

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 1, 2025

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:

Title of each class
Common stock, par value \$0.01 per share

Trading symbol
ULTA

Name of each exchange on which registered
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). ☐

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 August 2, 2024, as reported on the NASDAQ Global Select Market, was approximately \$12,737,625,000.

The number of shares of the registrant's common stock, par value \$0.01 per share, outstanding as of March 25, 2025 was 45,309,488 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 2025 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 1, 2025.

TABLE OF CONTENTS

Forward Looking Statements	3
Part I	
Item 1. Business	4
Item 1A. Risk Factors	15
Item 1B. Unresolved Staff Comments	25
Item 1C. Cybersecurity	26
Item 2. Properties	28
Item 3. Legal Proceedings	29
Item 4. Mine Safety Disclosures	29
Item 4A. Executive Officers	29
Part II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	30
Item 6. [Reserved]	33
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	45
Item 8. Financial Statements and Supplementary Data	46
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	76
Item 9A. Controls and Procedures	76
Item 9B. Other Information	76
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	77
Part III	
Item 10. Directors, Executive Officers and Corporate Governance	77
Item 11. Executive Compensation	77
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	77
Item 13. Certain Relationships and Related Transactions, and Director Independence	77
Item 14. Principal Accountant Fees and Services	77
Part IV	
Item 15. Exhibits and Financial Statement Schedules	78
Item 16. Form 10-K Summary	81
Signatures	82

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 and elevated interest rates, as well as prior labor, 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, tariffs, 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 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 center, 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 1, 2025, as such may be amended or supplemented in our subsequently filed Quarterly Reports on Form 10-Q.

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 29,000 products from approximately 600 established and emerging beauty brands across a variety of categories and price points. We offer a wide selection of beauty and wellness 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 1,400 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 600 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, immersive, 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 shopping experience. We estimate there are approximately 140 million beauty enthusiasts 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. Strong engagement paired with increasing use of social media and the convergence of beauty and wellness has invited even more consumers into the beauty category and expanded the addressable market. At the same time, the beauty landscape is evolving and guest expectations are rising, which will require continued innovation and investment to further our leadership position.

Reflecting our understanding about how the consumer and beauty category are evolving, in 2024 we refreshed our strategic framework. Through a focus on four foundational areas, our strategies are designed to position Ulta Beauty as the destination for beauty enthusiasts for a lifetime, drive market share leadership in beauty and wellness, and deliver long-term profitable growth.

Assortment: Curating the best of all things beauty and wellness for all beauty enthusiasts. Beauty enthusiasts enjoy the experience of discovering and trying new products and consider beauty very much 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 beauty and wellness assortment. We intend to drive product newness through a differentiated portfolio of exclusive, emerging and established brands, including Ulta Beauty Collection, and accelerate our leadership position in wellness with an expanded assortment and elevated experience.

Experience: Fostering authentic, empowering human connections that inspire, delight and engage guests at every touchpoint. The guest experience is central to driving guest love and loyalty. Our consumer research suggests there are several important experience elements that are most critical to the beauty enthusiast including: creating a welcoming and inclusive environment, providing trusted guidance, offering convenience and ease, and delivering fun and immersion. To deliver on these critical needs and foster authentic, empowering human connections that inspire, delight and engage guests at every touchpoint, we intend to enhance the in-store experience by investing in our best-in-class store associates and stylists, distinct service offerings, and signature events and heighten omnichannel satisfaction, meeting every guest where they are with a robust suite of offerings and increased convenience.

Loyalty: Building lifelong loyalty and brand love through member growth and personalization. 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 44.6 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 build lifelong loyalty and brand love, we intend to deepen guest engagement through community building and advanced personalization with the goal of expanding our loyalty program from approximately 44 million to 50 million members by 2028 by reaching new segments of beauty enthusiasts.

Access: Engaging our guests wherever they want to shop by expanding our reach through seamless and immersive omnichannel experiences. Beauty enthusiasts continue to demonstrate their commitment to and preference for the in-person shopping experience, while also embracing the use of online shopping to supplement discovery and convenience. We have built a powerful omnichannel ecosystem that enables guests to shop in ways most convenient to them, whether in stores, on our app or website, or through our partnership with Ulta Beauty at Target. In addition, we have increased our fulfillment options, providing guests with choice, convenience, and speed. To achieve our objective of engaging our guests by expanding our reach, we intend to accelerate new store openings, targeting more than 1,800 stores over the long term; elevate digital engagement by fueling discovery through continued innovation and streamlining the shopping experience; and grow beyond our traditional channels through our partnership with Target Corporation and through international expansion in Mexico and the Middle East.

Culture and Talent: Underpinning our strategy with exceptional people, culture, and execution. We have developed and nurtured a guest and associate-centric, values-based, and high-performance culture. We are focused on reenergizing the core tenets of our culture on how we lead with a winning mindset and how we live our values to care for our guests and for each other. We have talented associates and leaders, and we value and encourage collaboration and enterprise thinking. 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 that positions our associates to fully contribute and have opportunities for growth. We have achieved our success through strong operational execution.

Our market

We operate within the large and growing U.S. beauty products and salon services industry. In 2024, this market represented approximately \$186 billion in sales, according to forecasted Euromonitor International and IBIS World Inc. In 2024, the beauty products industry totaled approximately \$118 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 \$118 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 2024, the salon services industry totaled approximately \$68 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.

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 and customer research 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 1, 2025 (fiscal 2024), 75% 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. We also have a smaller footprint store prototype ranging between approximately 5,000 and 7,500 square feet which provides increased flexibility to enter smaller markets or shopping centers.

We offer a full range of beauty services in our stores, focusing on hair, makeup, brow, and skin services. The vast majority of our stores include 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.

[Table of Contents](#)

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

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Total stores beginning of period	1,385	1,355	1,308
Stores opened	66	33	47
Stores closed	(6)	(3)	—
Total stores end of period	1,445	1,385	1,355
Total square footage	15,110,170	14,515,593	14,200,403
Average square footage per store	10,457	10,481	10,480
Stores remodeled	41	18	20
Stores relocated	2	7	12

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 more than 1,800 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 \$2.1 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 and store size.

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. As part of our ongoing efforts to enhance and evolve our in-store experience to engage our guests, we also have a layout in select stores that brings together like categories with intuitive adjacencies to magnify our differentiated assortment. This additional layout features elevated gondolas to showcase key, iconic, and service brands and Beauty Bars that offer our brow and makeup services, support in-store events, and highlight beauty-in-action. In addition, select store layouts may vary due to square footage or location.

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 2024, 18% of our loyalty members shopped both in Ulta Beauty stores and through our digital platforms. Our omnichannel guests are extremely valuable, historically spending nearly three times as much as retail-only guests.

Our e-commerce platform has two key roles: generating direct channel sales and profits by engaging 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, we recently completed a large-scale upgrade of our digital and e-commerce infrastructure to enable us to deliver immersive commerce experiences and position our e-commerce business for growth and scalability. We continue to develop and add new website and mobile features and functionality, marketing programs, new products and brands, and omnichannel integration points. In 2024, we launched Ulta Beauty Community, an online destination where beauty enthusiasts can connect and engage with one another over their shared joy for all things beauty. We continue to grow our digital business by providing our guests with a unique, rich online experience, with personalized recommendations, expanded assortments, engaging experiences, including virtual try-on and analysis capabilities, and social media content.

We continue to improve our order fulfillment capabilities with increased speed of delivery through existing distribution centers, fast fulfillment center (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 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 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 1, 2025, Ulta Beauty at Target was available in over 600 Target locations and on target.com. Over time, we believe Ulta Beauty at Target could be in up to 800 Target locations, in addition to our freestanding Ulta Beauty stores.

We are committed to growing our business outside of the U.S. through international expansion in Mexico and the Middle East. In Mexico, we have a joint venture partnership with Grupo Axo, an experienced operator of global brands to launch and operate Ulta Beauty in Mexico beginning in 2025. In the Middle East, we entered into a franchise partnership with Alshaya Group, a leading international franchise operator, whereby Alshaya will license the Ulta Beauty brand name and operating model in the Middle East.

Merchandising

Overview

We offer one of the most extensive product and brand selections in our industry, including a broad assortment of branded and private label beauty and wellness 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 29,000 products from approximately 600 well-established and emerging beauty and wellness brands across all categories and price points, including Ulta Beauty’s own private label, Ulta Beauty Collection. Our merchandising team continually monitors beauty and wellness 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.

In addition to our partners’ brands, we believe our recently relaunched private label brand, 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, and serve as an important pillar of the Conscious Beauty at Ulta Beauty® program. 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. 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 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, Peach & Lily, and R.E.M Beauty. Ulta Beauty Collection and permanent Ulta Beauty exclusive products represented approximately 4% of our net sales in fiscal 2024. Both permanent and temporary exclusive products represented approximately 9% of our net sales in fiscal 2024.

Categories

We offer a balanced portfolio across six primary categories: (1) cosmetics; (2) skincare; (3) haircare; (4) fragrance; (5) services; and (6) other, which includes other revenue sources such as the private label and co-branded credit card

[Table of Contents](#)

programs, royalties derived from the partnership with Target Corporation, and deferred revenue related to the loyalty program and gift card breakage.

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 1, 2025	February 3, 2024	January 28, 2023
Cosmetics	39%	41%	42%
Skincare	23%	22%	20%
Haircare	19%	20%	22%
Fragrance	13%	11%	11%
Services	4%	4%	3%
Other	2%	2%	2%
	100%	100%	100%

Organization

Our merchandising team consists of a Chief Merchandising and Digital Officer who oversees the Senior Vice President of Cosmetics, Fragrance and Private Label and the Senior Vice President of Haircare, Skincare, Bodycare and Wellness, who in turn oversee category Vice Presidents who in turn oversee Divisional Merchandise Managers and their teams of buyers. Our Chief Merchandising and Digital Officer also oversees our e-commerce business and 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 marketing 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 54% and 55% of our total net sales in fiscal 2024 and our fiscal year

ended February 3, 2024 (fiscal 2023), 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 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 the end of fiscal 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 an emotional connection with guests. Our comprehensive public relations strategy enhances Ulta Beauty's reputation as a beauty destination, increases brand awareness, 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, digital experiences, 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.

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. In social media channels, influencers and affiliates play an important role in beauty, and we engage talent from our UB Collective, our affiliate program, and Ulta Beauties, our associate ambassador program to support our marketing efforts. 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 advisors 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 of Stores, who in turn reports to the Chief Retail 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 and two market fulfillment centers that support both stores and e-commerce demand, and one fast fulfillment center that supports e-commerce orders only. Market fulfillment centers are smaller than our regional distribution centers and focus on our most productive products enabling us to improve service and responsiveness, especially in markets with high store and population density. In addition, approximately 500 stores fulfill e-commerce orders as part of our ship-from-store program.

Inventory is shipped from our suppliers to our distribution centers, market fulfillment centers and fast fulfillment center. We replenish our stores with such products primarily in cases (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, market fulfillment centers, and fast fulfillment center 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.

[Table of Contents](#)

The following table sets forth the approximate number of associates employed as of February 1, 2025:

Full-time	20,000
Part-time	38,000
Total associates	58,000

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

The beauty industry is inherently diverse, and because of that, we embed inclusion 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. At Ulta Beauty, our mission is to make beauty accessible, inclusive, and empowering for everyone. Ulta Beauty believes that everyone deserves to feel good in their own skin. We believe that when you are free to be your full self, you feel like you belong. As a values-driven company, we believe we have a responsibility to drive inclusivity and a sense of belonging for our guests and associates. We accomplish this through evolving our assortment to ensure we offer relevant products to our diverse customer base, inclusive recruitment strategies, dedicating time to celebrate diversity and inclusion, and encouraging associates to build personal habits through everyday inclusive actions.

In addition, we aim to ensure that all in-store experiences are equitable, fair, and unbiased. We take action to support this goal by providing 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 1, 2025:

	Board of Directors	Leadership	All Other Associates
Women	64%	67%	91%
Men	36%	33%	9%
People of color	36%	28%	57%

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, inclusion 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

[Table of Contents](#)

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.

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; and
- 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 2024, we completed several multi-year strategic investment projects to upgrade key elements of our technology infrastructure including upgrading our enterprise resource planning platform and refreshing our POS system in all stores, transitioning our digital store to a new architecture, and building a modern ecosystem for future analytics and data-driven decisioning capabilities. Collectively, we expect these investments to provide 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.

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 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 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 29,000 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 events, labor disagreements, inventory availability (including as a result of tariffs or trade barriers), 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 Collection components and Ulta Beauty branded 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, increased customs duties, tariffs, trade barriers (including quotas), geopolitical events, political changes, 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.

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 brand partners 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 2024 and fiscal 2023, merchandise supplied to Ulta Beauty by our top ten brand partners accounted for approximately 54% and 55% 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, in recent years we have experienced levels of inventory shrink greater than our historical levels, which have adversely affected, and could continue to adversely affect, our results of operations and financial condition. To protect against 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;
- 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 center, 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, one fast fulfillment center (e-commerce only), and two market fulfillment centers, which focus on our most productive products and support 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, X (formerly Twitter), Instagram, TikTok, Pinterest, and LinkedIn 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. 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, and elevated interest rates, as well as prior labor, 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 and macroeconomic pressures to continue in 2025, and we continue to closely monitor conditions, including customer behavior, and the impact of these factors on customer demand. Continuing or worsening inflation, and/or cost pressures, may have a material adverse impact on our business, financial condition, profitability, and/or cash flows.

Although we currently do not operate stores 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 has, and could continue to, 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, levels of employment, interest rates, tax rates, the availability of consumer credit, consumer confidence in future economic conditions, tariffs, risks related to epidemics or pandemics, geopolitical events and recessionary concerns. 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 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.

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.

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 the recent replacement of 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.

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 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 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.
- Future changes in healthcare reform legislation could significantly impact our business.
- Evolving anti-discrimination laws could impact our efforts to support inclusion and belonging across our business for our guests, assortment, associates, brands, other partners, and stakeholders.

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 and our brand name, 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.

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 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.

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 Transformation Officer (CTTO) and President 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 CTTO and our Vice President IT Risk Management. The Company’s CTTO 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 CTTO 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.

Item 2. Properties

All of our retail stores, distribution centers, fast fulfillment center, 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 1, 2025, we operated 1,445 retail stores across 50 states, as shown in the table below:

Location	Number of stores	Location	Number of stores
Alabama	27	Montana	6
Alaska	3	Nebraska	5
Arizona	38	Nevada	16
Arkansas	11	New Hampshire	8
California	174	New Jersey	46
Colorado	27	New Mexico	7
Connecticut	21	New York	58
Delaware	4	North Carolina	48
Florida	102	North Dakota	4
Georgia	44	Ohio	48
Hawaii	4	Oklahoma	23
Idaho	10	Oregon	21
Illinois	56	Pennsylvania	47
Indiana	26	Rhode Island	5
Iowa	12	South Carolina	27
Kansas	14	South Dakota	3
Kentucky	16	Tennessee	34
Louisiana	19	Texas	138
Maine	3	Utah	17
Maryland	29	Vermont	1
Massachusetts	27	Virginia	36
Michigan	50	Washington	37
Minnesota	21	West Virginia	7
Mississippi	12	Wisconsin	22
Missouri	26	Wyoming	5
		Total	1,445

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 1, 2025, are set forth below:

Location	Type	Approximate Square Feet	Lease Expiration Date
Bolingbrook, Illinois	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, 2030
Greer, South Carolina	MFC	303,580	May 31, 2033
Jacksonville, Florida	FFC	203,463	September 30, 2029
Romeoville, Illinois (1)	FFC	291,335	May 31, 2026

(1) Not in service as of February 1, 2025

Corporate office

Our principal executive office is in Bolingbrook, Illinois. The corporate office is approximately 362,000 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 1, 2025) are shown below:

Name	Age	Position
Kecia L. Steelman	54	President and Chief Executive Officer and member of the Board of Directors
Paula M. Oyibo	45	Chief Financial Officer and Treasurer
Jodi J. Caro	59	General Counsel, Chief Risk & Compliance Officer and Corporate Secretary
Anita J. Ryan	60	Chief Human Resources Officer

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

Kecia Steelman. Ms. Steelman was named President and Chief Executive Officer in January 2025, after having previously served as President and Chief Operating Officer since September 2023, and Chief Operating Officer since June 2021. 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 The Bay Club, a KKR portfolio company, World Business Chicago, and serves as the Chair of the Board of Directors for the Adler Planetarium. She is also a member of The Economic Club of Chicago.

Paula M. Oyibo. Ms. Oyibo was named Chief Financial Officer and Treasurer in April 2024, after serving in key leadership roles across the Finance organization since 2019. Ms. Oyibo oversees the company's finance, accounting, tax, treasury, procurement, internal audit, and investor relations teams. Previously, Ms. Oyibo served as Senior Vice President, Finance since February 2022, where she had oversight of the Financial Planning & Analysis, Treasury and Non-Merchandise Procurement functions, after serving as Vice President of Finance for Merchandising, Marketing, and eCommerce since 2019. Prior to joining Ulta Beauty, Ms. Oyibo served in finance and controller roles at Whirlpool Corporation and in senior level auditing and consulting positions with PricewaterhouseCoopers LLP. Ms. Oyibo currently serves on the board of directors of Girls Inc. of Chicago.

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. 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. Ms. Ryan also serves as President and Chair for Ulta Beauty Charitable Foundation. 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.

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 25, 2025 was \$370.75 per share. As of March 25, 2025, we had 25 holders of record of our common stock. Because many shares of

[Table of Contents](#)

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 2024:

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) (2)
November 3, 2024 to November 30, 2024	197,479	\$ 369.12	197,479	\$ 2,873,113
December 1, 2024 to December 28, 2024	171,319	424.90	171,256	2,801,012
December 29, 2024 to February 1, 2025	251,725	422.97	251,318	2,695,737
13 weeks ended February 1, 2025	620,523	406.37	620,053	2,695,737

- (1) There were 620,053 shares repurchased as part of our publicly announced share repurchase program during the 13 weeks ended February 1, 2025 and there were 470 shares transferred from employees in satisfaction of minimum statutory tax withholding obligations upon the vesting of restricted stock during the period.
- (2) We may repurchase up to \$3.0 billion of the Company's common stock under the share repurchase program the Board of Directors authorized in October 2024, which revoked the previously authorized but unused amounts under the share repurchase program the Board of Directors authorized in March 2024. As of February 1, 2025, \$2.7 billion remained available under the October 2024 Share Repurchase Program.

Recent sales of unregistered securities

None.

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 1, 2025:

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)	517,518	\$ 349.12	2,092,045

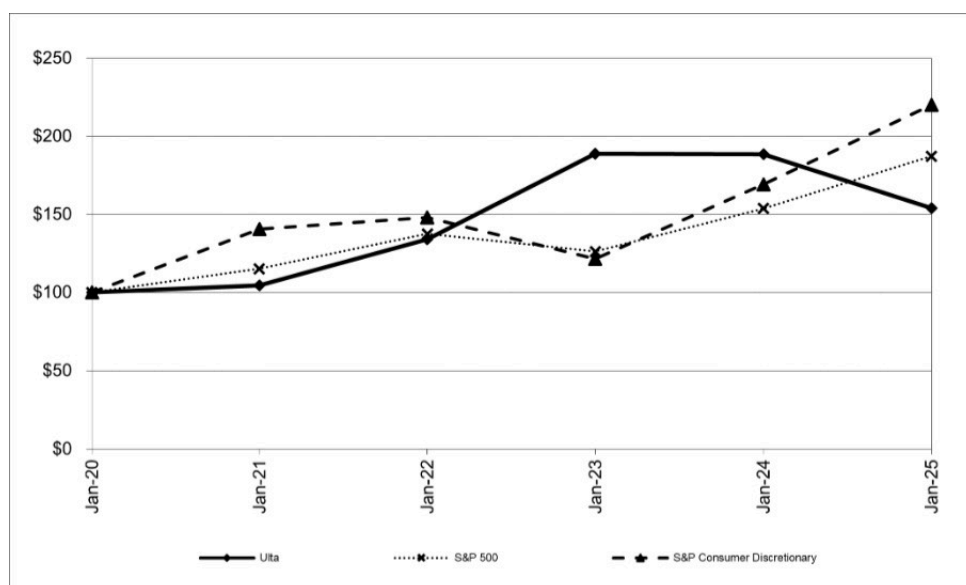
- (1) Includes options issued and available for exercise and shares available for issuance in connection with past awards under the Amended and Restated 2011 Incentive Award Plan and predecessor equity incentive plans. We currently grant awards only under the Amended and Restated 2011 Incentive Award Plan.
- (2) Includes 299,339 shares issuable pursuant to the exercise of outstanding stock options, 125,254 shares issuable pursuant to restricted stock units, and 92,925 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.

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 1, 2020 through the end of Ulta Beauty’s fiscal year ended February 1, 2025. The graph assumes an investment of \$100 made at the closing of trading on February 1, 2020 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.



Company / Index	Fiscal year ended					
	February 1, 2020	January 30, 2021	January 29, 2022	January 28, 2023	February 3, 2024	February 1, 2025
Ulta Beauty	\$ 100.00	\$ 104.42	\$ 133.94	\$ 188.75	\$ 188.62	\$ 153.84
S&P 500	100.00	115.15	137.40	126.20	153.73	187.27
S&P 500 Consumer Discretionary	100.00	140.50	147.90	121.43	169.13	219.98

Item 6. [Reserved]

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 there are approximately 140 million beauty enthusiasts 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, wellness products, and salon services. Key aspects of our business include: a differentiated assortment of approximately 29,000 beauty products across a variety of categories and price points as well as a variety of beauty services, including salon services, in more than 1,400 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 across four foundational focus areas: 1) Assortment: curating the best of all things beauty and wellness for all beauty enthusiasts; 2) Experience: fostering authentic, empowering human connections that inspire, delight and engage guests at every touchpoint; 3) Loyalty: building lifelong loyalty and brand love through member growth and personalization; and 4) Access: engaging our guests wherever they want to shop by expanding our reach through seamless and immersive omnichannel experiences. We operate in an attractive and growing U.S. beauty products and salon services industry, and believe our strong operating model, competitive advantages, and financial foundation, paired with our investments to drive our growth, 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 drive profitable growth and market share leadership in beauty and wellness 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 drive revenue growth, leverage fixed costs, improve

merchandise margin, increase operating efficiencies, and grow other revenue, partially offset by incremental investments in new stores and technology to enhance the guest experience, people, assortment, advertising, and depreciation.

Current Trends

Industry trends

The overall beauty market expanded in 2023 and 2024, supported by on-going consumer engagement with the 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

Persistent inflationary and macroeconomic pressures have impacted consumer spending habits broadly, which we believe may have contributed to lower sales trends throughout fiscal 2024. The continuation of inflationary and macroeconomic pressures could further impact our ability to grow sales and maintain historical profitability levels. 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 30 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 / alternative distribution channels;
- our ability to respond on a timely basis to changes in consumer preferences;
- the effectiveness of our various merchandising and marketing activities; and

[Table of Contents](#)

- 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;
- 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 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 1, 2025 (fiscal 2024), February 3, 2024 (fiscal 2023), and January 28, 2023 (fiscal 2022) were 52, 53, and 52 week years, respectively.

[Table of Contents](#)

As of February 1, 2025, we operated 1,445 stores across 50 states. The following tables present the components of our consolidated results of operations for the periods indicated:

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(Dollars in thousands)			
Net sales	\$ 11,295,654	\$ 11,207,303	\$ 10,208,580
Cost of sales	6,908,401	6,826,203	6,164,070
Gross profit	4,387,253	4,381,100	4,044,510
Selling, general and administrative expenses	2,808,592	2,694,561	2,395,299
Pre-opening expenses	13,689	8,510	10,601
Operating income	1,564,972	1,678,029	1,638,610
Interest income, net	(15,094)	(17,622)	(4,934)
Income before income taxes	1,580,066	1,695,651	1,643,544
Income tax expense	378,948	404,646	401,136
Net income	\$ 1,201,118	\$ 1,291,005	\$ 1,242,408
Other operating data:			
Number of stores end of period	1,445	1,385	1,355
Comparable sales	0.7%	5.7%	15.6%

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(Percentage of net sales)			
Net sales	100.0%	100.0%	100.0%
Cost of sales	61.2%	60.9%	60.4%
Gross profit	38.8%	39.1%	39.6%
Selling, general and administrative expenses	24.9%	24.0%	23.5%
Pre-opening expenses	0.1%	0.1%	0.1%
Operating income	13.9%	15.0%	16.1%
Interest income, net	(0.1%)	(0.2%)	0.0%
Income before income taxes	14.0%	15.1%	16.1%
Income tax expense	3.4%	3.6%	3.9%
Net income	10.6%	11.5%	12.2%

Fiscal year 2024 versus fiscal year 2023

Net sales

Net sales increased \$88.4 million, or 0.8%, to \$11.3 billion in fiscal 2024 compared to \$11.2 billion in fiscal 2023. The net sales increase was primarily due to new store performance, increased comparable sales, and an increase of \$3.7 million in other revenue, partially offset by 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 0.7% in fiscal 2024, was driven by a 1.1% increase in average ticket and a 0.4% decrease in transactions. The total comparable sales increase in fiscal 2023 was 5.7%.

Gross profit

Gross profit increased \$6.2 million, or 0.1%, to \$4.39 billion in fiscal 2024, compared to \$4.38 billion in fiscal 2023. Gross profit as a percentage of net sales decreased 30 basis points to 38.8% in fiscal 2024 compared to 39.1% in fiscal 2023. The decrease in gross profit margin was primarily due to:

- 40 basis points of deleverage in merchandise margins driven by lapping favorable price increase impacts from the prior year and higher promotional activity;
- 20 basis points of deleverage of store fixed costs driven by more net new store openings; and
- 10 basis points of deleverage due to higher supply chain costs; partially offset by
- 20 basis points of leverage in inventory shrink; and
- 20 basis points of leverage due to favorable channel mix.

Selling, general and administrative expenses

SG&A expenses increased \$114.0 million, or 4.2%, to \$2.8 billion in fiscal 2024 compared to \$2.7 billion in fiscal 2023. As a percentage of net sales, SG&A expenses increased 90 basis points to 24.9% in fiscal 2024 compared to 24.0% in fiscal 2023. The deleverage of SG&A expenses was primarily due to:

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

Pre-opening expenses

Pre-opening expenses increased \$5.2 million, or 60.9%, to \$13.7 million in fiscal 2024 compared to \$8.5 million in fiscal 2023.

Interest income, net

Net interest income was \$15.1 million in fiscal 2024 compared to \$17.6 million in fiscal 2023, due to lower average cash balances. We did not have any outstanding borrowings on our credit facility as of February 1, 2025 and February 3, 2024.

Income tax expense

Income tax expense of \$378.9 million in fiscal 2024 represents an effective tax rate of 24.0%, compared to fiscal 2023 income tax expense of \$404.6 million and an effective tax rate of 23.9%.

Net income

Net income decreased \$89.9 million to \$1.2 billion in fiscal 2024 compared to \$1.3 billion in fiscal 2023. The decrease in net income was primarily due to a \$114.0 million increase in SG&A expenses and a \$5.2 million increase in pre-opening expenses, partially offset by a \$25.7 million decrease in income taxes and a \$6.2 million increase in gross profit.

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.

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.

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 1, 2025 and February 3, 2024, we had cash and cash equivalents of \$703.2 million and \$766.6 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 1, 2025:

(In thousands)	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Operating lease obligations (1)	\$ 2,357,226	\$ 366,106	\$ 757,852	\$ 527,070	\$ 706,198
Purchase obligations	16,806	13,471	3,335	—	—
Total (2)	\$ 2,374,032	\$ 379,577	\$ 761,187	\$ 527,070	\$ 706,198

- (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 \$172.6 million, which are excluded from operating lease liabilities shown on our consolidated balance sheets.
- (2) The unrecognized tax benefit of \$5.2 million as of February 1, 2025 is excluded due to uncertainty regarding the realization and timing of the related future cash flows, if any.

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 1, 2025. 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.

[Table of Contents](#)

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

(In thousands)	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Net cash provided by operating activities	\$ 1,338,605	\$ 1,476,266	\$ 1,481,915
Net cash used in investing activities	(383,089)	(441,425)	(314,584)
Net cash used in financing activities	(1,018,909)	(1,006,124)	(861,014)

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 2024 compared to fiscal 2023 is mainly due to the decrease in net income, a larger increase in merchandise inventories in fiscal 2024, and timing of deferred income taxes, prepaid expenses and other current assets, accrued liabilities, accounts payable, and deferred revenue.

Merchandise inventories, net were \$2.0 billion at February 1, 2025, compared to \$1.7 billion at February 3, 2024, representing an increase of \$226.1 million or 13.0%. The increase in total inventory is primarily due to the following:

- \$131 million increase due to new key brand launches and inventory investments; and
- \$95 million increase due to the addition of 60 net new stores opened since February 3, 2024.

The decrease in net income was primarily due to an increase in SG&A expenses and pre-opening expenses, partially offset by a decrease in income taxes and an increase in gross profit.

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.

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 \$374.5 million during fiscal 2024, compared to \$435.3 million during fiscal 2023.

The decrease in net cash used in investing activities in fiscal 2024 relative to fiscal 2023 was primarily due to less capital expenditures for information technology systems and supply chain, partially offset by more capital expenditures for new, remodeled, and relocated stores compared to fiscal 2023.

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.

Capital expenditures

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

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Stores opened	66	33	47
Stores remodeled	41	18	20
Stores relocated	2	7	12

During fiscal 2024, the average investment required to open a new Ulta Beauty store was approximately \$2.1 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 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022
New, Remodeled, and Relocated Stores	\$ 210	\$ 176	\$ 141	\$ 102
Merchandising and Refreshed Stores	67	52	37	34
Information Technology Systems	97	70	124	74
Supply Chain	70	27	73	70
Store Maintenance and Other	56	49	60	32
Total	<u>\$ 500</u>	<u>\$ 374</u>	<u>\$ 435</u>	<u>\$ 312</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 2025 capital expenditures will be up to \$500 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 2024 relative to fiscal 2023 was primarily due to an increase in share repurchases.

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.

We had no borrowings outstanding under the credit facility at the end of fiscal 2024, 2023, and 2022. 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 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 revoked the previously authorized but unused amounts from the earlier share repurchase program. The 2022 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

In March 2024, the Board of Directors authorized a share repurchase program (the March 2024 Share Repurchase Program) pursuant to which the Company could repurchase up to \$2.0 billion of the Company's common stock. The March 2024 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the 2022 Share Repurchase Program. The March 2024 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

In October 2024, the Board of Directors authorized a share repurchase program (the October 2024 Share Repurchase Program) pursuant to which the Company may repurchase up to \$3.0 billion of the Company's common stock. The October 2024 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the March 2024 Share Repurchase Program. The October 2024 Share Repurchase Program does not have an expiration date and may be suspended or discontinued at any time.

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

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(Dollars in millions)			
Shares repurchased	2,489,367	2,173,431	2,192,556
Total cost of shares repurchased	\$ 1,023.5	\$ 1,009.3	\$ 900.0

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.

As of February 1, 2025 and February 3, 2024, 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 2024, 2023, and 2022. 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 2024. 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 2024.

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 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 2024.

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 2024, 2023, and 2022.

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 2024, 2023, and 2022. An increase or decrease in the estimated redemption rate of 5% would not have a material impact on our operating income in fiscal 2024.

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.

Recently adopted accounting pronouncements

See Note 2 to our consolidated financial statements, "Summary of significant accounting policies – Recently adopted accounting pronouncements."

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 1, 2025, February 3, 2024, or January 28, 2023.

Item 8. Financial Statements and Supplementary Data

ULTA BEAUTY, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of Independent Registered Public Accounting Firm (PCAOB ID: 42)	47
Consolidated Balance Sheets	51
Consolidated Statements of Income	52
Consolidated Statements of Cash Flows	53
Consolidated Statements of Stockholders' Equity	54
Notes to Consolidated Financial Statements	55
Schedule II – Valuation and Qualifying Accounts	75

Report of Independent Registered Public Accounting Firm

To 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 1, 2025 and February 3, 2024, the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended February 1, 2025, 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 1, 2025 and February 3, 2024, and the results of its operations and its cash flows for each of the three years in the period ended February 1, 2025, 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 1, 2025, 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 27, 2025 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 included 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.

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.

Description of the Matter	<p><i>Loyalty Program</i></p> <p>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.</p> <p>Auditing the Company's estimate of loyalty deferred revenue was complex as the calculation involved management's assumptions of 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.</p>
How we Addressed the Matter in our Audit	<p>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.</p> <p>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.</p>

/s/ Ernst & Young LLP

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

Chicago, Illinois
March 27, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders' and the Board of Directors of 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 1, 2025, 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 1, 2025, based on the 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 1, 2025 and February 3, 2024, the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended February 1, 2025, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated March 27, 2025 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.

[Table of Contents](#)

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 27, 2025

Ulta Beauty, Inc.
Consolidated Balance Sheets

(In thousands, except per share data)	February 1, 2025	February 3, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 703,201	\$ 766,594
Receivables, net	223,334	207,939
Merchandise inventories, net	1,968,214	1,742,136
Prepaid expenses and other current assets	129,113	115,598
Prepaid income taxes	4,946	4,251
Total current assets	3,028,808	2,836,518
Property and equipment, net	1,239,295	1,182,335
Operating lease assets	1,609,870	1,574,530
Goodwill	10,870	10,870
Other intangible assets, net	204	510
Deferred compensation plan assets	47,951	43,516
Other long-term assets	64,695	58,732
Total assets	<u>\$ 6,001,693</u>	<u>\$ 5,707,011</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 563,761	\$ 544,001
Accrued liabilities	380,241	382,468
Deferred revenue	500,585	436,591
Current operating lease liabilities	288,114	283,821
Accrued income taxes	46,777	11,310
Total current liabilities	1,779,478	1,658,191
Non-current operating lease liabilities	1,635,120	1,627,271
Deferred income taxes	42,593	85,921
Other long-term liabilities	56,149	56,300
Total liabilities	3,513,340	3,427,683
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.01 par value, 400,000 shares authorized; 46,809 and 49,123 shares issued; 45,965 and 48,324 shares outstanding; at February 1, 2025 and February 3, 2024, respectively	468	491
Treasury stock-common, at cost	(106,793)	(83,032)
Additional paid-in capital	1,120,769	1,075,104
Retained earnings	1,473,909	1,286,765
Total stockholders' equity	2,488,353	2,279,328
Total liabilities and stockholders' equity	<u>\$ 6,001,693</u>	<u>\$ 5,707,011</u>

See accompanying notes to consolidated financial statements.

Ulta Beauty, Inc.
Consolidated Statements of Income

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(In thousands, except per share data)			
Net sales	\$ 11,295,654	\$ 11,207,303	\$ 10,208,580
Cost of sales	6,908,401	6,826,203	6,164,070
Gross profit	4,387,253	4,381,100	4,044,510
Selling, general and administrative expenses	2,808,592	2,694,561	2,395,299
Pre-opening expenses	13,689	8,510	10,601
Operating income	1,564,972	1,678,029	1,638,610
Interest income, net	(15,094)	(17,622)	(4,934)
Income before income taxes	1,580,066	1,695,651	1,643,544
Income tax expense	378,948	404,646	401,136
Net income	<u>\$ 1,201,118</u>	<u>\$ 1,291,005</u>	<u>\$ 1,242,408</u>
Net income per common share:			
Basic	\$ 25.44	\$ 26.18	\$ 24.17
Diluted	\$ 25.34	\$ 26.03	\$ 24.01
Weighted average common shares outstanding:			
Basic	47,207	49,304	51,403
Diluted	47,404	49,596	51,738

See accompanying notes to consolidated financial statements.

Ulta Beauty, Inc.
Consolidated Statements of Cash Flows

(In thousands)	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Operating activities			
Net income	\$ 1,201,118	\$ 1,291,005	\$ 1,242,408
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	267,042	243,840	241,372
Non-cash lease expense	310,636	332,754	301,912
Deferred income taxes	(43,328)	30,575	15,653
Stock-based compensation expense	42,787	48,246	43,044
Loss on disposal of property and equipment	11,566	11,419	6,688
Change in operating assets and liabilities:			
Receivables	(15,395)	(8,517)	34,260
Merchandise inventories	(226,078)	(138,685)	(104,233)
Prepaid expenses and other current assets	(13,515)	14,648	(19,432)
Income taxes	34,772	45,367	(45,182)
Accounts payable	30,297	(20,873)	8,309
Accrued liabilities	6,303	(62,238)	48,249
Deferred revenue	63,994	41,914	41,098
Operating lease liabilities	(333,835)	(338,105)	(324,500)
Other assets and liabilities	2,241	(15,084)	(7,731)
Net cash provided by operating activities	1,338,605	1,476,266	1,481,915
Investing activities			
Capital expenditures	(374,458)	(435,267)	(312,126)
Other investments	(8,631)	(6,158)	(2,458)
Net cash used in investing activities	(383,089)	(441,425)	(314,584)
Financing activities			
Borrowings from credit facility	199,700	195,400	—
Payments on credit facility	(199,700)	(195,400)	—
Repurchase of common shares	(1,003,328)	(995,738)	(900,033)
Stock options exercised	12,339	12,176	46,011
Purchase of treasury shares	(23,761)	(22,562)	(6,992)
Debt issuance costs	(4,159)	—	—
Net cash used in financing activities	(1,018,909)	(1,006,124)	(861,014)
Net increase (decrease) in cash and cash equivalents	(63,393)	28,717	306,317
Cash and cash equivalents at beginning of year	766,594	737,877	431,560
Cash and cash equivalents at end of year	\$ 703,201	\$ 766,594	\$ 737,877
Supplemental information			
Cash paid for interest	\$ 4,159	\$ 3,327	\$ 2,138
Income taxes paid, net of refunds	386,059	328,215	429,846
Non-cash investing and financing activities:			
Non-cash capital expenditures	22,561	61,757	69,591
Repurchase of common shares in accrued liabilities	14,967	4,297	—

See accompanying notes to consolidated financial statements.

Ulta Beauty, Inc.
Consolidated Statements of Stockholders' Equity

(In thousands)	Common Stock		Treasury - Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Issued Shares	Amount	Treasury Shares	Amount			
Balance – January 29, 2022	53,049	\$ 530	(738)	\$ (53,478)	\$ 934,945	\$ 653,376	\$ 1,535,373
Net income	—	—	—	—	—	1,242,408	1,242,408
Stock-based compensation	—	—	—	—	43,044	—	43,044
Stock options exercised and other awards	264	3	—	—	46,008	—	46,011
Purchase of treasury shares	—	—	(18)	(6,992)	—	—	(6,992)
Repurchase of common shares	(2,193)	(22)	—	—	—	(900,011)	(900,033)
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>\$ 1,959,811</u>
Net income	—	—	—	—	—	1,291,005	1,291,005
Stock-based compensation	—	—	—	—	48,246	—	48,246
Stock options exercised and other awards	176	2	—	—	12,174	—	12,176
Purchase of treasury shares	—	—	(43)	(22,562)	—	—	(22,562)
Repurchase of common shares, including excise tax	(2,173)	(22)	—	—	(9,313)	(1,000,013)	(1,009,348)
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>\$ 2,279,328</u>
Net income	—	—	—	—	—	1,201,118	1,201,118
Stock-based compensation	—	—	—	—	42,787	—	42,787
Stock options exercised and other awards	175	2	—	—	12,337	—	12,339
Purchase of treasury shares	—	—	(45)	(23,761)	—	—	(23,761)
Repurchase of common shares, including excise tax	(2,489)	(25)	—	—	(9,459)	(1,013,974)	(1,023,458)
Balance – February 1, 2025	<u>46,809</u>	<u>\$ 468</u>	<u>(844)</u>	<u>\$ (106,793)</u>	<u>\$ 1,120,769</u>	<u>\$ 1,473,909</u>	<u>\$ 2,488,353</u>

See accompanying notes to consolidated financial statements.

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 1, 2025, the Company operated 1,445 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 1, 2025 (fiscal 2024), February 3, 2024 (fiscal 2023), and January 28, 2023 (fiscal 2022) were 52, 53, 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.

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 1, 2025	February 3, 2024
Cash	\$ 611,252	\$ 677,004
Receivables from third-party financial institutions for credit card and debit card transactions	91,949	89,590
Cash and cash equivalents	<u>\$ 703,201</u>	<u>\$ 766,594</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 1, 2025 and February 3, 2024.

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 1, 2025	February 3, 2024
Vendor allowances	\$ 145,341	\$ 140,356
Royalties and other credit card	23,723	24,818
Gift card	14,695	11,694
Other	40,977	31,706
Allowance for doubtful accounts	(1,402)	(635)
Receivables, net	<u>\$ 223,334</u>	<u>\$ 207,939</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 \$40,003 and \$45,360 as of February 1, 2025 and February 3, 2024, respectively.

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").

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.

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 Company receives from the third parties various types of incentive payments and expense reimbursements, including 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 \$24,293, \$22,606, and \$18,835 in fiscal 2024, 2023, and 2022, 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 30 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

[Table of Contents](#)

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 1, 2025	February 3, 2024	January 28, 2023
Advertising expense, net	\$ 431,455	\$ 422,779	\$ 374,730
Advertising expense, net as a percentage of net sales	3.8%	3.8%	3.7%

Prepaid advertising costs included in prepaid expenses and other current assets on the consolidated balance sheets were \$7,830 and \$12,708 as of February 1, 2025 and February 3, 2024, 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").

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 \$42,787, \$48,246, and \$43,044 in fiscal 2024, 2023 and 2022, respectively (see Note 14, “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 \$750 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 15, “Net income per common share”).

Recently adopted accounting pronouncements

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 adopted ASU 2023-07 in fiscal 2024.

Recent accounting pronouncements not yet adopted

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.

Income Statement – Reporting Comprehensive Income (Topic 220-40): Expense Disaggregation Disclosures

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income (Topic 220-40): Expense Disaggregation Disclosures. This update requires, among other things, more detailed disclosure about types of expenses in commonly presented expense captions such as cost of sales and SG&A and is intended to improve the disclosures about an entity’s expenses including purchases of inventory, employee compensation, depreciation, and amortization. The ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods.

within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of adopting ASU 2024-03 on the consolidated financial statements and disclosures.

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 1, 2025	February 3, 2024	January 28, 2023
Cosmetics	39%	41%	42%
Skincare	23%	22%	20%
Haircare	19%	20%	22%
Fragrance	13%	11%	11%
Services	4%	4%	3%
Other	2%	2%	2%
	100%	100%	100%

Certain sales departments were reclassified between categories in the prior year to conform to current year presentation, including moving the bath category from Fragrance to Skincare.

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 2024 and 2023:

(In thousands)	Fiscal year ended	
	February 1, 2025	February 3, 2024
Beginning balance	\$ 428,788	\$ 388,583
Additions to contract liabilities (1)	362,563	332,369
Deductions to contract liabilities (2)	(298,444)	(292,164)
Ending balance	\$ 492,907	\$ 428,788

(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 \$7,678 and \$7,803 at February 1, 2025 and February 3, 2024, respectively.

4. Prepaid expenses and other assets

Prepaid expenses and other current assets consist of the following:

<u>(In thousands)</u>	February 1, 2025	February 3, 2024
Prepaid supplies	\$ 45,408	\$ 37,839
Cloud computing costs (1)	29,175	24,583
Prepaid maintenance	12,164	14,855
Prepaid advertising	7,830	12,708
Other	34,536	25,613
Prepaid expenses and other current assets	<u>\$ 129,113</u>	<u>\$ 115,598</u>

Other long-term assets consist of the following:

<u>(In thousands)</u>	February 1, 2025	February 3, 2024
Cloud computing costs (1)	\$ 39,338	\$ 39,669
Other	25,357	19,063
Other long-term assets	<u>\$ 64,695</u>	<u>\$ 58,732</u>

(1) Expense related to cloud computing arrangements was \$125,696, \$101,062, and \$87,593 in fiscal 2024, fiscal 2023, and fiscal 2022, 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:

<u>(In thousands)</u>	February 1, 2025	February 3, 2024
Equipment and fixtures	\$ 1,388,173	\$ 1,297,428
Leasehold improvements	1,041,179	928,900
Electronic equipment and software	882,933	774,441
Construction-in-progress	80,841	193,260
	<u>3,393,126</u>	<u>3,194,029</u>
Less: accumulated depreciation and amortization	<u>(2,153,831)</u>	<u>(2,011,694)</u>
Property and equipment, net	<u>\$ 1,239,295</u>	<u>\$ 1,182,335</u>

6. Goodwill

The changes in the carrying amounts of goodwill during the fiscal 2024 and 2023 are as follows:

<u>(In thousands)</u>	February 1, 2025	February 3, 2024
Beginning balance	\$ 10,870	\$ 10,870
Acquisitions	—	—
Ending balance	<u>\$ 10,870</u>	<u>\$ 10,870</u>

7. Other intangible assets

Other intangible assets subject to amortization consists of the following:

(In thousands)	Weighted-average remaining useful life in years	February 1, 2025			February 3, 2024		
		Gross carrying value	Accumulated amortization	Net	Gross carrying value	Accumulated amortization	Net
Developed technology	0.7	\$ 5,506	\$ (5,302)	\$ 204	\$ 5,506	\$ (4,996)	\$ 510

Amortization expense related to intangible assets was \$306, \$889, and \$1,014 in fiscal 2024, fiscal 2023, and fiscal 2022, 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)
2025	\$ 204
2026	—
2027	—
2028	—
2029	—
2030 and thereafter	—
	<u>\$ 204</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 2037. 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 1, 2025	February 3, 2024
Right-of-use assets	Operating lease assets	<u>\$ 1,609,870</u>	<u>\$ 1,574,530</u>
Current lease liabilities	Current operating lease liabilities	\$ 288,114	\$ 283,821
Non-current lease liabilities	Non-current operating lease liabilities	1,635,120	1,627,271
Total lease liabilities		<u>\$ 1,923,234</u>	<u>\$ 1,911,092</u>
Weighted-average remaining lease term		6.7 years	6.6 years
Weighted-average discount rate		4.2%	3.7%

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 1, 2025	February 3, 2024	January 28, 2023
Operating lease cost	Cost of sales (1)	\$ 355,241	\$ 344,600	\$ 322,195
Variable lease cost	Cost of sales	90,095	88,381	83,488
Short-term lease cost	SG&A expenses	1,415	1,451	685
Sublease income	Net sales	(975)	(1,672)	(1,748)
Total lease cost		\$ 445,776	\$ 432,760	\$ 404,620

- (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 1, 2025	February 3, 2024	January 28, 2023
Cash paid for operating lease liabilities (1)	\$ 413,299	\$ 396,573	\$ 383,209
Operating lease assets obtained in exchange for operating lease liabilities (non-cash)	345,976	346,021	380,922

- (1) Excludes \$40,742, \$39,654, and \$30,927 related to cash received for tenant incentives as of February 1, 2025, February 3, 2024, and January 28, 2023, respectively.

Maturity of lease liabilities

The following table presents maturities of operating lease liabilities:

Fiscal year	(In thousands)
2025	\$ 362,147
2026	392,214
2027	343,177
2028	278,586
2029	225,186
2030 and thereafter	633,532
Total lease payments	\$ 2,234,842
Less: imputed interest	(311,608)
Present value of operating lease liabilities	\$ 1,923,234

Operating lease payments exclude \$172,561 of legally binding minimum lease payments for leases signed but not yet commenced.

9. Commitments and contingencies

Contractual obligations – As of February 1, 2025, the Company had various non-cancelable obligations of \$16,806 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 \$18,394 in fiscal 2024.

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 1, 2025	February 3, 2024
Accrued payroll, bonus, and employee benefits	\$ 148,527	\$ 150,880
Accrued taxes	60,716	56,790
Accrued capital expenditures	13,598	42,257
Accrued advertising	46,610	33,875
Other accrued liabilities	110,790	98,666
Accrued liabilities	<u>\$ 380,241</u>	<u>\$ 382,468</u>

11. Income taxes

The provision for income taxes consists of the following:

(In thousands)	February 1, 2025	Fiscal year ended February 3, 2024	January 28, 2023
Current:			
Federal	\$ 348,450	\$ 308,656	\$ 315,763
State	73,826	65,415	69,719
Total current	422,276	374,071	385,482
Deferred:			
Federal	(31,407)	27,391	11,800
State	(11,921)	3,184	3,854
Total deferred	(43,328)	30,575	15,654
Provision for income taxes	<u>\$ 378,948</u>	<u>\$ 404,646</u>	<u>\$ 401,136</u>

[Table of Contents](#)

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

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Federal statutory rate	21.0%	21.0%	21.0%
State effective rate, net of federal tax benefit	3.1%	3.2%	3.6%
Executive compensation limitation	0.3%	0.3%	0.3%
Excess deduction of stock compensation	(0.3%)	(0.4%)	(0.2%)
Other	(0.1%)	(0.2%)	(0.3%)
Effective tax rate	24.0%	23.9%	24.4%

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 was effective in fiscal 2024 and did not 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 1, 2025	February 3, 2024
Deferred tax assets:		
Operating lease liability	\$ 492,729	\$ 490,907
Reserves not currently deductible	50,362	58,796
Accrued liabilities	49,626	40,501
Employee benefits	33,111	32,885
Inventory valuation	4,168	1,962
Credit carryforwards	390	359
NOL carryforwards	197	231
Property and equipment	—	1,729
Total deferred tax assets	630,583	627,370
Deferred tax liabilities:		
Operating lease asset	623,622	607,251
Prepaid expenses	22,299	83,775
Receivables not currently includable	17,895	20,502
Property and equipment	8,286	—
Other	1,074	1,763
Total deferred tax liabilities	673,176	713,291
Net deferred tax liability	\$ (42,593)	\$ (85,921)

At February 1, 2025, the Company had \$494 of credit carryforwards for state income tax purposes that expire between 2025 and 2028. 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 \$344 of federal NOL carryforwards that do not expire.

[Table of Contents](#)

The Company accounts for uncertainty in income taxes in accordance with Accounting Standards Codification 740-10. The reserve for uncertain tax positions was \$5,220 and \$4,060 at February 1, 2025 and February 3, 2024, 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 1, 2025	February 3, 2024
Beginning balance	\$ 4,060	\$ 4,158
Increase due to a prior year tax position	1,188	1,437
Decrease due to a prior year tax position	(28)	(590)
Decrease due to a prior year audit adjustment	—	(945)
Ending balance	<u>\$ 5,220</u>	<u>\$ 4,060</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 2024 and 2023.

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 2021 and is no longer subject to examinations by state authorities before 2020.

12. Debt

On March 13, 2024, the Company 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 \$800,000 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 \$200,000, 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 0.5% 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.

As of February 1, 2025 and February 3, 2024, the Company had no borrowings outstanding under the credit facility.

As of February 1, 2025, 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.

[Table of Contents](#)

- 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 1, 2025 and February 3, 2024, there were liabilities related to the non-qualified deferred compensation plan included in other long-term liabilities on the consolidated balance sheets of \$43,117 and \$42,653, 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. 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 1, 2025, the plan reserves for the issuance upon grant or exercise of awards up to 2,092 shares of common stock.

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

(In thousands)	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Stock options	\$ 9,188	\$ 7,429	\$ 7,250
Restricted stock units	19,863	19,724	18,483
Performance-based restricted stock units	13,736	21,093	17,311
Total stock-based compensation expense	\$ 42,787	\$ 48,246	\$ 43,044
Cash received from stock option exercises	\$ 12,339	\$ 12,176	\$ 46,011
Income tax benefit	\$ 4,891	\$ 7,167	\$ 3,829

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 1, 2025	February 3, 2024	January 28, 2023
Volatility rate	33.0%	45.0%	49.0%
Average risk-free interest rate	4.4%	3.8%	2.4%
Average expected life (in years)	3.5	3.4	3.4
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

[Table of Contents](#)

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.

The following table presents information related to common stock options:

(In thousands, except weighted-average grant date fair value)	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Weighted-average grant date fair value	\$ 157.66	\$ 199.15	\$ 149.14
Fair value of options vested	7,992	7,169	9,525
Intrinsic value of options exercised	12,673	15,509	42,489

At February 1, 2025, there was approximately \$8,540 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 2024		Fiscal 2023		Fiscal 2022	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Beginning of year	307	\$ 303.47	324	\$ 260.34	498	\$ 232.85
Granted	56	522.88	42	541.39	47	395.81
Exercised	(52)	239.61	(54)	223.59	(207)	222.19
Forfeited/Expired	(12)	465.19	(5)	382.48	(14)	311.40
End of year	299	\$ 349.12	307	\$ 303.47	324	\$ 260.34
Exercisable at end of year	188	\$ 270.15	154	\$ 264.87	118	\$ 261.57
Vested and Expected to vest	292	\$ 345.55	297	\$ 302.05	309	\$ 260.37

The following table presents information related to stock options outstanding and stock options exercisable at February 1, 2025 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
\$174.45 – \$174.45	72	3	\$ 174.45	72	3	\$ 174.45
\$174.46 – \$281.53	31	2	231.26	31	2	231.26
\$281.54 – \$306.59	37	4	306.59	25	4	306.59
\$306.60 – \$348.73	36	3	348.73	36	3	348.73
\$348.74 – \$395.84	33	5	395.84	14	4	395.84
\$395.85 – \$545.67	90	7	530.57	10	6	541.11
\$174.45 – \$545.67	299	4	\$ 349.12	188	3	\$ 270.15

The aggregate intrinsic value of outstanding and exercisable stock options as of February 1, 2025 was \$29,532 and \$28,016, respectively. The last reported sale price of the Company's common stock on the NASDAQ Global Select Market on February 1, 2025 was \$412.15 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 activity and reduce the stock-based compensation expense recognized. At February 1, 2025, unrecognized stock-based compensation expense related to RSUs was \$24,888. 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 2024		Fiscal 2023		Fiscal 2022	
	Number of units	Weighted-average grant date fair value	Number of units	Weighted-average grant date fair value	Number of units	Weighted-average grant date fair value
Beginning of year	140	\$ 408.86	221	\$ 264.08	221	\$ 236.95
Granted	54	497.25	50	518.45	61	399.43
Vested	(50)	322.03	(122)	191.76	(46)	312.70
Forfeited	(19)	471.41	(9)	408.21	(15)	262.94
End of year	125	\$ 472.36	140	\$ 408.86	221	\$ 264.08
Expected to vest	116	\$ 472.36	130	\$ 408.86	205	\$ 264.08

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 1, 2025, unrecognized stock-based compensation expense related to PBSs was \$10,400. 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 2024		Fiscal 2023		Fiscal 2022	
	Number of units	Weighted-average grant date fair value	Number of units	Weighted-average grant date fair value	Number of units	Weighted-average grant date fair value
Beginning of year	106	\$ 407.03	76	\$ 347.89	54	\$ 314.30
Granted	37	522.88	33	542.33	37	395.83
Change in performance award payout	34	306.59	—	—	(1)	378.79
Vested	(74)	306.59	—	—	(11)	345.53
Forfeited	(10)	476.01	(3)	403.60	(3)	332.94
End of year	93	\$ 488.16	106	\$ 407.03	76	\$ 347.89
Expected to vest	86	\$ 488.16	98	\$ 407.03	70	\$ 347.89

The number of PBSs granted is based on achieving the targeted performance goals as defined in the PBS agreements. As of February 1, 2025, the maximum number of units that could vest under the provisions of the agreements was 205.

15. 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:

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(In thousands, except per share data)			
Numerator:			
Net income	\$ 1,201,118	\$ 1,291,005	\$ 1,242,408
Denominator:			
Weighted-average common shares – Basic	47,207	49,304	51,403
Dilutive effect of stock options and non-vested stock	197	292	335
Weighted-average common shares – Diluted	47,404	49,596	51,738
Net income per common share:			
Basic	\$ 25.44	\$ 26.18	\$ 24.17
Diluted	\$ 25.34	\$ 26.03	\$ 24.01

The denominator for diluted net income per common share for fiscal years 2024, 2023, and 2022 excludes 197, 138, and 84 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.

16. 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:

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(In thousands)			
401(k) plan match	\$ 26,015	\$ 24,533	\$ 21,912

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 2024, 2023, and 2022.

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

(In thousands)	February 1, 2025	February 3, 2024
Deferred compensation plan assets	\$ 47,951	\$ 43,516
Deferred compensation plan liability	43,117	42,653

17. Share repurchase program

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 earlier share repurchase program. The 2022 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

In March 2024, the Board of Directors authorized a share repurchase program (the March 2024 Share Repurchase Program) pursuant to which the Company could repurchase up to \$2,000,000 of the Company's common stock. The March 2024 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the 2022 Share Repurchase Program. The March 2024 Share Repurchase Program did not have an expiration date but provided for suspension or discontinuation at any time.

In October 2024, the Board of Directors authorized a share repurchase program (the October 2024 Share Repurchase Program) pursuant to which the Company may repurchase up to \$3,000,000 of the Company's common stock. The October 2024 Share Repurchase Program authorization revoked the previously authorized but unused amounts from the March 2024 Share Repurchase Program. The October 2024 Share Repurchase Program does not have an expiration date and may be suspended or discontinued at any time.

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

(In thousands)	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Shares repurchased	2,489	2,173	2,193
Total cost of shares repurchased	\$ 1,023,458	\$ 1,009,348	\$ 900,033

18. Segment reporting

The Company operates specialty beauty retail stores in the United States selling cosmetics, fragrance, skincare products, haircare products, wellness products, and services. Nearly every store features a full-service salon. The Company has one operating segment and one reportable segment, both of which include retail stores, salon services, and e-commerce.

The Company's President and Chief Executive Officer operates as the chief operating decision maker ("CODM") and evaluates performance based on net income that is reported on the consolidated statements of income. The measure of segment assets is reported on the consolidated balance sheets as total assets. The Company's net sales are generated within the United States and its long-lived assets are located primarily in the United States.

The CODM considers both budget-to-actual and forecast-to-actual variances on a monthly basis for profit measures when assessing performance and making decisions about allocating capital and resources. The CODM also uses net income in competitive analysis by benchmarking to competitors. The competitive analysis along with the monitoring of the financial results are used in assessing performance of the reportable segment and in establishing compensation.

[Table of Contents](#)

Within the reportable segment, there are significant expense categories regularly provided to the CODM and included in the measure of the segment's net income as shown below:

	Fiscal year ended		
	February 1, 2025	February 3, 2024	January 28, 2023
(In thousands, except per share data)			
Net sales	\$ 11,295,654	\$ 11,207,303	\$ 10,208,580
Less:			
Cost of sales (1)	6,908,401	6,826,203	6,164,070
Associate expenses (2)	1,459,231	1,391,175	1,264,139
Advertising expense, net (3)	431,455	422,779	374,730
Pre-opening expenses	13,689	8,510	10,601
Other segment expenses (1) (4)	917,906	880,607	756,430
Interest income, net	(15,094)	(17,622)	(4,934)
Income tax expense	378,948	404,646	401,136
Net income	<u>\$ 1,201,118</u>	<u>\$ 1,291,005</u>	<u>\$ 1,242,408</u>

- (1) Included within cost of sales and other segment expenses is depreciation and amortization expense of \$267,042, \$243,840, and \$241,372 is fiscal years 2024, 2023, and 2022, respectively, as described in Note 2, "Summary of significant accounting policies."
- (2) Associate expenses include salaries, wages, bonus, and other forms of compensation related to associates as described in Note 2, "Summary of significant accounting policies."
- (3) Advertising expense, net consists 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 as described in Note 2, "Summary of significant accounting policies."
- (4) Other segment expenses include other corporate overhead and store operating expenses within SG&A expenses as described in Note 2, "Summary of significant accounting policies."

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 2024				
Allowance for doubtful accounts	\$ 635	\$ 1,088	\$ (321)(a)	\$ 1,402
Inventory reserve	45,360	34,373	(39,730)	40,003
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

(a) Represents write-off of uncollectible accounts

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 1, 2025, 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 1, 2025, 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 1, 2025. 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 1, 2025 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 13 weeks ended February 1, 2025 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

During the 13 weeks ended February 1, 2025, 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.

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 – Insider Trading Policy” and “Corporate Governance – Audit Committee” in our definitive Proxy Statement for our 2025 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 2024” 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 1, 2025 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.

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)	47
Consolidated Balance Sheets	51
Consolidated Statements of Income	52
Consolidated Statements of Cash Flows	53
Consolidated Statements of Stockholders' Equity	54
Notes to Consolidated Financial Statements	55
Schedule II – Valuation and Qualifying Accounts	75

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.

EXHIBIT INDEX

Exhibit Number	Description of document	Filed Herewith	Incorporated by Reference		
			Form	Exhibit Number	File Number Filing Date
3.1	Certificate of Incorporation of Ulta Beauty, Inc., as amended through June 1, 2023		8-K	3.1	001-33764 6/07/2023
3.2	Bylaws of Ulta Beauty, Inc., as amended through June 1, 2023		8-K	3.3	001-33764 6/07/2023
4	Description of Ulta Beauty, Inc.'s Securities		10-K	4	001-33764 3/26/2024
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 1/30/2017
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		10-K	10.2	001-33764 3/26/2024
10.3	Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan*		DEF 14A	Appendix A	001-33764 4/20/2016
10.4	Form of Restricted Stock Unit Award Agreement—Performance Shares under the 2011 Incentive Award Plan*		8-K	10.1	001-33764 3/31/2015
10.5	Ulta Salon, Cosmetics & Fragrance, Inc. Non-qualified Deferred Compensation Plan*		10-K	10.17	001-33764 4/2/2009
10.6	Letter Agreement dated January 6, 2014 between Ulta Inc. and David Kimbell*		10-Q	10.1	001-33764 6/4/2015
10.7	Form of Option Agreement under the 2011 Incentive Award Plan*		10-K	10.13	001-33764 3/28/2017
10.8	Form of Restricted Stock Unit Award Agreement under the 2011 Incentive Award Plan*		10-K	10.14	001-33764 3/28/2017
10.9	Letter Agreement dated August 3, 2015 between Ulta Inc. and Jodi J. Caro*		10-K	10.15	001-33764 3/28/2017
10.10	Ulta Beauty, Inc. Executive Change in Control and Severance Plan*		10-K	10.16	001-33764 3/28/2017
10.11	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

[Table of Contents](#)

Exhibit Number	Description of document	Filed Herewith	Incorporated by Reference			
			Form	Exhibit Number	File Number	Filing Date
10.12	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
10.13	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
10.14	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
10.15	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
10.16	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
10.17	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
10.18	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
10.19	Transition and Advisory Agreement between Ulta Beauty, Inc. and David Kimbell	X				
19	Ulta Beauty, Inc. Insider Trading Policy	X				
21	List of Significant Subsidiaries	X				
23	Consent of Independent Registered Public Accounting Firm	X				
31.1	Certification of the Chief Executive 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				
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				

[Table of Contents](#)

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	Ulta Beauty, Inc. Senior Leadership Clawback Policy		10-K	97	001-33764	3/26/2024
99	Proxy Statement for the 2025 Annual Meeting of Stockholders. [To be filed with the SEC under Regulation 14A within 120 days after February 1, 2025; except to the extent specifically incorporated by reference, the Proxy Statement for the 2025 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.

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 27, 2025.

ULTA BEAUTY, INC.

By: /s/ Paula M. Oyibo
Paula M. Oyibo
Chief Financial Officer and Treasurer

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:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Kecia L. Steelman</u> Kecia L. Steelman	President and Chief Executive Officer and Director (Principal Executive Officer)	March 27, 2025
<u>/s/ Paula M. Oyibo</u> Paula M. Oyibo	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 27, 2025
<u>/s/ Michelle L. Collins</u> Michelle L. Collins	Director	March 27, 2025
<u>/s/ Kelly E. Garcia</u> Kelly E. Garcia	Director	March 27, 2025
<u>/s/ Catherine Halligan</u> Catherine Halligan	Director	March 27, 2025
<u>/s/ Patricia A. Little</u> Patricia A. Little	Director	March 27, 2025
<u>/s/ Michael R. MacDonald</u> Michael R. MacDonald	Director	March 27, 2025
<u>/s/ George Mrkonic</u> George Mrkonic	Director	March 27, 2025
<u>/s/ Lorna E. Nagler</u> Lorna E. Nagler	Non-Executive Chair of the Board of Directors	March 27, 2025
<u>/s/ Heidi G. Petz</u> Heidi G. Petz	Director	March 27, 2025
<u>/s/ Gisel Ruiz</u> Gisel Ruiz	Director	March 27, 2025
<u>/s/ Michael C. Smith</u> Michael C. Smith	Director	March 27, 2025



TRANSITION AND ADVISORY AGREEMENT

This Transition and Advisory Agreement (hereinafter, the "Agreement") made between you, David C. Kimbell (for yourself, your spouse, heirs, representatives and assigns) (the "Executive") and Ulta Beauty, Inc. ("Ulta or the "Company").

WHEREAS, the Executive and Ulta (collectively "the Parties") have determined that the Executive shall retire from his role as Chief Executive Officer, effective January 6, 2025 (the "Transition Date"); and

WHEREAS, the Company and the Executive desire that the Executive remain employed as an Advisor following the Transition Date, on the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth below, and intending to be legally bound thereby, the Parties covenant and agree as follows:

1) **Retirement.** The Executive hereby retires from his position of Chief Executive Officer and member of the Board of Directors of the Company (the "Board"), effective on the Transition Date. The Executive's retirement on the Transition Date will not affect any rights he has under the equity grants set forth in Section 5(c)(i) of this Agreement. On the Transition Date, the Executive shall also be deemed to have resigned from all positions he holds as (i) a director or officer of all subsidiaries and affiliates of the Company, and (ii) all fiduciary positions (including as a trustee) that the Executive holds with respect to any employee benefit plans or trusts established by the Company or any of its subsidiaries or affiliates. The Executive hereby agrees to execute such further document(s) or other instruments and take such further actions as shall be determined by the Company as necessary or desirable to give effect to the foregoing. After the Transition Date, the Executive shall not represent himself as being an officer, director, fiduciary, trustee, agent or representative of the Company or any of its subsidiaries or affiliates, and shall not have the authority to bind the Company or its subsidiaries or affiliates, for any purpose.

2) **Advisory Period.** The Executive agrees to serve as an Advisor to the Company from the Transition Date through the earliest of:

(a) June 28, 2025 (the "Planned Advisory Period Termination Date"),

(b) the date Executive accepts employment of any kind with any other employer that has not been approved in writing by the Company pursuant to Section 4 of this Agreement,

(c) the date the Company terminates the Executives employment for Cause (defined as (i) commission of a felony; (ii) dishonesty or misrepresentation involving the Company; (iii) serious misconduct in the performance or non-performance of his or her responsibilities to the Company (e.g., gross negligence, willful misconduct, gross insubordination or unethical conduct) or (iv) or(v) materially breaches any provision of this Agreement or the Confidential Information & Protective Covenants Agreement ("CIPCA") executed by Executive and Ulta dated April 12, 2021,

(d) the date Executive voluntarily resigns from Executive's transition services, or

(e) the date of Executive's death,

such period shall be the "Advisory Period." and the date on which such Advisory Period actually terminates shall be the "Advisory Period Termination Date". During the Advisory Period, the Executive will continue to be employed by the Company on an at-will basis and shall report to the Company's Chief Human Resources Officer, Anita Ryan. The Company further agrees that prior to March 17, 2025 it will not terminate this Agreement for any reason other than Cause as defined in Section 2(c) above. The Executive and the Company agree that the Executive's employment with the Company will terminate on the Advisory Period Termination Date and that the Executive shall be deemed to have fully resigned as an Advisor and employee of the Company and its subsidiaries on such date. At any time during the one (1) year following the Advisory Period Termination Date, and in an effort to secure work as an employee, contractor, advisor or Board member, Executive may request that the Company, in its sole discretion, waive the Company's right to enforce any or all of the restrictions contained in Section 3 ("Protective Covenants") of the CIPCA, which discretion shall not be unreasonably exercised.

- 3) **Duties and Obligations During Advisory Period.** The Executive's duties during the Advisory Period will include assisting upon request with the transition of the Executive's duties, and providing transitional and other strategic advice to the Company's new Chief Executive Officer and the Board, also upon request. The Executive shall neither be considered an executive officer with the meaning of Rule 3b-7 promulgated under the Securities Exchange Act of 1934 as amended (the "Exchange Act") nor an "officer" within the meaning of Section 16 of the Exchange Act for any purposes, including reporting purposes.
- 4) **Compliance Obligations:** During the Advisory Period, (i) the Executive agrees to remain in compliance with the CIPCA executed by Executive and Ulta, it being the agreement of the Parties that the post-employment restrictive periods set forth in the CIPCA shall commence upon the Advisory Period Termination Date, (ii) the Executive shall be considered a Designated Ulta Beauty Insider pursuant to the Company's Insider Trading Plan and shall not trade in Ulta common stock outside of authorized trading windows and without preclearance from the Company's General Counsel, Chief Risk & Compliance Officer; and (iii) the Executive shall continue to be bound by all other policies, duties and procedures in effect from time to time that apply to employees of the Company and its subsidiaries.

In addition, during the Advisory Period, the Executive is precluded from employment with any other employer but the Executive is not precluded from engaging in outside business activities (including serving on outside boards of directors, committees or other short-term consulting), provided that (i) such outside business activities are approved in writing by the Company, such approval not to be unreasonably withheld; (ii) Executive does not hold himself out as a representative of Ulta in such outside business activities without the Company's written consent and (iii) such outside business activities do not breach any of Executive's obligations herein; in the Company's Code of Conduct; or in Executive's CIPCA nor unreasonably interfere with the Executive's performance of his duties as an Advisor to the Company.

- 5) **Payment and Benefits.** The Company shall provide the following payments and benefits to the Executive, subject to the terms and conditions set forth herein:

a) **Benefits regardless of whether this Agreement is signed:**

- i) Executive is entitled to continue, after the Transition Date (which will be Executive's employment termination date if Executive does not sign this Agreement), any insurance benefits authorized under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), provided the Executive is eligible for and timely and properly elects COBRA coverage. Executive will be responsible for paying the full premiums during the COBRA period. If Executive fails to timely and properly complete the appropriate COBRA paperwork and Executive's insurance coverage lapses as a result, Executive agrees that Executive will not

hold Ulta liable for any benefit coverage or benefits lost, or for any other damages that may result. If Executive has any questions regarding Executive's insurance coverage, Executive understands that Executive should contact the benefits department.

- ii) Executive will receive pay for all accrued base salary and vacation time as of the Transition Date, as well as business expenses that were incurred in compliance with Ulta policy prior to the Transition Date.
- b) **Payments and Benefits During the Advisory Period:** Subject to (i) the Executive executing the release provided in Section 7 hereof, (ii) the Executive not revoking such release within the time period set forth in Section 19, (iii) the Executive remaining in compliance with this Agreement (including, for the avoidance of doubt, the obligation to comply with the CIPCA) and any other agreement with the Company or its subsidiaries to which he is subject, and (iv) any other terms and conditions set forth herein:
 - i) **Advisory Period Base Salary.** During the Advisory Period, the Executive shall receive a base salary at Executive's current bi-weekly base salary rate of \$51,923.20, less all applicable withholdings and deductions, payable in equal installments on the Company's regularly scheduled payroll dates during the Advisory Period. Executive will not be eligible for any other compensation during the Advisory Period including any 2025 merit increase and Executive will not participate in the Company's 2025 Annual Incentive or Long Term Equity Incentive plans.
 - ii) **401(k) Plan.** During the Advisory Period, the Executive shall continue to be eligible to participate in the 401(k) plan of the Company as an active employee, and the Company shall continue to make 401(k) matching contributions, if any, on behalf of the Executive, subject to the terms of the applicable plan as in effect from time to time during the Advisory Period.
 - iii) **Benefits.** The Company agrees that the Executive shall continue to be a participant in the Company's medical, dental, life insurance, disability and other benefit plans, program and policies offered to active, full-time employees during the Advisory Period, subject to the terms and conditions of the plans as in effect from time to time during the Advisory Period. The Company shall also continue to pay for Executive's home security services during the Advisory Period. For the avoidance of doubt, as of the Transition Date, the Executive shall no longer be a participant in Executive Change in Control and Severance Plan (the "Change in Control Plan") and shall not be eligible to participate in the Company's Severance Policy.
 - iv) **Fiscal Year 2024 Annual Incentive.** The Executive shall be eligible to receive the annual cash incentive for the 2024 fiscal year as if he served in the position of Chief Executive Officer for the entire fiscal year. The Company shall pay the Executive an annual cash incentive for the 2024 fiscal year, if any, subject to the determination and certification by the Compensation Committee of the Board (the "Committee") and the Board of the attainment of the performance goals applicable for such year, at the same time as such bonuses are paid to other senior executives of the Company, which shall be reduced by all applicable withholdings and deductions.
- c) **Payments and Benefits Conditioned on Release Reaffirmation:** Subject to (i) the Executive continuing in employment pursuant to the terms hereof through the Planned Advisory Period Termination Date, (ii) the Executive executing the Reaffirmation attached as Exhibit A hereto on or following the Planned Advisory Period Termination Date, (iii) the Executive not revoking the release referenced in the Reaffirmation within the revocation period set forth therein, (iv) the Executive remaining in compliance with the CIPCA (with the Planned Advisory Period Termination Date constituting the last day of employment for purposes of determining the duration of any post-employment restrictive periods set forth therein), and (v) the Executive remaining in compliance with any other terms and conditions set forth herein:

- i. **Equity Grants:** The Company and the Executive agree that, as of the date of this Agreement, the Executive holds stock options, performance-based restricted stock units ("PBSs"), and restricted stock units ("RSUs"), each of which were granted pursuant to the Ulta Beauty, Inc. Amended and Restated 2011 Incentive Award Plan (the "Plan"), with the details of each grant more specifically provided in **Schedule 1** annexed hereto. Each of the awards set forth on Schedule 1 shall be treated in accordance with the terms and conditions of the Plan and the applicable award agreement pursuant to which the award was granted, as they may be amended from time to time, it being the agreement and understanding of the parties that the date of the Executive's "Termination of Service" for purposes of the Plan and the award agreements shall be the Planned Advisory Period Termination Date and that such Termination of Service shall be treated for all purposes of the Plan and the award agreements, to the extent applicable, as a Qualified Retirement within the meaning thereof, provided the Executive remains in compliance with the restrictive covenants set forth in the applicable award agreements and CIPCA, as applicable.
- d) **Executive Physical.** The Executive shall be eligible to have an executive physical during 2025 pursuant to the Company's existing program.
- e) **Associate Discount Benefit.** The Executive shall be entitled to his current associate discount of 25% throughout his lifetime.
- f) **Certain Insurance.** The Executive shall continue to be eligible for coverage under the Company's directors-and-officers insurance policy, as the same shall be in effect from time to time, on terms no less favorable than those offered to then-current directors and officers of the Company, with respect to his services to the Company as a director and officer prior to the Transition Date.
- 6) **No Other Payments or Benefits.** Except for the payments and benefits provided for in Section 4 of this Agreement, and those accrued but unused benefits and obligations to which the Executive is entitled, the Executive hereby acknowledges and agrees that the Executive is not entitled to any other compensation or benefits of any kind from the Company or any of its subsidiaries or affiliates, including, but not limited to, any claims for salary, bonuses, severance, or any other payments or benefits whatsoever under any Company plan or program. The obligations of the Company under Sections 5(b) and 5(c) of this Agreement reflect consideration provided to the Executive over and above anything of value to which the Executive already is entitled, and the Executive acknowledges and agrees that no other sums or amounts are or will be due or owing to him and expressly waives any rights or claims to additional sums, amounts, privileges, or benefits not expressly provided for in this Agreement, whether written, oral, express or implied. The Executive acknowledges and agrees that neither the resignation from the Executive's officer and director and other positions on the Transition Date as provided in Section 1 of this Agreement nor the termination of the Executive's employment on the Advisory Period Termination Date shall constitute an Involuntary Termination (as defined in the Change in Control Plan) or other event giving rise to any claim for severance payments or benefits under the Company's Severance Policy, the Change in Control Plan, any equity award agreement or any other agreement or plan to which the Executive is a party or by which the Executive is covered.
- 7) **General Release.** In consideration for the obligations of the Company under Sections 5(b) and 5(c) above, to which the Executive acknowledges that the Executive is not otherwise entitled, Executive is waiving and releasing the Released Parties (defined below) from any and all known or unknown claims and causes of action Executive has or may have, as of the day Executive signs this Agreement (or as of the Planned Advisory Period Termination Date with respect to the release given in connection with the Reaffirmation), against Ulta arising out of Executive's employment with Ulta, including Executive's

transition of and separation from employment as reflected herein. The claims Executive is releasing include, but are not limited to, the following:

- a. claims, actions, causes of action, rights or liabilities arising under Title VII of the Civil Rights Act, the Civil Rights Act of 1991, The Civil Rights Act of 1966, the Age Discrimination in Employment Act ("ADEA") if applicable, the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, the Family and Medical Leave Act, the National Labor Relations Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Lilly Ledbetter Fair Pay Act, the Workers Adjustment and Retraining Notification Act ("WARN"), Illinois WARN, and the Illinois Human Rights Act, all as amended, and any other federal, state, municipal, or local employment discrimination, harassment or retaliation statutes including, but not limited to, claims based on age, sex, race, color, ethnicity, religion, national origin, citizenship, immigration status, marital status, gender, gender identity and expression, genetic information, sexual orientation, ancestry, parental status, reproductive health decision making, protected off-duty conduct, disability, and veteran status, or any allegation that payment under this Agreement was affected by any such discrimination, harassment, or retaliation, failure to accommodate or failure to engage in the interactive process;
 - b. claims, actions, causes of action, rights or liabilities arising under any other federal, state, municipal, or local statute, law, ordinance or regulation;
 - c. all claims that Executive has been adversely affected by a discriminatory pay decision or other discriminatory practice, including, but not limited to, claims that compensation Executive received has been reduced because of discrimination based on gender, race, national origin, age, or disability;
 - d. except as otherwise provided under Section 5(b) of this Agreement, all claims to any payment or regarding the calculation of Executive's payment under Ulta's Corporate Management Bonus Plan for Executives or any other bonus, incentive compensation, vacation or Illinois Paid Leave program offered by Ulta;
 - e. any rights to become a member of any class in a case in which claims are asserted against Ulta that relate in any way to Executive's employment or Executive's separation from employment with Ulta. If Executive is made a member of a class in any proceeding, Executive will opt out of the class at the first opportunity (and/or not opt in); and any other claim whatsoever including, but not limited to, claims for severance pay, breach of contract, promissory estoppel, wrongful termination, defamation, intentional infliction of emotional distress, tort, personal injury, invasion of privacy, violation of public policy, negligence, plus any other common law, statutory or other claim whatsoever arising out of or relating to Executive's employment with and separation from employment with Ulta or any Released Parties.
- 8) **Exclusions From General Release.** Excluded from the General Release in Section 6 above are: (i) any claims which Executive may make under state workers' compensation or unemployment laws; (ii) ANY RIGHTS WHICH BY LAW EXECUTIVE CANNOT WAIVE, such as but not limited to Executive's right to wages accruing through the date hereof or the Executive's the right to enforce this Agreement or to file a charge or complaint with the U.S. Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"), provided, in connection with any charges filed by or on behalf of Executive with the EEOC or similar state or local Government Agencies, Executive hereby waives Executive's right to recover any damages or other relief; (iii) claims of unlawful employment practices that accrue after the date of execution of this Agreement, or after the date of the Reaffirmation, as

applicable; (iv) any claims to indemnification to which Executive may be entitled under the Company's certificate of incorporation, bylaws, indemnification agreements, directors and officers insurance policies or applicable law with respect to the period of Executive's employment; and (v) any vested benefits under the Ulta 401(k) plan and non-qualified deferred compensation plan. Notwithstanding any other provision in this Agreement, Executive understands that the Non-Disclosure of Confidential Information, Cooperation in Future Legal Matters and Non-Disparagement provisions in Sections 13, 14 and 15 or any other provisions in this Agreement do not limit Executive's ability to communicate with any Government Agencies, testify truthfully under subpoena, or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to Ulta. This Agreement also does not limit Executive's rights to receive an award for information provided to any Government Agency.

- 9) **Released Parties.** The term "Released Parties" includes Ulta and Ulta's past and present employees, directors, officers, shareholders, owners, agents, partners, insurers, attorneys, successors, executors, and representatives of any kind. The term "Released Parties" also includes Ulta's parent, subsidiaries, affiliated entities and their past and present employees, directors, officers, shareholders, owners, agents, partners, insurers, attorneys, successors, executors, and representatives of any kind.
- 10) **Executive Acknowledgments.** Executive also represents that Executive: (i) has no lawsuits, claims, or actions pending in the Executive's name, or on behalf of any other person or entity, against the Released Parties; (ii) does not intend to bring any claims on Executive's own behalf or on behalf of any other person or entity against the Released Parties; (iii) has received all Family and Medical Leave Act leave or other leave which Executive requested and for which Executive was eligible under law and/or Company policy; (iv) has not suffered any on-the-job injury for which Executive has not already filed a claim; and (v) has communicated in writing to Ulta management any facts, theories, or other information which Executive believes show or may show that Ulta or its representatives have violated federal tax law, state or local tax law, or any other law. Executive has received reimbursement of any business expenses reimbursable in accordance with Ulta's reimbursement policy.
- 11) **Return of Employer Property.** On or before the Advisory Period Termination Date, Executive must return to Ulta all Ulta property in Executive's possession or control, including but not limited to credit/calling cards, information technology equipment other than the Executive's laptop, Ipad, printer and monitors which the Company agrees Executive can retain, access badges, documents, and records. Executive further agrees that Executive will not keep, transfer or use any copies or excerpts of the above items.
- 12) **Cessation of Benefits.** Except as expressly provided otherwise in this Agreement, all of Executive's Ulta employee benefits, including but not limited to vacation accrual and disability pay, shall cease upon the Advisory Period Termination Date.
- 13) **Non-Disclosure of Confidential Information.** Executive previously acknowledged and agreed to the terms and conditions contained in the CIPCA, and those terms and conditions remain in full force and effect following the Advisory Period Termination Date. Executive further agrees that on or prior to the Advisory Period Termination Date, Executive will deliver to Ulta all Confidential Information (as defined in the CIPCA) that Executive possesses or that is under Executive's control.
- 14) **Cooperation In Future Legal Matters.** Executive further agrees from and after the Advisory Period Termination Date to make Executive reasonably available to Ulta, its legal counsel and other advisors to provide reasonable cooperation and assistance to Ulta with respect to areas and matters in which Executive was involved during Executive's employment, including any threatened or actual investigation, regulatory matter and/or litigation concerning Ulta, and to provide to Ulta, if requested, information and other assistance relating to ongoing matters of interest to Ulta. Barring a legal prohibition to the contrary, Executive further agrees to notify Ulta immediately if Executive is contacted by any third party related to such threatened or actual investigation, regulatory matter and/or litigation

concerning Ulta. In these events, Ulta will take into consideration Executive's personal and business commitments, give Executive as much advance notice as is reasonably possible, and ask that Executive be available at such time or times as are reasonably convenient to Executive and Ulta. Ulta agrees to reimburse Executive for the reasonable out-of-pocket expenses Executive incurs as a result of Executive complying with this provision, subject to Executive's submission to Ulta of documentation substantiating such expenses as Ulta may require. Further, Executive agrees that Executive will not voluntarily participate in or assist in any threatened or actual investigation, regulatory matter and/or litigation concerning Ulta unless requested to do so by Ulta or required by legal process, and then only as so requested or required.

- 15) **Non-Disparagement.** Each of the Executive and the Company further agrees that from the Effective Date of this Agreement forward, they shall not take any actions or make any verbal or written statements to the public (including but not limited to any such statements on social media), future employers, current, former or future employees of Ulta, or any other third party which may reflect negatively on the Executive in the case of the Company and on the Company in the case of the Executive, except as may be permitted by law. Nothing in this paragraph or any other part of this Agreement, however, is intended to prevent Executive from testifying truthfully under subpoena or as may otherwise be required by law.
- 16) **No Reemployment.** Executive promises not to seek or accept reemployment with Ulta in any position or capacity. Executive further agrees that if Executive is inadvertently hired by Ulta, Ulta has the right to terminate such employment by virtue of Executive's promises in this paragraph of the Agreement.
- 17) **Non-Admissions.** The fact and terms of this Agreement are not an admission by Ulta of liability or other wrongdoing under any law or otherwise.
- 18) **Additional Executive Acknowledgments.** Executive also agrees that:
 - a. Executive is entering into this Agreement knowingly and voluntarily;
 - b. Executive has been advised by this Agreement to consult with an attorney or representative of Executive's choice before signing this Agreement;
 - c. Executive understands Executive may take up to twenty-one (21) days after receiving this Agreement to consider it before signing; and
 - d. Executive is not otherwise entitled to the benefits described in Sections 5(b) and 5(c) of this Agreement.
- 19) **Revocation/Payment.** After Executive signs this Agreement, Executive will have seven (7) days to revoke it if Executive changes their mind. If Executive chooses to revoke the Agreement, Executive should deliver or email a written revocation to Anita Ryan, Chief Human Resources Officer, Ulta Inc., 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440 or arian@ulta.com within seven (7) days after Executive signs it. In the event that the Executive does not accept this Agreement in the required time frames, if the Executive revokes this Agreement as provided in this Section 19, this Agreement, including but not limited to the obligation of the Company to provide the payment(s) and benefits, shall be deemed automatically null and void. Further, if the Executive does not sign the Reaffirmation attached as **Exhibit A**, or if the Executive revokes the Reaffirmation, in each case in accordance with its terms thereof, he shall not be entitled to the benefits described in Section 5(c) hereof.
- 20) **Tax Treatment and Indemnification.** Executive understands and agrees that Ulta is not providing any tax or legal advice in connection with this Agreement, and that Ulta makes no representations regarding tax obligations or consequences, if any, related to this Agreement. Executive agrees that

Executive shall be exclusively responsible for the payment of all federal and state taxes that may be due as a result of the payments made under this Agreement. Executive hereby agrees to indemnify and hold harmless the Released Parties from payment of taxes, interest or penalties that may be required by any governmental agency at any time as a result of payment of the severance pay and benefits to Executive as set forth herein. In addition, the parties intend that any payments contemplated by this Agreement shall constitute "short-term deferral" and are not "deferred compensation" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). In no event will Ulta have any liability with respect to taxes for which Executive may become liable as a result of the application of Code Section 409A.

- 21) **Entire Agreement.** Executive acknowledges that this Agreement constitutes and reflects the entire agreement regarding Executive's separation from employment with Ulta and that it supersedes any prior agreement or understanding, written or unwritten, regarding Executive's employment or separation from employment with Ulta, including the Change in Control Plan and the letter agreement, dated January 6, 2014 between the Executive and Ulta. Notwithstanding the foregoing, this Agreement shall not override or supersede Executive's obligations under the CIPCA and the applicable equity award agreements with Ulta governing the equity awards set forth Schedule 1 annexed hereto each of which are incorporated into this Agreement.
- 22) **Choice of Law/Severability.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Illinois. If any part of this Agreement is found to be invalid, the rest of the Agreement will remain in full force and effect.
- 23) **Effective Date.** Executive agrees that this Agreement and Executive's entitlement to any benefits under this Agreement do not become effective until signed by both Parties and the revocation period in Section 19 has expired without revocation.

Name: David C. Kimbell

ULTA INC.

Signature:

/s/ David C. Kimbell . . .

BY: /s/ Anita Ryan . . .

TITLE: Chief Human Resources Officer

DATE: January 3, 2025 . . .

DATE: January 5, 2025 . . .

Schedule 1
Outstanding Equity Awards

Award Type	Grant Date	# of Units Granted	# of Units Unvested as of January 6, 2025
Options	03/25/2021	12,695	3,174
PBS	03/24/2022	8,109	8,109
RSU	03/24/2022	3,244	3,244
Options	03/24/2022	12,917	6,459
PBS	03/31/2023	8,103	8,103
RSU	03/31/2023	3,241	3,241
Options	03/31/2023	13,220	9,915
PBS	03/29/2024	9,166	9,166
RSU	03/29/2024	3,667	3,667
Options	03/29/2024	18,239	18,239

**Exhibit A
Reaffirmation**

I, David C. Kimbell, hereby reaffirm the terms of Section 6 of the Transition and Advisory Agreement (the "Agreement") previously entered into between Ulta Beauty, Inc., and me, dated January 6, 2025, a copy of which is attached hereto and is incorporated by reference into this Reaffirmation. I hereby reaffirm that I have complied with the terms of the Agreement and that I will continue to do so. I also reaffirm and agree to all the terms of the Agreement. I understand that this Reaffirmation is required for me to receive the payments and other benefits stated in the Agreement.

BY SIGNING THIS REAFFIRMATION, I STATE THAT: I HAVE READ IT; I UNDERSTAND IT AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS AND POSSIBLE LEGAL AND/OR ADMINISTRATIVE CLAIMS; I AGREE TO ALL THE TERMS AND CONDITIONS CONTAINED WITHIN THE TRANSITION AGREEMENT AND GENERAL RELEASE; I AM AWARE OF MY RIGHT TO CONSULT AN ATTORNEY BEFORE SIGNING IT, AND THE COMPANY HAS ADVISED ME THAT I SHOULD DO SO AND I HAVE HAD THE OPPORTUNITY TO DO SO; I HAVE SEVEN (7) DAYS AFTER SIGNING TO REVOKE THIS REAFFIRMATION; AND I HAVE SIGNED THIS REAFFIRMATION KNOWINGLY AND VOLUNTARILY.

I ratify and reaffirm the commitments set forth herein as of the Advisory Period Termination Date or the date I sign this Reaffirmation if such date is later.

David C. Kimbell

Date

Please sign and date the above **on or after** the Advisory Period Termination Date, and return **one signed** Reaffirmation to the Company to Anita Ryan, Chief Human Resources Officer, Ulta Inc., 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440 or aryan@ulta.com within twenty-one (21) days after the Advisory Period Termination Date.

Insider Trading Policy

Ulta Beauty Policy

SCOPE

This policy applies to all associates at every level of the Company and its subsidiaries, including the directors of the Company.

POLICY OVERVIEW

Given that the common stock of Ulta Beauty, Inc. (the “Company”) is traded on the NASDAQ Global Select Market, there are certain important restrictions and limitations imposed on you under the federal securities laws. Any violation of these restrictions may subject the Company and yourself to serious criminal and civil liabilities and sanctions, including up to \$5 million in criminal fines, up to 20 years in jail and civil penalties up to three times the illegal profit gained or loss avoided. Such a violation would also severely damage the Company’s reputation and business relationships.

POLICY DETAILS

Prohibition Against Trading on or Disclosing Material Nonpublic Information

It is the policy of the Company that all employees, officers and directors who become aware of any material information relating to the Company that has not been made available to the general public by press release, a filing with the United States Securities and Exchange Commission or otherwise, and their immediate family members and other individuals in their household as well as entities controlled by them (such as trusts, partnerships and corporations), are prohibited from purchasing or selling Company stock. In addition, it is the Company’s policy that all employees, officers and directors, and their immediate family members and other individuals in their household as well as entities controlled by them, are prohibited from directly or indirectly disclosing (i.e., tipping) such information to any other person who may trade in Company stock.

It is difficult to describe exhaustively what constitutes “material” information, but you should assume that any information, positive or negative, which might affect the Company’s stock price or otherwise might be of significance to an investor in determining whether to purchase, sell or hold Company stock would be “material.” Such information includes, without limitation:

- earnings information (favorable or unfavorable), including annual, quarterly or monthly financial results and any guidance or projections relating to future earnings performance (which can include any confirmations of guidance);
 - pending or proposed material acquisitions or dispositions of businesses and/or assets, mergers, tender offers or joint ventures;
 - developments regarding significant customers, brand partners, vendors or other suppliers (including the acquisition or loss of an important contract) or new products or service offerings;
 - a change in auditors or an auditor notification that the Company may no longer rely on an auditor’s audit report;
 - a change in executive management of the Company;
 - a significant change in compensation policy;
-

- financings and other events regarding the Company's securities (e.g., stock or debt repurchase plans, calls of securities for redemption, stock splits, changes in dividend policy, changes to the rights of security holders, public or private offerings of securities, or defaults on debt or senior securities);
- pending or threatened significant litigation or a change in the status of significant litigation; or
- bankruptcies or receiverships involving the Company or third parties with whom the Company has a significant relationship (including brand partners, vendors or other suppliers).

This list is merely illustrative.

These prohibitions on purchasing or selling Company stock will be in effect through the second business day after the day the Company makes such information available to the general public. For example, if you are aware of information that could be considered "material" and the Company makes a public disclosure through a filing with the United States Securities and Exchange Commission or a press release (like an earnings release) on a Tuesday, you are prohibited from purchasing or selling Company stock until Friday. You cannot purchase or sell Company stock on Tuesday, Wednesday or Thursday, even if it is after the Company's public filing or other distribution of the information.

It is also the policy of the Company that employees, officers and directors who become aware of any material nonpublic information in the course of their employment or service with the Company relating to any other company, including the Company's business partners, customers, vendors and suppliers, may not trade in that company's securities until the information becomes public.

Applicability of Policy to Transactions under Company Benefit Plans

The insider trading prohibition includes transactions under any of the benefit plans adopted by the Company (such as a 401(k) plan) from time to time to the extent the transactions involve a voluntary investment in Company stock, including elections to participate in a plan or allocate contributions to any such plan's Company stock fund, changes in those contribution elections or payroll deductions in connection therewith, and transfers into and out of any such Company stock funds, while in possession of material nonpublic information. The prohibition on insider trading does not, however, apply to (a) automatic purchases pursuant to any of the benefit plans adopted by the Company from time to time (provided that changes in the amounts of these automatic purchases may not be made while in possession of material nonpublic information); (b) automatic payroll deductions, pursuant to a contribution election made when an individual was not aware of material nonpublic information, to purchase Company stock pursuant to Company benefit plans that may be in effect from time to time; (c) award payouts by the Company to employees or directors under any equity-based compensation plans; (d) exercises of stock options or other equity awards where the employee or director pays the exercise price in cash and does not fund the exercise price with the sale of Company stock; or (e) exercises of tax withholding rights pursuant to which employees or directors elect to have the Company withhold shares subject to an option, restricted stock unit or other equity award to satisfy tax withholding requirements.

Prohibition on Derivatives and Hedging Transactions

Investing in Company stock provides an opportunity to share in the future growth of the Company. Investment in the Company and sharing in the growth of the Company, however, does not mean short-range speculation based on fluctuations in the market. These activities may put the personal gain of an individual in conflict with the best interests of the Company and its stockholders.

Consequently, trading in puts, calls and other derivative securities on stock of the Company is prohibited at all times. In addition, the purchase of financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) or otherwise engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of the Company's

stock are also prohibited at all times. Anyone may, of course, exercise options and other equity based awards granted to them by the Company and, subject to the restrictions discussed in this policy and other applicable Company policies and any governing plans, arrangements or agreements which apply to such options or other equity based awards, sell shares acquired through the exercise of options or other equity based awards.

Confidentiality

Serious problems could be caused for the Company by unauthorized disclosure of internal information about the Company, whether or not for the purpose of facilitating improper trading in the Company's stock. It is the policy of the Company that all employees, officers and directors must keep strictly confidential all material nonpublic information that such persons learn regarding the Company (and all material nonpublic information that such persons learn in the course of their employment or service with the Company relating to any other company). It is also the policy of the Company that you should not discuss internal Company matters or developments with anyone outside of the Company, except as required in your performance of regular employment duties. Similarly you should not discuss Company affairs in public or quasi-public areas where your conversation may be overheard (i.e., restaurants, restrooms, elevators, etc.).

These prohibitions apply specifically, but not exclusively, to inquiries about the Company which may be made by the financial press, investment analysts or others in the financial community. It is important that all such communications on behalf of the Company be through an appropriately designated officer under carefully controlled circumstances. Unless an employee, officer or director is expressly authorized to answer financial questions, he or she must refuse to comment, and instead refer the inquirer to the Company's Chief Financial Officer and/or the Company's Vice President Investor Relations.

* * * * *

If you have any doubts as to your responsibilities under this policy statement, seek clarification and guidance from the Company's General Counsel **before you act.** Do not try to resolve uncertainties on your own.

Ulta Beauty, Inc. expects the strictest compliance with these procedures by all personnel at every level. In fact, failure to observe them may result in serious legal difficulties for the offender, as well as the Company. A failure to comply may also result in grounds for dismissal with cause.

Jodi J. Caro
General Counsel, Chief Risk & Compliance Officer

*Addendums A and B are attached for
Section 16 officers, directors and other designated “insiders”*

ULTA BEAUTY, INC.

INSIDER TRADING POLICY

**ADDENDUM A FOR
SECTION 16 OFFICERS, DIRECTORS AND OTHER DESIGNATED “INSIDERS”**

As a Section 16 officer, director or designated “insider” of Ulta Beauty, Inc. (the “Company”) you agree to strictly comply with all of the restrictions and limitations contained in the Ulta Beauty, Inc. Insider Trading Policy (the “Policy”) as supplemented by this Addendum A.

Window Periods

In addition to the prohibitions set forth in the Policy, you understand that you may only purchase or sell Company stock during four “window periods” occurring throughout the year (unless you are then in possession of material nonpublic information concerning the Company, in which case you cannot purchase or sell shares even during a window period). These window periods begin on the second business day after the Company issues a press release announcing, or otherwise publicly announces, its quarterly or annual financial results. The window periods following the release of financial results for the first and second fiscal quarters of each year and for the fiscal year will last for approximately thirty (30) calendar days. The window period following the release of financial results for the third fiscal quarter of each year will last for approximately ten (10) calendar days.

You further understand that, from time to time, the Company, through its Board of Directors, Disclosure Committee, Chief Financial Officer and/or General Counsel, may not open a window period, or may close a window period after initially opening it, because of material developments that have not yet been disclosed to the public. You agree that you will not purchase or sell Company stock during any window period if you have received notice from the Company that the window period is not going to be opened or that the window period is closed. In addition, you agree that you will not disclose to others that the Company has decided not to open, or to close, a window period.

The window periods do not apply to purchases or sales of Company stock that are made pursuant to Rule 10b5-1 Trading Plans that have been adopted in accordance with the Company’s Rule 10b5-1 Trading Plan Guidelines (which are attached as Addendum B). In addition, as set forth in the Policy, the window periods (and the general prohibition on insider trading) do not apply to (a) automatic purchases pursuant to any of the benefit plans adopted by the Company from time to time (provided that changes in the amounts of these automatic purchases may not be made while in possession of material nonpublic information); (b) automatic payroll deductions, pursuant to a contribution election made when an individual was not aware of material nonpublic information, to purchase Company stock pursuant to Company benefit plans that may be in effect from time to time; (c) award payouts by the Company to employees or directors under any equity-based compensation plans; (d) exercises of stock options or other equity awards where the employee or director pays the exercise price in cash and does not fund the exercise price with the sale of Company stock; or (e) exercises of tax withholding rights pursuant to which employees or directors elect to have the Company withhold shares subject to an option, restricted stock unit or other equity award to satisfy tax withholding requirements.

In addition, you understand that you may only make a bona fide gift of Company stock during an open window period. Notwithstanding the foregoing, after receiving pre-clearance (as described below), you may make a bona fide gift of Company stock outside of an open window period if, at the time of making the gift, you either (a) are not then in possession of material nonpublic information concerning the Company or (b) if you are then in possession of material nonpublic information concerning the Company, you obtain the commitment of the donee to not sell or otherwise dispose of the Company stock prior to the Company’s disclosure of such information.

Pre-Clearance

You further understand that, as an “insider” of the Company, it is the policy of the Company that you are required to **pre-clear ALL** of your contemplated transactions in the Company’s stock with the Company’s General Counsel (including, without limitation, open market and other purchases and sales; exercises of stock options, including cashless exercises, and exercises of other equity awards; gifts; trust transfers; entering into a Rule 10b5-1 Trading Plan in accordance with the Company’s Rule 10b5-1 Trading Plan Guidelines; and transactions under any of the benefit plans adopted by the Company from time to time to the extent the transactions involve a voluntary investment in Company stock). The pre-clearance policy also applies to transactions in Company stock by your spouse, minor children and other individuals who share your home, as well as entities controlled by you (such as trusts, partnerships and corporations). The pre-clearance policy does not apply to (1) automatic purchases of Company stock or payroll deductions to purchase Company stock under Company benefit plans that may be in effect from time to time, pursuant to an election made in accordance with the pre-clearance policy and when an individual was not aware of material nonpublic information; or (2) award payouts by the Company to employees or directors under any equity-based compensation plans; or (3) purchases or sales of Company stock that are made pursuant to Rule 10b5-1 Trading Plans that have been adopted in accordance with the Company’s Rule 10b5-1 Trading Plan Guidelines.

Clearance of a transaction does not constitute a recommendation by the Company or any of its employees or agents that you should engage in the subject transaction. Decisions regarding requests for pre-clearance are made at the discretion of the Company’s General Counsel, who may consult with outside legal counsel and other professionals in determining whether to grant any request for pre-clearance. Clearance of a transaction is valid for a five business day period only. If the transaction order is not placed within that five business day period, pre-clearance for the transaction must be obtained again from the Company’s General Counsel. Even if the General Counsel has granted a request for clearance, if corporate developments subsequently occur that could create an issue for the Company or you if the transaction were to be completed, then the clearance of the transaction, if it has not already occurred, could be withdrawn. If clearance of a contemplated transaction is denied, the fact of such denial must be kept confidential by you.

Prohibition on Margin Accounts and Pledges

Stock held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, stock pledged as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the customer or borrower is aware of material non-public information or otherwise is not permitted to trade in Company stock, you further understand that you are prohibited from holding Company stock in a margin account or pledging Company stock as collateral for a loan.

The undersigned hereby certifies and states that he or she has carefully read the Ulta Beauty, Inc. Insider Trading Policy (the "Policy"), that he or she agrees to strictly comply with all of the restrictions and limitations contained in the Policy as supplemented by this Addendum A, that he or she understands that neither the window period policy nor the pre-clearance policy constitutes protection from liability for the undersigned in the event the undersigned effects a transaction in Company stock while in possession of material non-public information, and that the Company and all of its employees and agents assume no liability for the consequences of any such transaction.

Signature

Print Name

Title

PLEASE RETURN THIS SIGNED CERTIFICATE TO THE COMPANY'S GENERAL COUNSEL AS
SOON AS POSSIBLE.

ULTA BEAUTY, INC.
RULE 10b5-1 TRADING PLAN GUIDELINES
ADDENDUM B TO INSIDER TRADING POLICY FOR
SECTION 16 OFFICERS, DIRECTORS AND OTHER DESIGNATED “INSIDERS”

These Rule 10b5-1 Trading Plan Guidelines are applicable to any Ulta Beauty, Inc. (the “Company”) director, Section 16 (or executive) officer or associate designated to be an “insider” (those individuals who are subject to both the Company’s Insider Trading Policy and the Addendum A to that Policy):

1. Every Rule 10b5-1 Trading Plan must be in writing.
 2. Every Rule 10b5-1 Trading Plan must be entered into in good faith and not as part of a plan or scheme to evade the provisions of Rule 10b-5 or Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Company insider establishing the Rule 10b5-1 Trading Plan must also act in good faith with respect to such plan.
 3. Every Rule 10b5-1 Trading Plan must be entered into during a Company “window period” that is not closed (both as described in the Company’s insider trading policies).
 4. Every Rule 10b5-1 Trading Plan must also be entered into when the particular Company insider is not otherwise aware of any material nonpublic information about the Company.
 5. Every Rule 10b5-1 Trading Plan of a director or a Section 16 officer must provide for a period of time between the establishment of a Rule 10b5-1 Trading Plan and the first trade to occur pursuant thereto as follows: the later of (a) ninety (90) days after the establishment of a Rule 10b5-1 Trading Plan or (b) two (2) business days following the disclosure of the Company’s financial results in a Form 10-Q or Form 10-K relating to the fiscal quarter in which the Rule 10b5-1 Trading Plan was established, provided that, in no case, a period of time longer than one hundred twenty (120) days after the establishment of the Rule 10b5-1 Trading Plan.
 6. Every Rule 10b5-1 Trading Plan of an associate designated to be an “insider” (i.e., not a director or a Section 16 officer) must provide for a period of at least thirty (30) days between the establishment of a Rule 10b5-1 Trading Plan and the first trade to occur pursuant thereto.
 7. Every Rule 10b5-1 Trading Plan must fully comply with all requirements of Rule 10b5-1 of the Exchange Act, including, without limitation, (a) the requirement that the Rule 10b5-1 Trading Plan either (i) expressly specify the amount, price and date of the sales (or purchases) of the Company’s stock to be effected, (ii) provide a formula, algorithm or computer program for determining when to sell (or purchase) the Company’s stock, the quantity to sell (or purchase) and the price, or (iii) delegate decision-making authority with regard to these transactions to someone without any material nonpublic information about the Company; and (b) the requirement that the Rule 10b5-1 Trading Plan include a representation certifying that at the time of establishment or modification of the Rule 10b5-1 Trading Plan the Company insider (i) is not aware of material nonpublic information about the Company or its securities and (ii) is establishing the Rule 10b5-1 Trading Plan in good faith and not as scheme to evade the prohibitions of Rule 10b-5 of the Exchange Act.
 8. Every Rule 10b5-1 Trading Plan must ensure that the Company insider fully complies with his or her Section 16 of the Exchange Act obligations.
 9. Every Rule 10b5-1 Trading Plan must fully comply with Rule 144 of the Securities Act of 1933, as amended, including, without limitation, the Form 144 filing requirements and the volume limitations for every “rolling” three-month period.
 10. Every Rule 10b5-1 Trading Plan must provide that prior to any early termination of the plan the Company insider has consulted with, and received the approval of, the Company’s General Counsel.
-

11. Every Rule 10b5-1 Trading Plan must be approved in advance by the Company's General Counsel.

12. Any modification or amendment to an approved Rule 10b5-1 Trading Plan must be approved in advance by the Company's General Counsel, must be entered into during a Company "window period" that is not closed (both as described in the Company's insider trading policies) and must also be entered into when the particular Company insider is not otherwise aware of any material nonpublic information about the Company. In addition, any modification to the amount, price or timing of the purchase or sale of securities (including any modification to written formulas or algorithms, or computer programs affecting the same) underlying an approved Rule 10b5-1 Trading Plan will be deemed to constitute the establishment of a new Rule 10b5-1 Trading Plan (and the termination of the existing plan), which will require a new period of time between the establishment of such new (i.e., modified) Rule 10b5-1 Trading Plan and the first trade to occur pursuant thereto (see numbers 5 and 6 above).

13. While a Rule 10b5-1 Trading Plan is in effect for a Company insider, such Company insider (a) must conduct all trading transactions in Company stock under the Rule 10b5-1 Trading Plan (unless sales are conducted under an effective Company filed registration statement) and (b) may not have more than one Rule 10b5-1 Trading Plan in place at the same time (unless specifically allowed under Rule 10b5-1 of the Exchange Act).

14. Only one "single-trade plan" may be established by any Company insider in any twelve (12) month period (unless specifically allowed under Rule 10b5-1 of the Exchange Act). A "single-trade plan" is a Rule 10b5-1 Trading Plan designed to effect the purchase or sale of securities as a single transaction, including when the plan has the practical effect of requiring such a result. Notwithstanding the foregoing, a Rule 10b5-1 Trading Plan will not be deemed to be a "single-trade plan" when (a) the Rule 10b5-1 Trading Plan leaves the Company insider's agent discretion over whether to execute the plan as a single transaction or (b) the Rule 10b5-1 Trading Plan does not leave discretion to the Company insider's agent, but instead provides that the agent's future acts will depend on events or data not known when the plan is established (e.g., a Rule 10b5-1 Trading Plan providing for certain volume of sales or purchases at several given future stock prices) and it is reasonably foreseeable at the time the Rule 10b5-1 Trading Plan is established that it may result in multiple transactions.

* * * * *

Note: Notwithstanding any approval of a Rule 10b5-1 Trading Plan, the Company and all of its employees and agents assume no liability for the consequences of any transaction made to pursuant to any such Rule 10b5-1 Trading Plan.

If you have any doubts as to your responsibilities under these guidelines, seek clarification and guidance from the Company's General Counsel **before you act.** Do not try to resolve uncertainties on your own.

ULTA BEAUTY, INC.
INSIDER TRADING POLICY
CHECKLIST FOR

SECTION 16 OFFICERS, DIRECTORS AND OTHER DESIGNATED “INSIDERS”

You should ask the following questions and take the following actions before making any purchase, sale or other transfer of shares of Company stock:

1. Have I previously adopted a Rule 10b5-1 Trading Plan in accordance with the Company’s Rule 10b5-1 Trading Plan Guidelines? If “yes,” then stop here – you can trade pursuant to the terms of your Rule 10b5-1 Plan.
 2. Are we inside a window period? If “no,” then stop here- you cannot trade in Company stock. If “yes,” then go to question 3.
 3. If we are inside a window period, have I received notification that the window has not been opened or has been closed? If “yes,” then stop here - you cannot trade in Company stock. If “no,” then go to question 4.
 4. Do I have material non-public “inside” information about the Company? If “yes,” then stop here – you cannot trade in Company stock. If “no,” then go to question 5.
 5. Have I purchased any Company stock (or has anyone purchased any Company stock with respect to which I am deemed a “beneficial owner”) within the last six months? If “yes,” then you cannot sell stock, but may buy stock subject to the pre-clearance procedures discussed in question 7.
 6. Have I sold any Company stock (or has anyone sold any Company stock with respect to which I am deemed a “beneficial owner”) within the last six months? If “yes,” then you cannot buy stock, but may sell stock subject to the pre-clearance procedures discussed in question 7.
 7. Have I pre-cleared my transaction with the Company’s General Counsel? If “no,” then you must do so by contacting the General Counsel and completing the pre-clearance review. You must affirmatively hear back from the General Counsel for pre-clearance to be effective; no response does not mean that you have been pre-cleared. If “yes,” then go to question 8.
 8. If you are subject to the reporting requirements of Section 16 of the Exchange Act, you should make sure that the applicable provisions of Rule 144 are met and followed – that is, you should make sure that (i) the Company is “current” in its public filings, (ii) the proposed sale will not violate the volume limitations of Rule 144, and (iii) the proposed sale is to be accomplished in an “ordinary” brokerage transaction. Also, you should discuss with your broker your obligation to file a Form 144 in connection with such sale.
 9. If you are subject to the reporting requirements of Section 16 of the Exchange Act, you should request that a transaction confirmation be promptly sent to the Company so that the appropriate Form 4 may be timely filed with the SEC (the Form 4 must be filed with the SEC within two business days of the transaction).
-

**SIGNIFICANT SUBSIDIARIES OF
ULTA BEAUTY, INC.**

<u>Name of Subsidiary:</u>	<u>Jurisdiction of Incorporation or Organization:</u>
Ulta Salon, Cosmetics & Fragrance, Inc.	Delaware
Ulta Inc.	Delaware
Ulta Beauty Credit Services Corporation	Delaware
Ulta Beauty Cosmetics, LLC	Florida
Ulta Beauty Distribution, LLC	Delaware

Subsidiaries not included in the list are omitted because, considered in the aggregate as a single subsidiary, they do not constitute a significant subsidiary.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statement:

- (1) Registration Statement (Form S-8 No. 333-176735) pertaining to the Amended and Restated Ulta Beauty, Inc. 2011 Incentive Award Plan

of our reports dated March 27, 2025, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting of Ulta Beauty, Inc., incorporated by reference in this Annual Report (Form 10-K) for the year ended February 1, 2025, and the financial statement schedule of Ulta Beauty, Inc. included herein.

/s/ Ernst & Young LLP

Chicago, Illinois
March 27, 2025

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kecia L. Steelman, certify that:

1. I have reviewed this annual report on Form 10-K of Ulta Beauty, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2025

By: /s/ Kecia L. Steelman

Kecia L. Steelman

President and Chief Executive Officer and Director

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paula M. Oyibo, certify that:

1. I have reviewed this annual report on Form 10-K of Ulta Beauty, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2025

By: /s/ Paula M. Oyibo
Paula M. Oyibo
Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned President and Chief Executive Officer and Director of Ulta Beauty, Inc. (the “Company”), hereby certify that the Annual Report on Form 10-K of the Company for the fiscal year ended February 1, 2025 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 27, 2025

By: /s/ Kecia L. Steelman

Kecia L. Steelman

President and Chief Executive Officer and Director

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. §1350 (adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002), I, the undersigned Chief Financial Officer and Treasurer of Ulta Beauty, Inc. (the “Company”), hereby certify that the Annual Report on Form 10-K of the Company for the fiscal year ended February 1, 2025 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 27, 2025

By: /s/ Paula M. Oyibo

Paula M. Oyibo

Chief Financial Officer and Treasurer
