UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended April 29, 2023

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)	**38-4022268** (I.R.S. Employer Identification No.)
1000 Remington Blvd., Suite 120 **Bolingbrook, Illinois** (Address of principal executive offices)	**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	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ULTA	The NASDAQ Global Select Market

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of the registrant's common stock, par value $0.01 per share, outstanding as of May 22, 2023 was 49,801,592 shares.

ULTA BEAUTY, INC.
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Part I - Financial Information

Item 1. Financial Statements

Ulta Beauty, Inc.
Consolidated Balance Sheets

(In thousands, except per share data)	April 29, 2023	January 28, 2023	April 30, 2022
Assets	**(Unaudited)**		**(Unaudited)**
Current assets:			
Cash and cash equivalents	$ 636,449	$ 737,877	$ 654,486
Receivables, net	190,282	199,422	192,754
Merchandise inventories, net	1,751,235	1,603,451	1,570,552
Prepaid expenses and other current assets	108,014	130,246	114,075
Prepaid income taxes	—	38,308	—
Total current assets	2,685,980	2,709,304	2,531,867
Property and equipment, net	1,019,978	1,009,273	909,543
Operating lease assets	1,559,560	1,561,263	1,488,040
Goodwill	10,870	10,870	10,870
Other intangible assets, net	1,015	1,312	1,307
Deferred compensation plan assets	37,002	35,382	35,978
Other long-term assets	61,314	43,007	34,431
Total assets	$ 5,375,719	$ 5,370,411	$ 5,012,036
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	$ 621,272	$ 559,527	$ 585,500
Accrued liabilities	308,583	444,278	305,000
Deferred revenue	357,217	394,677	324,694
Current operating lease liabilities	288,133	283,293	276,440
Accrued income taxes	58,695	—	108,113
Total current liabilities	1,633,900	1,681,775	1,599,747
Non-current operating lease liabilities	1,610,256	1,619,883	1,568,356
Deferred income taxes	57,490	55,346	40,702
Other long-term liabilities	56,005	53,596	57,611
Total liabilities	3,357,651	3,410,600	3,266,416
Commitments and contingencies (Note 6)			
Stockholders' equity:			
Common stock, $0.01 par value, 400,000 shares authorized; 50,729, 51,120, and 52,790 shares issued; 49,932, 50,364, and 52,038 shares outstanding; at April 29, 2023 (unaudited), January 28, 2023, and April 30, 2022 (unaudited), respectively	507	511	528
Treasury stock-common, at cost	(82,129)	(60,470)	(58,650)
Additional paid-in capital	1,040,378	1,023,997	951,802
Retained earnings	1,059,312	995,773	851,940
Total stockholders' equity	2,018,068	1,959,811	1,745,620
Total liabilities and stockholders' equity	$ 5,375,719	$ 5,370,411	$ 5,012,036

See accompanying notes to consolidated financial statements.

Ulta Beauty, Inc.
Consolidated Statements of Income
(Unaudited)

(In thousands, except per share data)	13 Weeks Ended April 29, 2023	13 Weeks Ended April 30, 2022
Net sales	$ 2,634,263	$ 2,345,901
Cost of sales	1,579,406	1,404,875
Gross profit	1,054,857	941,026
Selling, general and administrative expenses	612,129	500,970
Pre-opening expenses	658	2,348
Operating income	442,070	437,708
Interest (income) expense, net	(7,348)	401
Income before income taxes	449,418	437,307
Income tax expense	102,367	105,912
Net income	$ 347,051	$ 331,395
Net income per common share:		
Basic	$ 6.92	$ 6.34
Diluted	$ 6.88	$ 6.30
Weighted average common shares outstanding:		
Basic	50,153	52,250
Diluted	50,469	52,582

See accompanying notes to consolidated financial statements.

Ulta Beauty, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	13 Weeks Ended April 29, 2023	13 Weeks Ended April 30, 2022
Operating activities		
Net income	$ 347,051	$ 331,395
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,949	62,839
Non-cash lease expense	75,478	72,192
Deferred income taxes	2,144	1,009
Stock-based compensation expense	9,721	10,356
Loss on disposal of property and equipment	1,451	1,002
Change in operating assets and liabilities:		
Receivables	9,140	40,928
Merchandise inventories	(147,784)	(71,334)
Prepaid expenses and other current assets	22,232	(3,261)
Income taxes	97,003	101,236
Accounts payable	62,257	42,586
Accrued liabilities	(98,515)	(57,214)
Deferred revenue	(37,460)	(28,885)
Operating lease liabilities	(78,562)	(79,936)
Other assets and liabilities	(17,204)	3,390
Net cash provided by operating activities	304,901	426,303
Investing activities		
Capital expenditures	(109,766)	(71,076)
Other investments	(314)	(797)
Net cash used in investing activities	(110,080)	(71,873)
Financing activities		
Repurchase of common shares	(283,517)	(132,834)
Stock options exercised	8,927	6,502
Purchase of treasury shares	(21,659)	(5,172)
Net cash used in financing activities	(296,249)	(131,504)
Net (decrease) increase in cash and cash equivalents	(101,428)	222,926
Cash and cash equivalents at beginning of period	737,877	431,560
Cash and cash equivalents at end of period	$ 636,449	$ 654,486
Supplemental information		
Income taxes paid, net of refunds	$ 2,818	$ 3,357
Non-cash capital expenditures	29,634	27,475

See accompanying notes to consolidated financial statements.

Ulta Beauty, Inc.
Consolidated Statements of Stockholders' Equity
(Unaudited)

(In thousands)	Common Stock Issued Shares	Common Stock Amount	Treasury - Common Stock Treasury Shares	Treasury - Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balance – January 29, 2022	53,049	$ 530	(738)	$ (53,478)	$ 934,945	$ 653,376	$ 1,535,373
Net income	—	—	—	—	—	331,395	331,395
Stock-based compensation	—	—	—	—	10,356	—	10,356
Stock options exercised and other awards	73	1	—	—	6,501	—	6,502
Purchase of treasury shares	—	—	(14)	(5,172)	—	—	(5,172)
Repurchase of common shares	(332)	(3)	—	—	—	(132,831)	(132,834)
Balance – April 30, 2022	52,790	$ 528	(752)	$ (58,650)	$ 951,802	$ 851,940	$ 1,745,620
Balance – January 28, 2023	51,120	$ 511	(756)	$ (60,470)	$ 1,023,997	$ 995,773	$ 1,959,811
Net income	—	—	—	—	—	347,051	347,051
Stock-based compensation	—	—	—	—	9,721	—	9,721
Stock options exercised and other awards	150	1	—	—	8,926	—	8,927
Purchase of treasury shares	—	—	(41)	(21,659)	—	—	(21,659)
Repurchase of common shares, including excise tax	(541)	(5)	—	—	(2,266)	(283,512)	(285,783)
Balance – April 29, 2023	50,729	$ 507	(797)	$ (82,129)	$ 1,040,378	$ 1,059,312	$ 2,018,068

See accompanying notes to consolidated financial statements.

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

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 Quarterly Report on Form 10-Q, all references to “we,” “us,” “our,” “Ulta Beauty,” or the “Company” refer to Ulta Beauty, Inc. and its consolidated subsidiaries.

As of April 29, 2023, the Company operated 1,359 stores across 50 states, as shown in the table below.

Location	Number of stores	Location	Number of stores
Alabama	24	Montana	6
Alaska	3	Nebraska	5
Arizona	34	Nevada	16
Arkansas	11	New Hampshire	8
California	168	New Jersey	44
Colorado	27	New Mexico	7
Connecticut	19	New York	55
Delaware	4	North Carolina	43
Florida	92	North Dakota	4
Georgia	43	Ohio	46
Hawaii	4	Oklahoma	22
Idaho	9	Oregon	18
Illinois	55	Pennsylvania	45
Indiana	26	Rhode Island	4
Iowa	11	South Carolina	24
Kansas	13	South Dakota	3
Kentucky	15	Tennessee	29
Louisiana	18	Texas	127
Maine	3	Utah	15
Maryland	28	Vermont	1
Massachusetts	25	Virginia	32
Michigan	49	Washington	37
Minnesota	19	West Virginia	7
Mississippi	12	Wisconsin	20
Missouri	25	Wyoming	4
		Total	**1,359**

The accompanying unaudited consolidated financial statements and related notes have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and the U.S. Securities and Exchange Commission’s Article 10, Regulation S-X. These financial statements were prepared on a consolidated basis to include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts, transactions, and unrealized profit were eliminated in consolidation. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary to fairly state the financial position and results of operations and cash flows for the interim periods presented.

The Company's business is subject to seasonal fluctuation, with significant portions of net sales and net income being realized during the fourth quarter of the fiscal year due to the holiday selling season. The results for the 13 weeks ended April 29, 2023 are not necessarily indicative of the results to be expected for the fiscal year ending February 3, 2024, or for any other future interim period or for any future year.

These unaudited interim consolidated financial statements and the related notes should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended January 28, 2023. All amounts are stated in thousands, with the exception of per share amounts and number of stores.

2. Summary of significant accounting policies

Information regarding significant accounting policies is contained in Note 2, "Summary of significant accounting policies," to the consolidated financial statements in the Annual Report on Form 10-K for the year ended January 28, 2023. Presented below and in the following notes is supplemental information that should be read in conjunction with "Notes to Consolidated Financial Statements" in the Annual Report.

Fiscal quarter

The Company's quarterly periods are the 13 weeks ending on the Saturday closest to April 30, July 31, October 31, and January 31. The first quarter in fiscal 2023 and 2022 ended on April 29, 2023 and April 30, 2022, respectively.

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.

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:

	13 Weeks Ended	
(Percentage of net sales)	April 29, 2023	April 30, 2022
Cosmetics	44%	44%
Skincare	19%	18%
Haircare products and styling tools	18%	20%
Fragrance and bath	12%	12%
Services	4%	3%
Accessories and other	3%	3%
	100%	100%

Deferred revenue

Deferred revenue primarily represents contract liabilities for the obligation to transfer additional goods or services to a guest for which the Company has received consideration, such as unredeemed Ultamate 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 the 13 weeks ended April 29, 2023 and April 30, 2022:

(In thousands)	13 Weeks Ended April 29, 2023	13 Weeks Ended April 30, 2022
Beginning balance	$ 388,583	$ 345,206
Additions to contract liabilities (1)	124,024	114,005
Deductions to contract liabilities (2)	(162,484)	(146,852)
Ending balance	$ 350,123	$ 312,359

(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 $7,094 and $12,335 at April 29, 2023 and April 30, 2022, respectively.

4. Goodwill and other intangible assets

Goodwill, which represents the excess of cost over the fair value of net assets acquired, was $10,870 at April 29, 2023, January 28, 2023, and April 30, 2022. No additional goodwill was recognized during the 13 weeks ended April 29, 2023. 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.

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.

5. 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 2035. 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.

Lease cost

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 selling, general and administrative expenses. Operating lease cost from the control date through store opening date is classified within pre-opening expenses.

The following table presents a summary of operating lease costs:

	13 Weeks Ended	
(In thousands)	April 29, 2023	April 30, 2022
Operating lease cost	$ 85,128	$ 80,901

Other information

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

	13 Weeks Ended	
(In thousands)	April 29, 2023	April 30, 2022
Cash paid for operating lease liabilities (1)	$ 98,055	$ 94,745
Operating lease assets obtained in exchange for operating lease liabilities (non-cash)	73,775	77,976

(1) Excludes $9,593 and $6,701 related to cash received for tenant incentives for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively.

6. Commitments and contingencies

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.

7. Debt

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

As of April 29, 2023, January 28, 2023, and April 30, 2022, there were no borrowings outstanding under the credit facility.

As of April 29, 2023, the Company was in compliance with all terms and covenants of the Loan Agreement.

8. Fair value measurements

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

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

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

As of April 29, 2023, January 28, 2023, and April 30, 2022, there were liabilities related to the non-qualified deferred compensation plan included in other long-term liabilities on the consolidated balance sheets of $40,374, $37,501, and $40,792, 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.

9. Stock-based compensation

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:

	13 Weeks Ended	
	April 29, 2023	April 30, 2022
Volatility rate	45.0%	49.0%
Average risk-free interest rate	3.8%	2.4%
Average expected life (in years)	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 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 Company granted 41 and 48 stock options during the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. Stock-based compensation expense for stock options was $1,470 and $2,342 for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. The weighted-average grant date fair value of these stock options was $200.67 and $149.14 for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. At April 29, 2023, there was approximately $16,402 of unrecognized stock-based compensation expense related to unvested stock options.

There were 38 and 50 restricted stock units issued during the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. Stock-based compensation expense for restricted stock units was $4,359 and $4,452 for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. At April 29, 2023, there was approximately $39,616 of unrecognized stock-based compensation expense related to restricted stock units.

There were 32 and 37 performance-based restricted stock units issued during the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. Stock-based compensation expense for performance-based restricted stock units was $3,892 and $3,562 for the 13 weeks ended April 29, 2023 and April 30, 2022, respectively. At April 29, 2023, there was approximately $38,418 of unrecognized stock-based compensation expense related to performance-based restricted stock units.

10. Income taxes

Income tax expense reflects the federal statutory tax rate and the weighted average state statutory tax rate for the states in which the Company operates stores. Income tax expense of $102,367 for the 13 weeks ended April 29, 2023 represents an effective tax rate of 22.8%, compared to $105,912 of income tax expense representing an effective tax rate of 24.2% for the 13 weeks ended April 30, 2022. The lower effective tax rate is primarily due to benefits from income tax accounting for stock-based compensation.

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

11. 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:

	13 Weeks Ended	
(In thousands, except per share data)	April 29, 2023	April 30, 2022
Numerator:		
Net income	$ 347,051	$ 331,395
Denominator:		
Weighted-average common shares – Basic	50,153	52,250
Dilutive effect of stock options and non-vested stock	316	332
Weighted-average common shares – Diluted	50,469	52,582
Net income per common share:		
Basic	$ 6.92	$ 6.34
Diluted	$ 6.88	$ 6.30

The denominator for diluted net income per common share for the 13 weeks ended April 29, 2023 and April 30, 2022 excludes 79 and 143 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.

12. 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 may repurchase up to $2,000,000 of the Company's common stock. The 2022 Share Repurchase Program revokes the previously authorized but unused amounts from the earlier share repurchase program. The authorized value of shares available to be repurchased under the 2022 Share Repurchase Program excludes excise tax. The 2022 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)	13 Weeks Ended April 29, 2023	13 Weeks Ended April 30, 2022
Shares repurchased	541	332
Total cost of shares repurchased, including excise tax	$ 285,783	$ 132,834

Item 2. 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 quarterly report. This discussion 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-Q 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, rising interest rates and recessionary concerns, as well as ongoing labor cost pressures, transportation and shipping cost pressures, and the COVID-19 pandemic, have had, and may continue to have, a negative impact on our business, financial condition, profitability, and cash flows (including future uncertain impacts);
- changes in the overall level of consumer spending and volatility in the economy, including as a result of macroeconomic conditions and geopolitical events;
- our ability to sustain our growth plans and successfully implement our long-range strategic and financial plan;
- the ability to execute our operational excellence priorities, including continuous improvement, Project SOAR (our replacement enterprise resource planning platform), and supply chain optimization;
- our ability to gauge beauty trends and react to changing consumer preferences in a timely manner;
- the possibility that we may be unable to compete effectively in our highly competitive markets;
- the possibility of significant interruptions in the operations of our distribution centers, fast fulfillment centers, and market fulfillment centers;
- the possibility that cybersecurity or information security breaches and other disruptions could compromise our information or result in the unauthorized disclosure of confidential information;
- the possibility of material disruptions to our information systems, including our Ulta.com website and mobile applications;
- the failure to maintain satisfactory compliance with applicable privacy and data protection laws and regulations;
- changes in the good relationships we have with our brand partners and/or our ability to continue to offer permanent or temporary exclusive products of our brand partners;
- changes in the wholesale cost of our products and/or interruptions at our brand partners' or third-party vendors' operations;
- future epidemics, pandemics or natural disasters 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 may 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 our Annual Report on Form 10-K for the year ended January 28, 2023, as such may be amended or supplemented in our subsequently filed Quarterly Reports on Form 10-Q (including this report).

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.

References in the following discussion 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.

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 believe our strategy provides us with the competitive advantages that have contributed to our financial performance.

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

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

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

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

Current Trends

Industry trends

Our research indicates that Ulta Beauty has captured meaningful market share across all categories over the last several years. The overall beauty market expanded in 2022 and into the first quarter of fiscal 2023, supported by strong 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

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

Basis of presentation

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

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

Comparable sales reflect sales for stores beginning on the first day of the 14^{th} 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 13^{th} 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 53^{rd} week of comparable sales is included in the calculation. In the year following a 53-week year, the prior year period is shifted by one week to compare similar calendar weeks. There may be variations in the way in which some of our competitors and other retailers calculate comparable or same store sales.

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

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

- the number of new stores opened and the impact on the average age of all of our comparable stores.

Cost of sales includes:

- the cost of merchandise sold, offset by vendor income that is not a reimbursement of specific, incremental, and identifiable costs;
- distribution costs including labor and related benefits, freight, rent, depreciation and amortization, real estate taxes, utilities, and insurance;
- shipping and handling costs;
- 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 expenses include:

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

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

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

Interest (income) expense, net includes both interest income and expense. Interest income represents interest primarily 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 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 quarterly periods are the 13 weeks ending on the Saturday closest to April 30, July 31, October 31, and January 31. The Company’s first quarter in fiscal 2023 and 2022 ended on April 29, 2023 and April 30, 2022, respectively. 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.

The following tables present the components of our consolidated results of operations for the periods indicated:

	13 Weeks Ended	
(Dollars in thousands)	**April 29, 2023**	**April 30, 2022**
Net sales	$ 2,634,263	$ 2,345,901
Cost of sales	1,579,406	1,404,875
Gross profit	1,054,857	941,026
Selling, general and administrative expenses	612,129	500,970
Pre-opening expenses	658	2,348
Operating income	442,070	437,708
Interest (income) expense, net	(7,348)	401
Income before income taxes	449,418	437,307
Income tax expense	102,367	105,912
Net income	$ 347,051	$ 331,395
Other operating data:		
Number of stores end of period	1,359	1,318
Comparable sales	9.3%	18.0%

	13 Weeks Ended	
(Percentage of net sales)	**April 29, 2023**	**April 30, 2022**
Net sales	100.0%	100.0%
Cost of sales	60.0%	59.9%
Gross profit	40.0%	40.1%
Selling, general and administrative expenses	23.2%	21.4%
Pre-opening expenses	0.0%	0.1%
Operating income	16.8%	18.7%
Interest (income) expense, net	(0.3%)	0.0%
Income before income taxes	17.1%	18.6%
Income tax expense	3.9%	4.5%
Net income	13.2%	14.1%

Comparison of 13 weeks ended April 29, 2023 to 13 weeks ended April 30, 2022

Net sales

Net sales increased $288.4 million or 12.3%, to $2.6 billion for the 13 weeks ended April 29, 2023, compared to $2.3 billion for the 13 weeks ended April 30, 2022. The net sales increase was primarily due to increased comparable sales, strong new store performance, and an increase of $18.9 million in other revenue. The total comparable sales increase of 9.3% was driven by an 11.0% increase in transactions and a 1.5% decrease in average ticket.

Gross profit

Gross profit increased $113.8 million or 12.1%, to $1.1 billion for the 13 weeks ended April 29, 2023, compared to $941.0 million for the 13 weeks ended April 30, 2022. Gross profit as a percentage of net sales decreased to 40.0% for the 13 weeks ended April 29, 2023, compared to 40.1% for the 13 weeks ended April 30, 2022. The decrease in gross profit margin was primarily due to higher inventory shrink, lower merchandise margins, higher supply chain costs, and deleverage of salon expenses, partially offset by strong growth in other revenue and leverage of store fixed costs.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses increased $111.2 million or 22.2%, to $612.1 million for the 13 weeks ended April 29, 2023, compared to $501.0 million for the 13 weeks ended April 30, 2022. SG&A expenses as a percentage of net sales increased to 23.2% for the 13 weeks ended April 29, 2023, compared to 21.4% for the 13 weeks ended April 30, 2022, primarily due to deleverage of store payroll and benefits, deleverage of corporate overhead due to strategic investments, and deleverage of marketing expenses, partially offset by leverage of incentive compensation and store expenses.

Pre-opening expenses

Pre-opening expenses were $0.7 million for the 13 weeks ended April 29, 2023 compared to $2.3 million for the 13 weeks ended April 30, 2022.

Interest (income) expense, net

Interest income, net was $7.3 million for the 13 weeks ended April 29, 2023 compared to interest expense, net of $0.4 million for the 13 weeks ended April 30, 2022, due to higher average interest rates and higher average cash balances during the quarter. We did not have any outstanding borrowings on the credit facility as of April 29, 2023 and April 30, 2022.

Income tax expense

Income tax expense of $102.4 million for the 13 weeks ended April 29, 2023 represents an effective tax rate of 22.8%, compared to $105.9 million of income tax expense representing an effective tax rate of 24.2% for the 13 weeks ended April 30, 2022. The lower effective tax rate is primarily due to benefits from income tax accounting for stock-based compensation.

Net income

Net income was $347.1 million for the 13 weeks ended April 29, 2023, compared to $331.4 million for the 13 weeks ended April 30, 2022. The increase in net income is primarily related to the $113.8 million increase in gross profit, the $7.7 million increase in interest income, net, and the $3.5 million decrease in income tax expense, partially offset by the $111.2 million increase in SG&A expenses.

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 and cash and cash equivalents reduced by accounts payable, accrued liabilities and deferred revenue. As of April 29, 2023, January 28, 2023, and April 30, 2022, we had cash and cash equivalents of $636.4 million, $737.9 million, and $654.5 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.

Cash flows

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

The following table presents a summary of our cash flows:

	13 Weeks Ended	
(In thousands)	**April 29, 2023**	**April 30, 2022**
Net cash provided by operating activities	$ 304,901	$ 426,303
Net cash used in investing activities	(110,080)	(71,873)
Net cash used in financing activities	(296,249)	(131,504)

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 the first quarter of fiscal 2023 compared to the first quarter of fiscal 2022 was mainly due to a larger increase in merchandise inventories in the first quarter of fiscal 2023 and the timing of accrued liabilities and receivable collections, partially offset by the increase in net income, a decrease in prepaid expenses, and the timing of accounts payable. The increase in net income was primarily due to an increase in gross profit resulting from higher sales, an increase in interest income, and a decrease in income taxes, partially offset by an increase in SG&A expenses.

Merchandise inventories, net were $1.75 billion at April 29, 2023, compared to $1.57 billion at April 30, 2022, representing an increase of $180.7 million or 11.5%. The increase in total inventory is primarily due to the following:

- $102 million increase to support increased demand, product cost increases, and brand expansions;
- $49 million increase due to the addition of 41 net new stores opened since April 30, 2022; and
- $28 million increase due to new brand launches.

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. Investing activities for capital expenditures were $109.8 million during the 13 weeks ended April 29, 2023 compared to $71.1 million during the 13 weeks ended April 30, 2022.

During the 13 weeks ended April 29, 2023, we opened 5 new stores, closed one store, remodeled two stores, and relocated one store, compared to the 13 weeks ended April 30, 2022, when we opened 10 new stores and relocated six stores.

The increase in net cash used in investing activities in the first quarter of fiscal 2023 compared to the first quarter of fiscal 2022 was primarily due to more capital expenditures compared to the first quarter of fiscal 2022.

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.

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 the first quarter of fiscal 2023 compared to the first quarter of fiscal 2022 was primarily due to an increase in share repurchases.

We had no borrowings outstanding under the credit facility as of April 29, 2023, January 28, 2023, and April 30, 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 may repurchase up to $2.0 billion of the Company's common stock. The 2022 Share Repurchase Program revokes the previously authorized but unused amounts from the earlier share repurchase program. The authorized value of shares available to be repurchased under the 2022 Share Repurchase Program excludes excise tax. The 2022 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:

	13 Weeks Ended	
(Dollars in millions)	April 29, 2023	April 30, 2022
Shares repurchased	541,108	331,834
Total cost of shares repurchased, including excise tax	$ 285.8	$ 132.8

Credit facility

On February 27, 2023, we entered into Amendment No. 2 to the Second Amended and Restated Loan Agreement (as so amended, the Loan Agreement) with Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and a Lender thereunder; Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as Lead Arrangers and Bookrunners; JPMorgan Chase Bank, N.A., as Syndication Agent and a Lender; PNC Bank, National Association, as Documentation Agent and a Lender; and the other lenders party thereto. The Loan Agreement matures on March 11, 2025, provides maximum revolving loans equal to the lesser of $1.0 billion 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 $100.0 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% to 0.125% or the Term Secured Overnight Financing Rate plus a margin of 1.125% to 1.250% and a credit spread adjustment of 0.10%, with such margins based on the Company's borrowing availability, and the unused line fee is 0.20% per annum.

As of April 29, 2023, January 28, 2023, and April 30, 2022 we had no borrowings outstanding under the credit facility.

As of April 29, 2023, 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 consolidated 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. There have been no significant changes to the critical accounting policies and estimates included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Item 3. 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 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 the credit facility as of April 29, 2023, January 28, 2023, and April 30, 2022.

Item 4. 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 April 29, 2023, 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 Securities and Exchange Commission'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.

Changes in internal control over financial reporting

There were no changes to our internal controls over financial reporting during the 13 weeks ended April 29, 2023 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

See Note 6 to our consolidated financial statements, “Commitments and contingencies,” for information on legal proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended January 28, 2023, which could materially affect our business, financial condition, financial results, or future performance. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended January 28, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under plans or programs (in thousands)
January 29, 2023 to February 25, 2023	113,791	$ 526.29	113,791	$ 1,040,658
February 26, 2023 to March 25, 2023	277,335	520.87	236,440	918,401
March 26, 2023 to April 29, 2023	191,305	538.93	190,877	816,450
13 weeks ended April 29, 2023	582,431	527.86	541,108	816,450

(1) There were 541,108 shares repurchased as part of our publicly announced share repurchase program during the 13 weeks ended April 29, 2023 and there were 41,323 shares transferred from employees in satisfaction of minimum statutory tax withholding obligations upon the vesting of restricted stock during the period.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

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

EXHIBIT INDEX

			Incorporated by Reference			
Exhibit Number	Description of document	Filed Herewith	Form	Exhibit Number	File Number	Filing Date
3.1	Certificate of Incorporation of Ulta Beauty, Inc.		8-K	3.1	001-33764	1/30/2017
3.2	Bylaws of Ulta Beauty, Inc., as amended through June 3, 2020		8-K	3.2	001-33764	6/08/2020
10.1	Amendment No. 2 to Second Amended and Restated Loan Agreement, dated February 27, 2023, among Ulta Beauty, Inc., Ulta Salon, Cosmetics & Fragrance, Inc., the subsidiaries of Ulta Beauty signatory thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent and collateral agent for the lenders	X				
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				
32	Certification of the Chief Executive Officer and 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				
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).					

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on May 25, 2023 on its behalf by the undersigned, thereunto duly authorized.

ULTA BEAUTY, INC.

By: /s/ David C. Kimbell
David C. Kimbell
Chief Executive Officer and Director

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

Exhibit 10.1
EXECUTION VERSION

AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED LOAN AGREEMENT

This AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED LOAN AGREEMENT (this "Amendment") dated as of February 27, 2023 is by and among ULTA BEAUTY, INC., a Delaware corporation ("Holdings"), ULTA SALON, COSMETICS & FRAGRANCE, INC., a Delaware corporation (the "Borrower Representative"), ULTA INC., a Delaware corporation ("Ulta Inc."), ULTA BEAUTY CREDIT SERVICES CORPORATION, a Delaware corporation ("Ulta Credit"), ULTA BEAUTY COSMETICS, LLC, a Florida limited liability company ("Ulta Cosmetics"), UB MEDIA, INC., a Delaware corporation ("UB Media"), ULTA BEAUTY DISTRIBUTION, INC., a Delaware corporation ("UBD", and together with Holdings, the Borrower Representative, Ulta Inc., Ulta Credit, Ulta Cosmetics, and UB Media, each a "Borrower" and collectively, the "Borrowers"), the financial institutions party hereto as lenders ("Lenders") and WELLS FARGO BANK, NATIONAL ASSOCIATION, in its capacities as administrative agent and as collateral agent for the Lenders (the "Agent") and in its individual capacity ("Wells Fargo"). Capitalized terms used and not defined herein shall have the meanings assigned to them in the Loan Agreement (defined below).

R E C I T A L S:

WHEREAS, the Borrowers, the Lenders, and the Agent are parties to that certain Second Amended and Restated Loan Agreement dated as of August 23, 2017 (as amended by that certain Amendment No. 1 to Second Amended and Restated Loan Agreement dated as of March 11, 2020, and as further amended, restated, amended and restated, supplemented, or modified from time to time, "Loan Agreement");

WHEREAS, pursuant to Section 2.20(2) of the Loan Agreement, the Agent and the Borrower Representative have agreed a Benchmark Transition Event has occurred and have agreed to certain amendments to the Loan Agreement as set forth herein and upon the terms and conditions as set forth herein; and

NOW, THEREFORE, in consideration of the premises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1 Amendments to Loan Agreement. Immediately upon the satisfaction of each of the conditions precedent set forth in Section 2 of this Amendment:

1.1 Amendments to Loan Agreement.

(a) Section 1.01 is hereby amended by amending and restating the following definitions in their entirety:

"***Alternate Base Rate***" means, for any day, the greatest of (a) the Floor, (b) the Federal Funds Rate in effect on such day *plus* ½%, (c) Term SOFR for a one month tenor in effect on such day, *plus* 1%, provided that this clause (c) shall not be applicable during any period in which Term SOFR is unavailable or unascertainable, and (d) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its "prime rate" in effect on such day, with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate.

"***Benchmark Replacement***" means, with respect to any Benchmark Transition Event, the sum of:
(a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower Representative giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement shall be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"***Benchmark Replacement Adjustment***" means, with respect to any replacement of the then- current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower Representative giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

"***Benchmark Replacement Date***" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and
(ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date;

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"***Benchmark Transition Event***" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with.

For the avoidance of doubt, if the then-current Benchmark has any Available Tenors, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then- current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"***Benchmark Transition Start Date***" means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

"***Benchmark Unavailability Period***" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.20(2)(b) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.20(2)(b).

"***Business Day***" means any day that is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed.

"***Interest Payment Date***" means, (a) as to any SOFR Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any ABR Loan (including a Swingline Loan), the first day after the end of each calendar quarter and the Maturity Date.

"**Interest Period**" means, as to each SOFR Loan, the period commencing on the date such SOFR Loan is disbursed or converted to or continued as a SOFR Loan and ending on the date one, three or six months thereafter, as selected by the Borrower Representative in its SOFR Loan Notice; *provided* that:

(i) interest shall accrue at the applicable rate based upon Adjusted Term SOFR, from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires;

(ii) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month that is one, three or six months after the date on which the Interest Period began, as applicable;

(iv) no Interest Period shall extend beyond the Maturity Date; and

(v) no tenor that has been removed from this definition pursuant to Section 2.20(2)(b)(iv) shall be available for specification in any SOFR Loan Notice or conversion or continuation notice.

"***SOFR***" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"**Term SOFR**" means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "**Periodic Term SOFR Determination Day**") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day.

(b) for any calculation with respect to a ABR Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the "**Base Rate Term SOFR Determination Day**") that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities

Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day; provided, further, that if Term SOFR determined as provided above (including pursuant to the proviso under clause (a) or clause (b) above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

"***Unadjusted Benchmark Replacement***" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

(b) Section 1.01 is hereby amended by adding the following new definitions in appropriate alphabetical order:

"***Adjusted Term SOFR***" means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

"***Available Tenor***" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.20(2)(b)(iv).

"***Benchmark***" means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.20(2)(b)(i).

"***Conforming Changes***" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.16 and other technical, administrative or operational matters) that the Administrative Agent decides (in consultation with the Borrower Representative) may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides (in consultation with the Borrower Representative) is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"***Corresponding Tenor***" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"***Floor***" means a rate of interest equal to zero percent (0.0%).

"***SOFR Administrator***" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"***SOFR Borrowing***" means a Borrowing comprised of SOFR Loans.

"***SOFR Loan***" means a Loan that bears interest at a rate determined by reference to Adjusted Term SOFR (other than pursuant to clause (c) of the definition of "Alternate Base Rate").

"***SOFR Revolving Loan***" means any Revolving Loan bearing interest at a rate determined by reference to Adjusted Term SOFR.

"***SOFR Loan Notice***" means a notice for a SOFR Borrowing or continuation pursuant to Section 2.03, which shall be substantially in the form of Exhibit G, or such other form as may be approved by the Administrative Agent and Borrower Representative.

"***Term SOFR Adjustment***" means a percentage equal to 0.10% per annum.

"***Term SOFR Administrator***" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"***Term SOFR Reference Rate***" means the forward-looking term rate based on SOFR.

"***U.S. Government Securities Business Day***" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association, or any successor thereto, recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements in Section 2.03, such day is also a Business Day.

(c) Section 1.01 is hereby amended by deleting the following definitions in their entirety: "Benchmark Replacement Conforming Changes", "Early Opt-In", "Eurocurrency Borrowing", "Eurocurrency Loan Notice", "Eurocurrency Loan", Eurocurrency Revolving Loan", "LIBOR Rate"

(d) Article I is hereby amended by adding the following new Section 1.14 at the end thereof:

"1.14. **Rates**. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any then- current Benchmark or any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 2.20(2)(b), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark, prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to a Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to any Borrower, any Lender or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service."

(e) Section 2.03(1) is hereby amended by deleting the reference to "three (3) Business Days" and replacing it with "three (3) U.S. Government Securities Business Days" in its entirety.

(f) Section 2.20(2) is hereby amended and restated in its entirety as follows:

"(2) **Inability to Determine Rates**.

(a) General. Subject to the provisions set forth in Section 2.20(2)(b), if the Required Lenders determine that for any reason in connection with any request for a SOFR Loan or a conversion to or continuation thereof that Adjusted Term SOFR cannot be determined pursuant to the definition thereof on or prior to the first day of any Interest Period, then the Administrative Agent will promptly so notify the Borrower Representative and each Lender. Thereafter, the obligation of the Lenders to make any SOFR Loan, and any right of any Borrower to convert any Loan or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Administrative Agent revokes such notice. Upon receipt of such notice, (A) the Borrower Representative may revoke any pending request for a Borrowing of, conversion to or continuation of SOFR Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of ABR Loans in the amount specified therein, and (B) any outstanding affected SOFR Loans will be deemed to have been converted into ABR Loans at the end of the applicable Interest Period. Upon any such conversion, the Borrowers shall also pay accrued interest on the amount so converted.

(b) Benchmark Replacement Setting.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower Representative may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Borrower Representative so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from the Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.20(2)(b) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time (in consultation with the Borrower Representative) and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower Representative and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will notify the Borrower Representative of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.20(2)(b)(iv) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.20(2)(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.20(2)(b).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon Borrower Representative's receipt of notice of the commencement of a Benchmark Unavailability Period, (1) the Borrower Representative may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower Representative will be deemed to have converted any such request into a request for a borrowing of or conversion to ABR Loans, and (2) any outstanding affected SOFR Loans will be deemed to have been converted to ABR Loans at the end of the applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

(g) Article II is hereby amended by adding the following new Section 2.24 at the end thereof:

"2.24. **Term SOFR Conforming Changes**. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right (in consultation with the Borrower Representative) to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will promptly notify the Borrower

Representative and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR."

(h) Unless otherwise provided herein, the Loan Agreement is hereby amended as follows: (i) each reference to "Eurocurrency Borrowing" shall be deleted and replaced with "SOFR Borrowing", (ii) each reference to "Eurocurrency Loan" shall be deleted and replaced with "SOFR Loan",
(iii) each reference to "Eurocurrency Loan Notice" shall be deleted and replaced with "SOFR Loan Notice", (iv) each reference to "Eurocurrency Revolving Loan" shall be deleted and replaced with "SOFR Revolving Loan", and (v) each reference to "LIBOR Rate" shall be deleted and replaced with "Adjusted Term SOFR" in each instance.

1.2 Exhibits to Loan Agreement. Exhibit G (Form of Eurocurrency Borrowing) of the Loan Agreement is hereby deleted in its entirety and a new Exhibit G (Form of SOFR Loan Notice) is hereby substituted in its stead as attached hereto as Annex A.

Section 2 Conditions to Effectiveness of Amendment. The effectiveness of this Amendment is subject to the satisfaction of the following conditions:

2.1 The Agent's receipt of this Amendment duly executed by the parties party hereto and in form and substance reasonably satisfactory to the Agent:

2.2 The representations and warranties set forth in Section 3 of this Amendment shall be true and correct in all material respects.

Section 3 Representations and Warranties. In order to induce the Lenders to enter into this Amendment, each Borrower represents and warrants to the Lenders, upon the effectiveness of this Amendment, which representations and warranties shall survive the execution and delivery of this Amendment that:

3.1 All action on the part of the Borrowers and the other Loan Parties necessary for the valid execution, delivery and performance by the Borrowers and the other Loan Parties of this Amendment and the other Loan Documents shall have been duly and effectively taken; and the Borrowers have obtained any action, consent or approval of, registration or filing with, or any other action by any Governmental Authority or third party if required in connection with this Amendment.

3.2 This Amendment and the Loan Agreement, as amended by this Amendment, constitute a legal, valid and binding obligation of such Borrower enforceable against each such Borrower in accordance with its terms, subject to: the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and implied covenants of good faith and fair dealing.

3.3 All of the representations and warranties set forth in the Loan Agreement and in the other Loan Documents are true and correct in all material respects (or, in the case of any representations and warranties qualified by materiality or Material Adverse Effect, in all respects) as of the date hereof, as applicable, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties are true and correct in all material respects (or, in the case of any representations and warranties qualified by materiality or Material Adverse Effect, in all respects) as of such earlier date).

3.4 No Default or Event of Default shall have occurred and be continuing, both before and immediately after giving effect to the transactions contemplated by this Amendment.

Section 4 Fees. The Borrowers shall pay in full all reasonable costs and expenses of the Agent (including, without limitation, reasonable attorneys' fees), including in connection with the preparation, negotiation, execution and delivery of this Amendment, in accordance with the provisions of the Loan Agreement.

Section 5 Miscellaneous.

5.1 Effect; Ratification.

(a) The Borrowers acknowledge that all of the reasonable legal expenses incurred by the Agent in connection herewith shall be reimbursable under Section 10.05 of the Loan Agreement. The amendments set forth herein are effective solely for the purposes set forth herein and shall be limited precisely as written, and shall not be deemed to (i) be a consent to any amendment, waiver or modification of any other term or condition of the Loan Agreement or of any other Loan Document or
(ii) prejudice any right or rights that the Agent and any Lender may now have or may have in the future under or in connection with the Loan Agreement or any other Loan Document. Each reference in the Loan Agreement to "this Agreement", "herein", "hereof" and words of like import and each reference in the other Loan Documents to the "Loan Agreement" shall mean the Loan Agreement as amended hereby.

(b) This Amendment shall be construed in connection with and as part of the Loan Agreement and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Agreement and each other Loan Document, except as herein amended or waived are hereby ratified and confirmed and shall remain in full force and effect.

5.2 Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract. Delivery of an executed counterpart to this Amendment by facsimile or other electronic transmission (e.g., "PDF" or "TIFF") shall be as effective as delivery of a manually signed original.

5.3 Governing Law. This Amendment and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this amendment and the transactions contemplated hereby shall be construed in accordance with and governed by the laws of the State of New York (except for conflicts of law principles that would result in the application of the laws of another jurisdiction).

5.4 Acknowledgement and Affirmation. Each Loan Party hereto hereby expressly acknowledges that except as expressly amended by this Amendment, (i) all of its obligations under the Loan Agreement and all other Loan Documents to which it is a party are hereby reaffirmed in all respects and remain in full force and effect on a continuous basis, (ii) its grant of a continuing security interest in any and all right, title and interest of each Grantor (as defined in the Collateral Agreement) in and to all of the Collateral pursuant to the Security Documents, is hereby reaffirmed and remains in full force and effect after giving effect to this Amendment, and (iii) except as expressly set forth herein, the execution of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent or Lenders or, constitute a waiver of any provision of any of the Loan Documents.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment dated as of the date first above written.

BORROWERS:

ULTA BEAUTY, INC.

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

ULTA SALON, COSMETICS & FRAGRANCE, INC.

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

ULTA, INC.

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

ULTA BEAUTY CREDIT SERVICES CORPORATION

By: /s/ Scott M. Settersten
Name: Scott Settersten
Title: Treasurer

ULTA COSMETICS, LLC

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

UB MEDIA, INC.

By: /s/ Scott M. Settersten
Name: Scott Settersten
Title: Treasurer

ULTA BEAUTY DISTRIBUTION, INC.

By: /s/ Scott M. Settersten
Name: Scott Settersten
Title: Treasurer

[Ulta- Signature Page to Amendment No. 2]

<u>ADMINISTRATIVE AGENT AND COLLATERAL AGENT</u>:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Maggie Townsend
Name: Maggie Townsend
Title: Director

[Ulta- Signature Page to Amendment No. 2]

<u>Annex A</u>

EXHIBIT G

FORM OF SOFR LOAN NOTICE

Date: ___________, _____

To: Wells Fargo Bank, National Association, as Administrative Agent Ladies and

Gentlemen:

Reference is made to the Second Amended and Restated Loan Agreement, dated as of August 23, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified and in effect from time to time, the "***Loan Agreement***") by and among, among others, ULTA BEAUTY, INC., a Delaware corporation ("***Holdings***"), ULTA SALON, COSMETICS & FRAGRANCE, INC., a Delaware corporation (the "***Borrower Representative***"), the Subsidiaries of Holdings identified on the signature pages thereof as "Borrowers" (together with Holdings, Borrower Representative, the "***Borrowers***"), the Lenders party thereto from time to time, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent and Collateral Agent. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

The undersigned hereby gives you notice pursuant to Section 2.03 of the Loan Agreement that it requests a SOFR [Borrowing][continuation] under the Loan Agreement and in that connection set forth below the terms on which such SOFR [Borrowing][continuation] is requested to be made:

1. On_______________(a U.S. Government Securities Business Day)[1]

2. In the amount of $______________________[2]

3. With an Interest Period of_____months[3]

The Borrower Representative hereby represents and warrants (for itself and on behalf of the other Borrowers) that each of the conditions specified in Section 4.01 of the Loan Agreement have been satisfied or waived on and as of the date specified in Item 1 above in connection with the Credit Event hereunder.

[signature page follows]

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[1] Each SOFR Loan Notice must be received by the Administrative Agent not later than 2:00 p.m. three (3) U.S. Government Securities Business Days prior to the requested date of any Borrowing of or continuation of SOFR Loans.

[2] Each Borrowing or continuation of SOFR Loans must be in a principal amount of at least $1,000,000 or a whole multiple of $100,000 in excess thereof.

[3] The Borrower Representative may request a Borrowing of SOFR Loans with an Interest Period of one, three, or six months. If no election of Interest Period is specified, then the Borrower Representative will be deemed to have specified an Interest Period of one month.

Dated as of the date above first written.

ULTA SALON, COSMETICS & FRAGRANCE, INC., as Borrower Representative

By: ___________________________________

Name: Title:

Exhibit 31.1

**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, David C. Kimbell, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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: May 25, 2023

By: /s/ David C. Kimbell
David C. Kimbell
Chief Executive Officer and Director

Exhibit 31.2

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, Scott M. Settersten, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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: May 25, 2023

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

Exhibit 32

**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 Chief Executive Officer and Director of Ulta Beauty, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended April 29, 2023 (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: May 25, 2023	By:	/s/ David C. Kimbell
		David C. Kimbell
		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 Chief Financial Officer, Treasurer and Assistant Secretary of Ulta Beauty, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended April 29, 2023 (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: May 25, 2023	By:	/s/ Scott M. Settersten
		Scott M. Settersten
		Chief Financial Officer, Treasurer and Assistant Secretary