Agent and a Lender; PNC Bank, National Association, as Documentation Agent and a Lender; and the other lenders party thereto. The Loan Agreement matures on March 11, 2025, provides maximum revolving loans equal to the lesser of \$1,000,000 or a percentage of eligible owned inventory and eligible owned receivables (which borrowing base may, at the election of the Company and satisfaction of certain conditions, include a percentage of qualified cash), contains a \$50,000 subfacility for letters of credit and allows the Company to increase the revolving facility by an additional \$100,000, subject to the consent by each lender and other conditions. The Loan Agreement contains a requirement to maintain a fixed charge coverage ratio of not less than 1.0 to 1.0 during such periods when availability under the Loan Agreement falls below a specified threshold. Substantially all of the Company's assets are pledged as collateral for outstanding borrowings under the Loan Agreement. Outstanding borrowings bear interest, at the Company's election, at either a base rate plus a margin of 0% to 0.125% or the Term Secured Overnight Financing Rate plus a margin of 1.125% to 1.250%, and a credit spread adjustment of 0.10%, with such margins based on the Company's borrowing availability, and the unused line fee is 0.20% per annum.

As of February 3, 2024 and January 28, 2023, the Company had no borrowings outstanding under the credit facility.

As of February 3, 2024, the Company was in compliance with all terms and covenants of the Loan Agreement.

13. Fair value measurements

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates their estimated fair values due to the short maturities of these instruments.

Fair value is measured using inputs from the three levels of the fair value hierarchy, which are described as follows:

- Level 1 - observable inputs such as quoted prices for identical instruments in active markets.
- Level 2 - inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.
- Level 3 - unobservable inputs in which there is little or no market data, which would require the Company to develop its own assumptions.

As of February 3, 2024 and January 28, 2023, there were liabilities related to the non-qualified deferred compensation plan included in other long-term liabilities on the consolidated balance sheets of \$42,653 and \$37,501, respectively. The liabilities are categorized as Level 2 as they are based on third-party reported values, which are based primarily on quoted market prices of underlying assets of the funds within the plan.

14. Investments

Investments in renewable energy projects are accounted for under the equity method of accounting. The balance of these investments was \$1,163 and \$2,316 as of February 3, 2024 and January 28, 2023, respectively, and is included in other long-term assets on the consolidated balance sheets. The Company did not contribute capital or receive investment tax credits during fiscal 2023 and 2022.

The Company made other investments of \$6,158 and \$2,458 during fiscal 2023 and 2022, respectively.

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15. Stock-based compensation

The Company's equity incentive plan was adopted in order to attract and retain personnel for positions of substantial authority and to provide additional incentive to employees and directors to promote the success of the business.

The Amended and Restated 2011 Incentive Award Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards, dividend equivalent rights, stock payments, deferred stock, and cash-based awards to employees, consultants, and directors. Unless provided otherwise by the administrator of the plan, options vest over four years at the rate of 25% per year from the date of grant and must be exercised within ten years. Options are granted with the exercise price equal to the fair value of the underlying stock on the date of grant. As of February 3, 2024, the plan reserves for the issuance upon grant or exercise of awards up to 2,281 shares of common stock.

The following table presents information related to stock-based compensation:

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Stock options	\$ 7,429	\$ 7,250	\$ 11,245
Restricted stock units	19,724	18,483	19,286
Performance-based restricted stock units	21,093	17,311	16,728
Total stock-based compensation expense	\$ 48,246	\$ 43,044	\$ 47,259
Cash received from stock option exercises	\$ 12,176	\$ 46,011	\$ 40,386
Income tax benefit	\$ 7,167	\$ 3,829	\$ 7,088

Stock options

Stock-based compensation expense is measured on the grant date based on the fair value of the award. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period for awards expected to vest. The estimated grant date fair value of stock options was determined using a Black-Scholes valuation model using the following weighted-average assumptions for the periods indicated:

	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Volatility rate	45.0%	49.0%	46.9%
Average risk-free interest rate	3.8%	2.4%	0.4%
Average expected life (in years)	3.4	3.4	3.9
Dividend yield	—	—	—

The expected volatility is based on the historical volatility of the Company's common stock. The risk-free interest rate is based on the United States Treasury yield curve in effect on the date of grant for the

respective expected life of the option. The expected life represents the time the options granted are expected to be outstanding. The expected life of options granted is derived from historical data on Ulta Beauty stock option exercises. Forfeitures of stock options are estimated at the grant date based on historical rates of stock option activity and reduce the stock-based compensation expense recognized. The Company does not currently pay a regular dividend.

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The following table presents information related to common stock options:

(In thousands, except weighted-average grant date fair value)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Weighted-average grant date fair value	\$ 199.15	\$ 149.14	\$ 109.84
Fair value of options vested	7,169	9,525	10,417
Intrinsic value of options exercised	15,509	42,489	39,489

At February 3, 2024, there was approximately \$10,498 of unrecognized stock-based compensation expense related to unvested stock options. The unrecognized stock-based compensation expense is expected to be recognized over a weighted-average period of approximately one and a half years.

A summary of stock option activity is presented in the following table (shares in thousands):

	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Beginning of year	324	\$ 260.34	498	\$ 232.85	671	\$ 208.47
Granted	42	541.39	47	395.81	61	306.96
Exercised	(54)	223.59	(207)	222.19	(224)	180.05
Forfeited/Expired	(5)	382.48	(14)	311.40	(10)	225.24
End of year	307	\$ 303.47	324	\$ 260.34	498	\$ 232.85
Exercisable at end of year	154	\$ 264.87	118	\$ 261.57	179	\$ 248.11
Vested and Expected to vest	297	\$ 302.05	309	\$ 260.37	474	\$ 233.28

The following table presents information related to stock options outstanding and options exercisable at February 3, 2024 based on ranges of exercise prices (shares in thousands):

Range of Exercise Prices	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number of options	Weighted-average remaining contractual life (years)	Weighted-average exercise price
\$127.15 - \$174.45	102	6	\$ 174.10	49	6	\$ 173.72
	33	4	231.88	33	4	231.88

\$174.46						
-						
\$281.53						
\$281.54						
-						
\$306.59	47	7	306.59	20	7	306.59
\$306.60						
-						
\$348.73	43	5	348.73	43	5	348.73
\$348.74						
-						
\$395.84	40	8	395.54	9	7	395.17
\$395.85						
-		9	541.35			
\$545.67	42					
\$127.15						
-						
\$545.67	307	6	\$ 303.47	154	5	\$ 264.87

The aggregate intrinsic value of outstanding and exercisable stock options as of February 3, 2024 was \$63,678 and \$37,031, respectively. The last reported sale price of the Company's common stock on the NASDAQ Global Select Market on February 3, 2024 was \$505.33 per share.

Restricted stock units

Restricted stock units (RSUs) are granted to certain employees and directors. Employee grants generally cliff vest after three years and director grants cliff vest after one year. The grant date fair value of RSUs is based on the closing market price of shares of the Company's common stock on the date of grant. RSUs are expensed on a straight-line basis over the requisite service period. Forfeitures of RSUs are estimated at the grant date based on historical rates of stock award

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activity and reduce the stock-based compensation expense recognized. At February 3, 2024, unrecognized stock-based compensation expense related to RSUs was \$26,806. The unrecognized stock-based compensation expense is expected to be recognized over a weighted-average period of approximately one year.

A summary of RSU activity is presented in the following table (shares in thousands):

	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Number of	Weighted-	Number of	Weighted-	Number of	Weighted-
	units	average grant	units	average grant	units	average grant
		date fair value		date fair value		date fair value
Beginning of year	221	\$ 264.08	221	\$ 236.95	253	\$ 210.46
Granted	50	518.45	61	399.43	61	312.42
Vested	(122)	191.76	(46)	312.70	(76)	209.88
Forfeited	(9)	408.21	(15)	262.94	(17)	233.94
End of year	140	\$ 408.86	221	\$ 264.08	221	\$ 236.95
Expected to vest	130	\$ 408.86	205	\$ 264.08	205	\$ 236.95

Performance-based restricted stock units

Performance-based restricted stock units (PBSs) are granted to certain employees. PBSs cliff vest after three years based upon achievement of pre-established net sales and earnings before tax goals for each of the first two years. The performance is then subject to a three year total shareholder return modifier. The grant date fair value of the PBSs are measured using a Monte Carlo simulation.

PBSs are expensed on a straight-line basis over the requisite service period, based on the probability of achieving the performance goal, with changes in expectations recognized as an adjustment to earnings in the period of the change. If the performance goal is not met, no stock-based compensation expense is recognized and any previously recognized stock-based compensation expense is reversed. Forfeitures of PBSs are estimated at the grant date based on historical rates of stock award activity and reduce the stock-based compensation expense recognized. At February 3, 2024, unrecognized stock-based compensation expense related to PBSs was \$22,087. The unrecognized stock-based compensation expense is expected to be recognized over a weighted-average period of approximately one year.

A summary of PBS activity is presented in the following table (shares in thousands):

	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Number of	Weighted-	Number of	Weighted-	Number of	Weighted-
	units	average grant	units	average grant	units	average grant
		date fair value		date fair value		date fair value
Beginning of year	76	\$ 347.89	54	\$ 314.30	37	\$ 271.88
Granted	33	542.33	37	395.83	74	326.99

Change in performance award	-	-			(7)	
payout			(1)	378.79		348.73
Vested	-	-	(11)	345.53	(47)	295.49
Forfeited	(3)	403.60	(3)	332.94	(3)	319.71
End of year	<u>106</u>	<u>\$ 407.03</u>	<u>76</u>	<u>\$ 347.89</u>	<u>54</u>	<u>\$ 314.30</u>
Expected to vest	98	\$ 407.03	70	\$ 347.89	50	\$ 314.30

The number of PBSs granted is based on achieving the targeted performance goals as defined in the PBS agreements. As of February 3, 2024, the maximum number of units that could vest under the provisions of the agreements was 139.

Awards with market conditions are classified as liability awards and the fair value is determined using a Monte Carlo simulation. Market-based restricted stock units totaling 28 shares were granted to the former Chief Executive Officer in fiscal 2018 and settled during fiscal 2021. Compensation expense for liability awards was \$7,671 in fiscal 2021. There was no compensation expense for liability awards in fiscal 2023 or 2022.

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16. Net income per common share

The following is a reconciliation of net income and the number of shares of common stock used in the computation of net income per basic and diluted common share:

(In thousands, except per share data)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Numerator:			
Net income	\$1,291,005	\$1,242,408	\$985,837
Denominator:			
Weighted-average common shares – Basic	49,304	51,403	54,482
Dilutive effect of stock options and non-vested stock	292	335	359
Weighted-average common shares – Diluted	49,596	51,738	54,841
Net income per common share:			
Basic	\$ 26.18	\$ 24.17	\$ 18.09
Diluted	\$ 26.03	\$ 24.01	\$ 17.98

The denominator for diluted net income per common share for fiscal years 2023, 2022 and 2021 excludes 138, 84, and 205 employee stock options and restricted stock units, respectively, due to their anti-dilutive effects. Outstanding performance-based restricted stock units are included in the computation of dilutive shares only to the extent that the underlying performance conditions are satisfied prior to the end of the reporting period or would be considered satisfied if the end of the reporting period were the end of the related contingency period and the results would be dilutive under the treasury stock method.

17. Employee benefit plans

The Company provides a 401(k) retirement plan covering all employees who qualify as to age and length of service. The plan is funded through employee contributions and a Company match of 100% of the first 3% of eligible compensation and an additional 50% match for the next 2% of eligible compensation. Total expense recorded under this plan is included in SG&A expenses in the consolidated statements of income as follows:

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
401(k) plan match	\$ 24,533	\$ 21,912	\$ 19,296

The Company also has a non-qualified deferred compensation plan for highly compensated employees whose contributions are limited under qualified defined contribution plans. The plan is funded through employee contributions and a Company match of 100% of the first 3% of salary. Amounts contributed and deferred under the plan are credited or charged with the performance of investment options offered under the

plan as elected by the participants. In the event of bankruptcy, the assets of this plan are available to satisfy the claims of general creditors. The Company manages the risk of changes in the fair value of the liability for deferred compensation by electing to match its liability under the plan with investment vehicles that offset a substantial portion of its exposure. Total expense recorded under this plan is included in SG&A expenses in the consolidated statements of income and was insignificant during fiscal 2023, 2022, and 2021.

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Amounts included in the consolidated balance sheets related to the deferred compensation plan were as follows:

(In thousands)	February 3, January 28,	
	2024	2023
Deferred compensation plan assets	\$ 43,516	\$ 35,382
Deferred compensation plan liability	42,653	37,501

18. Share repurchase program

In March 2020, the Board of Directors authorized a share repurchase program (the 2020 Share Repurchase Program) pursuant to which the Company could repurchase up to \$1,600,000 of the Company's common stock. The 2020 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the earlier share repurchase program. The 2020 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

In March 2022, the Board of Directors authorized a share repurchase program (the 2022 Share Repurchase Program) pursuant to which the Company could repurchase up to \$2,000,000 of the Company's common stock. The 2022 Share Repurchase Program revoked the previously authorized but unused amounts from the 2020 Share Repurchase Program. The 2022 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

A summary of common stock repurchase activity is presented in the following table:

(In thousands)	Fiscal year ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Shares repurchased	2,173	2,193	4,250
Total cost of shares repurchased	\$1,009,348	\$900,033	\$1,521,925

19. Subsequent events

On March 12, 2024, the Board of Directors authorized a new share repurchase program (the 2024 Share Repurchase Program) pursuant to which the Company may repurchase up to \$2,000,000 of the Company's common stock. The 2024 Share Repurchase Program authorization revokes the previously authorized but unused amounts from the 2022 Share Repurchase Program. The 2024 Share Repurchase Program does not have an expiration date and may be suspended or discontinued at any time.

On March 13, 2024, the Company entered into an Amendment No. 3 to its Second Amended and Restated Loan Agreement, which amended and restated the existing agreement. The new loan agreement extends the maturity of the facility to March 13, 2029, provides maximum revolving loans equal to the lesser of \$800,000 or a percentage of eligible owned inventory, contains a \$50,000 sub-facility for letters of credit and allows the Company to increase the revolving facility by an additional \$200,000.



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Ulta Beauty, Inc.
Schedule II - Valuation and Qualifying Accounts
(In thousands)

Description	Balance at beginning of period	Charged to costs and expenses	Deductions	Balance at end of period
Fiscal 2023				
Allowance for doubtful accounts	\$ 1,076	\$ 243	\$ (684) _(a)	\$ 635
Inventory reserve	39,532	42,840	(37,012)	45,360
Fiscal 2022				
Allowance for doubtful accounts	\$ 1,005	\$ 819	\$ (748) _(a)	\$ 1,076
Inventory reserve	26,882	33,384	(20,734)	39,532
Fiscal 2021				
Allowance for doubtful accounts	\$ 768	\$ 388	\$ (151) _(a)	\$ 1,005
Inventory reserve	52,860	9,525	(35,503)	26,882

(a) Represents write-off of uncollectible accounts

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures over financial reporting

We have established disclosure controls and procedures to ensure that material information relating to the Company is made known to the officers who certify our financial reports and to the members of our senior management and Board of Directors.

Based on management's evaluation as of February 3, 2024, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed by, or under the supervision of, the principal executive officer and principal financial officer and effected by the Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S generally accepted accounting principles.

Under the supervision and with the participation of our principal executive officer and our principal financial officer, management evaluated the effectiveness of our internal control over financial reporting as of February 3, 2024, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO). Based on this evaluation, our principal executive officer and principal financial officer concluded that our internal controls over financial reporting were effective as of February 3, 2024. Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, has audited the effectiveness of our internal control over financial reporting as of February 3, 2024 and has issued the attestation report included in Item 8 of this Annual Report on Form 10-K.

Changes in internal control over financial reporting

There were no changes to our internal controls over financial reporting during the 14 weeks ended February 3, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

During the 14 weeks ended February 3, 2024, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

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Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item with respect to our executive officers is set forth in Part I, Item 4A of this Annual Report on Form 10-K under the caption "Executive Officers." The additional information required by this item is included under the captions "Corporate Governance - Code of Business Conduct," "Corporate Governance - Nomination Process - Qualifications," "Corporate Governance - Proposal One - Election of Directors," "Corporate Governance - Information About Our Director Nominees," "Corporate Governance - Information About Our Directors Continuing in Office" and "Corporate Governance - Audit Committee" in our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders (the Proxy Statement) and is hereby incorporated herein by reference.

We have a code of business conduct that applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Controller, and other persons performing similar functions. We have posted a copy of our code of business conduct under "Governance" in the Investor Relations section of our website located at <http://ulta.com/investor>, and such code of business conduct is available in print, without charge, to any stockholder who requests it from our Corporate Secretary. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, the code of business conduct by posting such information under "Governance" in the Investor Relations section of our website located at <http://ulta.com/investor>. We are not including the information contained on our website as part of, or incorporating it by reference into, this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information required by this item is included under the captions "Compensation Discussion and Analysis," "Corporate Governance - Compensation Committee," "Corporate Governance - Report of the Compensation Committee of the Board of Directors," and "Corporate Governance - Non-Employee Director Compensation for Fiscal 2023" in the Proxy Statement and is hereby incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item with respect to security ownership of certain beneficial owners and management is included under the caption "Stock Ownership" in the Proxy Statement and is hereby incorporated by reference. The information required by this item with respect to compensation plans under which our equity securities are authorized for issuance as of February 3, 2024 is set forth in Item 5 of

this Annual Report on Form 10-K under the caption “Securities authorized for issuance under equity compensation plans.”

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is included under the captions “Corporate Governance – Independence,” “Corporate Governance – Compensation Committee – Compensation Committee Interlocks and Insider Participation,” and “Certain Relationships and Transactions” in the Proxy Statement and is hereby incorporated by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item is included under the caption “Corporate Governance – Proposal Two – Ratification of Appointment of Independent Registered Public Accounting Firm – Fees to Independent Registered Public Accounting Firm” in the Proxy Statement and is hereby incorporated by reference.

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Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Schedules

The following documents are filed as a part of this Form 10-K:

Reports of Independent Registered Public Accounting Firm (PCAOB ID: 42)	50
Consolidated Balance Sheets	54
Consolidated Statements of Income	55
Consolidated Statements of Comprehensive Income	56
Consolidated Statements of Cash Flows	57
Consolidated Statements of Stockholders' Equity	58
Notes to Consolidated Financial Statements	59
Schedule II - Valuation and Qualifying Accounts	78

All other financial statement schedules required by Form 10-K have been omitted because they were inapplicable or otherwise not required under the instructions contained in Regulation S-X.

(b) Exhibits

The exhibits listed in the Exhibit Index below are filed as part of this Annual Report on Form 10-K.



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EXHIBIT INDEX

Exhibit Number	Description of document	Filed Herewith	Incorporated by Reference			
			Form	Exhibit Number	File Number	Filing Da
3.1	Certificate of Incorporation of Ulta Beauty, Inc., as amended through June 1, 2023		8-K	3.1	001-33764	6/07/202
3.2	Bylaws of Ulta Beauty, Inc., as amended through June 1, 2023		8-K	3.3	001-33764	6/07/202
4	Description of Ulta Beauty, Inc.'s Securities	X				
10.1	Compensation Plan Agreement, dated as of January 27, 2017 between Ulta Salon, Cosmetics & Fragrance, Inc. and Ulta Beauty, Inc.*		8-K	10.1	001-33764	1/30/201
10.2	Amendment No. 3 to Second Amended and Restated Agreement, dated March 13, 2024, among Ulta Beauty, Inc., Ulta Salon, Cosmetics & Fragrance, Inc., the subsidiaries of Ulta Beauty signatory thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent and collateral agent for the lenders	X				
10.3	Ulta Beauty, Inc. Second Amended and Restated Restricted Stock Option Plan*		S-1	10.7	333-144405	8/17/200
10.4	Amendment to Ulta Beauty, Inc. Second Amended and Restated Restricted Stock Option Plan*		S-1	10.7(a)	333-144405	8/17/200
10.5	Ulta Beauty, Inc. 2007 Incentive Award Plan*		S-1	10.10	333-144405	9/27/200
10.6	Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		DEF 14A Appendix A		001-33764	4/20/201
10.7	Form of Restricted Stock Unit Award Agreement—Performance Shares under the 2011 Incentive Award Plan*		8-K	10.1	001-33764	3/31/201
10.8	Ulta Salon, Cosmetics & Fragrance, Inc. Non-		10-K	10.17	001-33764	4/2/2009

10.9	qualified Deferred Compensation Plan* Letter Agreement dated January 6, 2014 between Ulta Inc. and David Kimbell*	10-Q	10.1	001-33764	6/4/2015
10.10	Form of Option Agreement under the 2011 Incentive Award Plan*	10-K	10.13	001-33764	3/28/2015
10.11	Form of Restricted Stock Unit Award Agreement under the 2011 Incentive Award Plan*	10-K	10.14	001-33764	3/28/2015
10.12	Letter Agreement dated August 3, 2015 between Ulta Inc. and Jodi J. Caro*	10-K	10.15	001-33764	3/28/2015
10.13	Ulta Beauty, Inc. Executive Change in Control and Severance Plan*	10-K	10.16	001-33764	3/28/2015

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Exhibit Number	Description of document	Filed Herewith	Incorporated by Reference			
			Form	Exhibit Number	File Number	Filing Date
10.14	New Form of Restricted Stock Unit Award Agreement—PSUs—under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		8-K	10.1	001-33764	3/30/2021
10.15	New Form of Stock Option Agreement under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		8-K	10.2	001-33764	3/30/2021
10.16	Alternative Form of Restricted Stock Unit Award Agreement—PSUs—under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		10-K	10.25	001-33764	3/25/2022
10.17	Alternative Form of Stock Option Agreement under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		10-K	10.26	001-33764	3/25/2022
10.18	Alternative Form of Restricted Stock Unit Award Agreement under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		10-K	10.27	001-33764	3/25/2022
10.19	2023 Form of Restricted Stock Unit Award Agreement—PSUs—under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		10-K	10.20	001-33764	3/24/2023
10.20	2023 Form of Stock Option Agreement under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		10-K	10.21	001-33764	3/24/2023
10.21	2023 Form of Restricted Stock Unit Award Agreement under the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		10-K	10.22	001-33764	3/24/2023
21	List of Significant Subsidiaries	X				
23	Consent of Independent Registered Public Accounting Firm	X				
31.1	Certification of the Chief Executive Officer pursuant	X				

to Rules 13a-14(a) and
15d-14(a) of the Securities
Exchange Act of 1934, as
adopted pursuant to
section 302 of the
Sarbanes-Oxley Act of
2002

31.2

Certification of the Chief
Financial Officer pursuant
to Rules 13a-14(a) and
15d-14(a) of the Securities
Exchange Act of 1934, as
adopted pursuant to
section 302 of the
Sarbanes-Oxley Act of
2002

X

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Exhibit Number	Description of document	Filed Herewith	Incorporated by Reference		
			Form	Exhibit Number	File Number Filing Date
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
97	Ultra Beauty, Inc. Senior Leadership Clawback Policy	X			
99	Proxy Statement for the 2024 Annual Meeting of Stockholders. [To be filed with the SEC under Regulation 14A within 120 days after February 3, 2024; except to the extent specifically incorporated by reference, the Proxy Statement for the 2024 Annual Meeting of Stockholders shall not be deemed to be filed with the SEC as part of this Annual Report on Form 10-K]				
101.INS	Inline XBRL Instance	X			
101.SCH	Inline XBRL Taxonomy Extension Schema	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation	X			
101.LAB	Inline XBRL Taxonomy Extension Labels	X			
101.PRE	Inline XBRL Taxonomy Extension Presentation	X			
101.DEF	Inline XBRL Taxonomy Extension Definition	X			
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).				

* A management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Bolingbrook, State of Illinois, on March 26, 2024.

ULTA BEAUTY, INC.

By: /s/ Scott M. Settersten
Scott M. Settersten
Chief Financial Officer, Treasurer
and Assistant Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
<u>/s/ David C. Kimbell</u> David C. Kimbell	Chief Executive Officer and Director (Principal Executive Officer)	March 26, 2024
<u>/s/ Scott M. Settersten</u> Scott M. Settersten	Chief Financial Officer, Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)	March 26, 2024
<u>/s/ Michelle L. Collins</u> Michelle L. Collins	Director	March 26, 2024
<u>/s/ Kelly E. Garcia</u> Kelly E. Garcia	Director	March 26, 2024
<u>/s/ Catherine Halligan</u> Catherine Halligan	Director	March 26, 2024
<u>/s/ Patricia A. Little</u> Patricia A. Little	Director	March 26, 2024
<u>/s/ Michael R. MacDonald</u> Michael R. MacDonald	Director	March 26, 2024
<u>/s/ George Mrkonic</u> George Mrkonic	Director	March 26, 2024
<u>/s/ Lorna E. Nagler</u> Lorna E. Nagler	Non-Executive Chair of the Board of Directors	March 26, 2024
<u>/s/ Heidi G. Petz</u> Heidi G. Petz	Director	March 26, 2024
<u>/s/ Gisel Ruiz</u> Gisel Ruiz	Director	March 26, 2024
<u>/s/ Michael C. Smith</u> Michael C. Smith	Director	March 26, 2024
