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Shibin,   
  
Yesterday we hosted a fireside chat with Ulta’s CMO Shelley Haus and CFO Scott Settersten. We discussed Ulta’s CRM/Loyalty/Personalization journey as well as a handful of other topics. Below I’ve included some high level themes and takeaways. Please let me know if you would like to connect on the name ahead of earnings!  
  
Thanks,  
Mark  
  
**Upbeat on BTS/Holiday.** The team sounded very upbeat on the opportunities ahead for back-to-school and Fall/Holiday. Through weekly conducted surveys, the team has remained very close to the consumer, allowing them an added level of insight and foresight. We were encouraged by the team’s confidence, which aligns well with our constructive view of 2H spending as fashion and beauty play a role in the reopening. Ahead of this period, the team plans to invest in brand/performance marketing to capture demand and create emotional connection.  
  
**Loyalty/CRM.** Ulta has an industry-leading loyalty program with 32M+ active members responsible for >95% of sales allowing for tremendous levels of insight/analytics. While active customers fell during the pandemic as customers focused spending in other categories, the team now believes they will reach 2019 levels by year-end. Looking forward, management sees potential in reaching the 60-70M+ beauty enthusiasts in the US, with the biggest growth opportunities stemming from momentum in LatinX, Gen Z, and African American consumers. At this time, Ulta only has ~1/3 of enthusiast’s wallet share, on average; through loyalty insights, personalization, and innovation, the company believes they can grow that over time. Additionally, the company noted the credit card program has been tremendous for them, seeing a sustained lift with customers alongside a very healthy profitability profile.  
  
**Digital/Social selling.** The company continues to invest and innovate on the digital front, with the Ulta app at the hub, connecting Ultamate Rewards, content, and commerce together. Furthermore, the GLAMlab virtual makeup try-on tool has been an important capability for the company (employing AI/AR powered technology; resulting in 11M engagements and >100M shades tried on LY) alongside Skin Advisor (also AI/AR powered; serves up skincare recommendations while learning more about members). On the social selling front, consumers expect all channels to be shoppable; from Facebook/Instagram to TikTok to Supergreat (video based live-review and live-selling platform; partnership launched today), Ulta is reaching the consumers where they are.  
  
**Margin implications.** Management encouraged investors to think about the benefits from the CRM / loyalty programs (increased spend/customer; wallet share gains; personalized offers/content) as “scalable wins” vs. a “light switch” moment in terms of margin expansion. The team also directed investors to think about the EFG initiatives (Efficiencies for Growth) such as inventory management, process improvements, and lease optimization as drivers for margin expansion.  
  
**Wage / supply chain pressures not overly concerning.** When asked about impending cost pressures such as rising wage/labor expenses and supply chain disruptions/out of stocks, the team repeatedly noted that these factors are baked into their 2021 outlooks and nothing they are seeing today points to circumstances being “extraordinarily difficult.” To be clear, the company did acknowledge the labor pressures (scaling labor to match demand; importance of retail stores to the overall business amid continued improvements in traffic) and supply chain challenges (vendors experiencing out of stocks but aggressively managing stock targets for top skus; Ulta directly sources little overseas), though at this time they are moderate and appropriately accounted for in the outlook.  
  
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