

March 9, 2023



# Ulta Beauty Announces Fourth Quarter Fiscal 2022 Results

**Net Sales of \$3.2 Billion Compared to \$2.7 Billion in the Year-Ago Quarter**

**Comparable Sales Increased 15.6%**

**Net Income of \$340.8 Million or \$6.68 Per Diluted Share**

BOLINGBROOK, Ill.--(BUSINESS WIRE)-- Ulta Beauty, Inc. (NASDAQ: ULTA) today announced financial results for the thirteen-week period ("fourth quarter") and fifty-two-week period ("fiscal year") ended January 28, 2023 compared to the same periods ended January 29, 2022.

|   | 13 Weeks Ended         |                        |                        | 52 Weeks Ended         |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | January<br>28,<br>2023 | January<br>29,<br>2022 | January<br>30,<br>2021 | January<br>28,<br>2023 | January<br>29,<br>2022 | January<br>30,<br>2021 |
| <b>(Dollars in millions, except per share data)</b> |                        |                        |                        |                        |                        |                        |
| Net sales   | \$ 3,226.8             | \$ 2,729.4             | \$ 2,198.7             | \$ 10,208.6            | \$ 8,630.9             | \$ 6,152.0             |
| Comparable sales                                    | 15.6%                  | 21.4%                  | (4.8%)                 | 15.6%                  | 37.9%                  | (17.9%)                |
| Gross profit (as a percentage of net sales)         | 37.6%                  | 37.6%                  | 35.1%                  | 39.6%                  | 39.0%                  | 31.7%                  |
| Selling, general and administrative expenses        | \$ 762.7               | \$ 650.0               | \$ 514.1               | \$ 2,395.3             | \$ 2,061.5             | \$ 1,583.0             |
| Operating income (as a percentage of net sales)     | 13.9%                  | 13.8%                  | 10.2%                  | 16.1%                  | 15.0%                  | 3.9%                   |
| Diluted earnings per share                          | \$ 6.68                | \$ 5.41                | \$ 3.03                | \$ 24.01               | \$ 17.98               | \$ 3.11                |
| New store openings, net                             | 12                     | 6                      | 2                      | 47                     | 44                     | 10                     |

"Ulta Beauty's strong fourth quarter results punctuate an exceptional year with record sales, profitability, and member growth, reflecting robust demand and best-in-class execution," said Dave Kimbell, chief executive officer. "For the first time in our 33-year history, Ulta Beauty's annual revenue surpassed ten billion dollars, our annual net income exceeded one billion dollars, and we exceeded 40 million Ultamate Rewards members. These milestone achievements demonstrate the power of Ulta Beauty's highly differentiated model, the health of the growing beauty category, and our winning culture and outstanding teams."

Kimbell continued, "As we move into fiscal 2023, we remain optimistic about the strength and resiliency of the beauty category, and I am excited about the opportunities ahead to continue to expand our leadership position, capture market share gains, and drive long term value for all our stakeholders."

## For the Fourth Quarter of Fiscal 2022

- Net sales increased 18.2% to \$3.2 billion compared to \$2.7 billion in the fourth quarter of fiscal 2021 primarily due to the favorable impact from the continued resilience of the beauty category, retail price increases, and the impact of new brands and product innovation compared to the fourth quarter of fiscal 2021.

- Comparable sales (sales for stores open at least 14 months and e-commerce sales) increased 15.6% compared to an increase of 21.4% in the fourth quarter of fiscal 2021, driven by a 13.6% increase in transactions and a 1.8% increase in average ticket.
- Gross profit increased 18.0% to \$1.2 billion compared to \$1.0 billion in the fourth quarter of fiscal 2021. As a percentage of net sales, gross profit of 37.6% was flat compared to the fourth quarter of fiscal 2021, primarily due to leverage of fixed costs, favorable channel mix shifts, and strong growth in other revenue, offset by higher inventory shrink.
- Selling, general and administrative (SG&A) expenses increased 17.3% to \$762.7 million compared to \$650.0 million in the fourth quarter of fiscal 2021. As a percentage of net sales, SG&A expenses decreased to 23.6% compared to 23.8% in the fourth quarter of fiscal 2021, primarily due to leverage of marketing expenses and incentive compensation due to higher sales, partially offset by deleverage of store payroll and benefits due to wage investments and deleverage in corporate overhead due to strategic investments.
- Operating income increased 19.2% to \$447.6 million, or 13.9% of net sales, compared to \$375.6 million, or 13.8% of net sales, in the fourth quarter of fiscal 2021.
- The tax rate increased to 24.6% compared to 22.9% in the fourth quarter of fiscal 2021.
- Net income increased 17.8% to \$340.8 million compared to \$289.4 million in the fourth quarter of fiscal 2021.
- Diluted earnings per share increased 23.5% to \$6.68, including a \$0.02 benefit due to income tax accounting for stock-based compensation, compared to \$5.41 including a \$0.05 benefit due to income tax accounting for stock-based compensation, in the fourth quarter of fiscal 2021.

## **For the Full Year of Fiscal 2022**

- Net sales increased 18.3% to \$10.2 billion compared to \$8.6 billion in fiscal 2021, primarily due to the favorable impact from the continued resilience of the beauty category, retail price increases, the impact of new brands and product innovation, increased social occasions, and fewer COVID-19 limitations compared to fiscal 2021.
- Comparable sales increased 15.6% compared to an increase of 37.9% in fiscal 2021, driven by a 10.8% increase in transactions and a 4.3% increase in average ticket.
- Gross profit increased 20.1% to \$4.0 billion compared to \$3.4 billion in fiscal 2021. As a percentage of net sales, gross profit increased to 39.6% compared to 39.0% in fiscal 2021, primarily due to leverage of fixed costs, strong growth in other revenue, and favorable channel mix shifts, partially offset by higher inventory shrink and lower merchandise margin.
- SG&A expenses increased 16.2% to \$2.4 billion compared to \$2.1 billion in fiscal 2021. As a percentage of net sales, SG&A expenses decreased to 23.5% compared to 23.9% in fiscal 2021, primarily due to lower marketing expenses and leverage of incentive compensation due to higher sales, partially offset by deleverage of corporate overhead due to strategic investments and deleverage of store payroll and benefits due to wage investments.
- Operating income increased 26.3% to \$1.6 billion, or 16.1% of net sales, compared to \$1.3 billion, or 15.0% of net sales, in fiscal 2021.
- The tax rate increased to 24.4% compared to 23.9% in fiscal 2021.
- Net income increased 26.0% to \$1.2 billion compared to \$985.8 million in fiscal 2021.

- Diluted earnings per share increased 33.5% to \$24.01, including a \$0.07 benefit due to income tax accounting for stock-based compensation, compared to \$17.98 including a \$0.13 benefit due to income tax accounting for stock-based compensation, in fiscal 2021.

## Balance Sheet

Cash and cash equivalents at the end of the fourth quarter of fiscal 2022 were \$737.9 million.

Merchandise inventories, net at the end of the fourth quarter of fiscal 2022 totaled \$1.6 billion compared to \$1.5 billion at the end of the fourth quarter of fiscal 2021. The \$104.2 million increase was primarily due to the opening of 47 new stores since January 29, 2022, inventory to support new brand launches and brand expansions, and inventory cost increases.

## Share Repurchase Program

During the fourth quarter of fiscal 2022, the Company repurchased 722,457 shares of its common stock at a cost of \$328.1 million. During fiscal 2022, the Company repurchased 2.2 million shares of its common stock at a cost of \$900.0 million. As of January 28, 2023, \$1.1 billion remained available under the \$2.0 billion share repurchase program announced in March 2022.

## Store Update

Real estate activity in the fourth quarter of fiscal 2022 included 12 new stores located in Garden Grove, CA; Glendale, AZ; Hartsdale, NY; Hollister, CA; Indianapolis, IN; Liverpool, NY; Nanuet, NY; Oklahoma City, OK; Richmond, TX; Rock Springs, WY; Tullahoma, TN; and Woburn, MA. In addition, the Company relocated one store and remodeled 12 stores. During fiscal 2022, the Company opened 47 new stores, relocated 12 stores, and remodeled 20 stores.

At the end of the fourth quarter of fiscal 2022, the Company operated 1,355 stores totaling 14.2 million square feet.

## Fiscal 2023 Outlook

For fiscal 2023, the Company plans to:

|                                       | FY23 Outlook                       |
|---------------------------------------|------------------------------------|
| Net sales                             | \$10.95 billion to \$11.05 billion |
| Comparable sales                      | 4% to 5%                           |
| New stores, net                       | 25-30                              |
| Remodel and relocation projects       | 20-30                              |
| Operating margin                      | 14.7% to 15.0%                     |
| Diluted earnings per share            | \$24.70 to \$25.40                 |
| Share repurchases                     | approximately \$900 million        |
| Effective tax rate                    | approximately 24.6%                |
| Capital expenditures                  | \$400 million to \$475 million     |
| Depreciation and amortization expense | \$245 million to \$250 million     |

## Conference Call Information

A conference call to discuss fourth quarter of fiscal 2022 results is scheduled for today, March 9, 2023, at 4:30 p.m. ET / 3:30 p.m. CT. Investors and analysts interested in participating in the call are invited to dial (877) 704-4453. The conference call will also be webcast live at <https://ulta.com/investor>. A replay of the webcast will remain available for 90 days. A replay of the conference call will be available until 11:59 p.m. ET on March 23, 2023 and can be accessed by dialing (844) 512-2921 and entering conference ID number 13735500.

## About Ulta Beauty

At Ulta Beauty (NASDAQ: ULTA), the possibilities are beautiful. Ulta Beauty is the largest U.S. beauty retailer and the premier beauty destination for cosmetics, fragrance, skin care products, hair care products and salon services. In 1990, the Company reinvented the beauty retail experience by offering a new way to shop for beauty – bringing together All Things Beauty, All in One Place<sup>®</sup>. Today, Ulta Beauty operates 1,355 retail stores across 50 states and also distributes its products through its website, which includes a collection of tips, tutorials, and social content. For more information, visit [www.ulta.com](http://www.ulta.com).

## Forward-Looking Statements

*This press release 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 the company's current views with respect to, among other things, future events and financial performance. These statements can be identified 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 press release are based upon the company's historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the company or any other person that the future plans, estimates, targets, strategies or expectations contemplated by the company will be achieved. Such forward-looking statements are subject to various risks and uncertainties, which include, without limitation:*

- *changes in the overall level of consumer spending and volatility in the economy, including as a result of the COVID-19 pandemic and geo-political events;*
- *the impact of current inflationary cost pressures on payroll, benefits, supply chain, and other operating costs;*
- *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;*
- *epidemics, pandemics or natural disasters that have and could continue to negatively impact sales;*
- *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 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;*
- *the failure to maintain satisfactory compliance with applicable privacy and data protection laws and regulations;*
- *the possibility that the capacity of our distribution and order fulfillment infrastructure and the performance of our distribution centers and fast fulfillment centers may not be adequate to support our expected future growth plans;*
- *changes in the wholesale cost of our products;*
- *a decline in operating results that has and may continue to lead to asset impairment and store closure charges;*
- *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; and*
- *other risk factors detailed in the company's public filings with the Securities and Exchange Commission (the SEC), including risk factors contained in its Annual Report on Form 10-K for the fiscal year ended January 29, 2022, as such may be amended or supplemented in its subsequently filed Quarterly Reports on Form 10-Q.*

*The company's filings with the SEC are available at [www.sec.gov](http://www.sec.gov). Except to the extent required by the federal securities laws, the Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

**Ulta Beauty, Inc.**  
**Consolidated Statements of Income**  
(In thousands, except per share data)

|  | 13 Weeks Ended      |        |                     |        |
|--|---------------------|--------|---------------------|--------|
|  | January 28,<br>2023 |        | January 29,<br>2022 |        |
|  | (Unaudited)         |        | (Unaudited)         |        |
| Net sales                                    | \$ 3,226,773        | 100.0% | \$ 2,729,388        | 100.0% |
| Cost of sales                                | 2,014,270           | 62.4%  | 1,702,059           | 62.4%  |
| Gross profit                                 | 1,212,503           | 37.6%  | 1,027,329           | 37.6%  |
| Selling, general and administrative expenses | 762,706             | 23.6%  | 649,968             | 23.8%  |
| Pre-opening expenses                         | 2,179               | 0.1%   | 1,739               | 0.1%   |
| Operating income                             | 447,618             | 13.9%  | 375,622             | 13.8%  |
| Interest (income) expense, net               | (4,378)             | (0.1%) | 467                 | 0.1%   |
| Income before income taxes                   | 451,996             | 14.0%  | 375,155             | 13.7%  |
| Income tax expense                           | 111,245             | 3.4%   | 85,789              | 3.1%   |
| Net income                                   | \$ 340,751          | 10.6%  | \$ 289,366          | 10.6%  |
| Net income per common share:                 |                     |        |                     |        |
| Basic  | \$ 6.73             |        | \$ 5.44             |        |
| Diluted                                      | \$ 6.68             |        | \$ 5.41             |        |
| Weighted average common shares outstanding:  |                     |        |                     |        |
| Basic  | 50,624              |        | 53,163              |        |
| Diluted                                      | 50,976              |        | 53,519              |        |

**Ulta Beauty, Inc.**  
**Consolidated Statements of Income**  
(In thousands, except per share data)

|  | 52 Weeks Ended      |        |                     |        |
|--|---------------------|--------|---------------------|--------|
|  | January 28,<br>2023 |        | January 29,<br>2022 |        |
|  | (Unaudited)         |        | (Unaudited)         |        |
| Net sales                                    | \$ 10,208,580       | 100.0% | \$ 8,630,889        | 100.0% |
| Cost of sales                                | 6,164,070           | 60.4%  | 5,262,335           | 61.0%  |
| Gross profit                                 | 4,044,510           | 39.6%  | 3,368,554           | 39.0%  |
| Selling, general and administrative expenses | 2,395,299           | 23.5%  | 2,061,545           | 23.9%  |
| Pre-opening expenses                         | 10,601              | 0.1%   | 9,517               | 0.1%   |
| Operating income                             | 1,638,610           | 16.1%  | 1,297,492           | 15.0%  |
| Interest (income) expense, net               | (4,934)             | 0.0%   | 1,663               | 0.0%   |
| Income before income taxes                   | 1,643,544           | 16.1%  | 1,295,829           | 15.0%  |
| Income tax expense                           | 401,136             | 3.9%   | 309,992             | 3.6%   |
| Net income                                   | \$ 1,242,408        | 12.2%  | \$ 985,837          | 11.4%  |
| Net income per common share:                 |                     |        |                     |        |
| Basic  | \$ 24.17            |        | \$ 18.09            |        |
| Diluted                                      | \$ 24.01            |        | \$ 17.98            |        |
| Weighted average common shares outstanding:  |                     |        |                     |        |
| Basic  | 51,403              |        | 54,482              |        |
| Diluted                                      | 51,738              |        | 54,841              |        |

**Ulta Beauty, Inc.**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

|   | January 28,<br>2023<br>(Unaudited) | January 29,<br>2022 |
|---|------------------------------------|---------------------|
| <b>Assets</b>                               |                                    |                     |
| Current assets:                             |                                    |                     |
| Cash and cash equivalents                   | \$ 737,877                         | \$ 431,560          |
| Receivables, net                            | 199,422                            | 233,682             |
| Merchandise inventories, net                | 1,603,451                          | 1,499,218           |
| Prepaid expenses and other current assets   | 130,246                            | 110,814             |
| Prepaid income taxes                        | 38,308                             | 5,909               |
| Total current assets                        | 2,709,304                          | 2,281,183           |
| Property and equipment, net                 | 1,009,273                          | 914,476             |
| Operating lease assets                      | 1,561,263                          | 1,482,256           |
| Goodwill                                    | 10,870                             | 10,870              |
| Other intangible assets, net                | 1,312                              | 1,538               |
| Deferred compensation plan assets           | 35,382                             | 38,409              |
| Other long-term assets                      | 43,007                             | 35,647              |
| Total assets                                | <u>\$ 5,370,411</u>                | <u>\$ 4,764,379</u> |
| <b>Liabilities and stockholders' equity</b> |                                    |                     |
| Current liabilities:                        |                                    |                     |
| Accounts payable                            | \$ 559,527                         | \$ 552,730          |
| Accrued liabilities                         | 444,278                            | 364,797             |
| Deferred revenue                            | 394,677                            | 353,579             |
| Current operating lease liabilities         | 283,293                            | 274,118             |
| Accrued income taxes                        | —                                  | 12,786              |
| Total current liabilities                   | 1,681,775                          | 1,558,010           |
| Non-current operating lease liabilities     | 1,619,883                          | 1,572,638           |
| Deferred income taxes                       | 55,346                             | 39,693              |
| Other long-term liabilities                 | 53,596                             | 58,665              |
| Total liabilities                           | 3,410,600                          | 3,229,006           |
| Commitments and contingencies               |                                    |                     |
| Total stockholders' equity                  | 1,959,811                          | 1,535,373           |
| Total liabilities and stockholders' equity  | <u>\$ 5,370,411</u>                | <u>\$ 4,764,379</u> |

**Ulta Beauty, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)

|   | <b>52 Weeks Ended</b>       |                             |
|---|-----------------------------|-----------------------------|
|   | <b>January 28,<br/>2023</b> | <b>January 29,<br/>2022</b> |
|   | <b>(Unaudited)</b>          |                             |
| <b>Operating activities</b>   |                             |                             |
| Net income  | \$ 1,242,408                | \$ 985,837                  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                             |                             |
| Depreciation and amortization   | 241,372                     | 268,460                     |
| Non-cash lease expense  | 301,912                     | 276,229                     |
| Deferred income taxes   | 15,653                      | (25,666)                    |
| Stock-based compensation expense  | 43,044                      | 47,259                      |
| Loss on disposal of property and equipment  | 6,688                       | 5,358                       |
| Change in operating assets and liabilities:                                       |                             |                             |
| Receivables   | 34,260                      | (40,573)                    |
| Merchandise inventories   | (104,233)                   | (331,003)                   |
| Prepaid expenses and other current assets   | (19,432)                    | (3,412)                     |
| Income taxes  | (45,182)                    | (35,652)                    |
| Accounts payable  | 8,309                       | 66,156                      |
| Accrued liabilities   | 48,249                      | 58,598                      |
| Deferred revenue  | 41,098                      | 79,196                      |
| Operating lease liabilities   | (324,500)                   | (303,914)                   |
| Other assets and liabilities  | (7,731)                     | 12,392                      |
| Net cash provided by operating activities   | 1,481,915                   | 1,059,265                   |
| <b>Investing activities</b>   |                             |                             |
| Capital expenditures  | (312,126)                   | (172,187)                   |
| Other investments   | (2,458)                     | (4,297)                     |
| Net cash used in investing activities   | (314,584)                   | (176,484)                   |
| <b>Financing activities</b>   |                             |                             |
| Repurchase of common shares   | (900,033)                   | (1,521,925)                 |
| Stock options exercised   | 46,011                      | 40,386                      |
| Purchase of treasury shares   | (6,992)                     | (15,677)                    |
| Net cash used in financing activities   | (861,014)                   | (1,497,216)                 |
| Effect of exchange rate changes on cash and cash equivalents                      | —                           | (56)                        |
| Net increase (decrease) in cash and cash equivalents                              | 306,317                     | (614,491)                   |
| Cash and cash equivalents at beginning of year                                    | 431,560                     | 1,046,051                   |
| Cash and cash equivalents at end of year  | <u>\$ 737,877</u>           | <u>\$ 431,560</u>           |

**Ulta Beauty, Inc.**  
**Store Update**

| <b>Fiscal 2022</b>      | <b>Total stores open<br/>at beginning of the<br/>quarter</b> | <b>Number of stores<br/>opened during the<br/>quarter</b> | <b>Number of stores<br/>closed during the<br/>quarter</b> | <b>Total stores<br/>open at<br/>end of the quarter</b> |
|-------------------------|--|---|---|--|
| 1 <sup>st</sup> Quarter | 1,308  | 10  | 0   | 1,318  |
| 2 <sup>nd</sup> Quarter | 1,318  | 7   | 0   | 1,325  |
| 3 <sup>rd</sup> Quarter | 1,325  | 18  | 0   | 1,343  |
| 4 <sup>th</sup> Quarter | 1,343  | 12  | 0   | 1,355  |



| <b>Fiscal 2022</b>      | <b>Total gross square feet at beginning of the quarter</b> | <b>Gross square feet for stores opened or expanded during the quarter</b> | <b>Gross square feet for stores closed during the quarter</b> | <b>Total gross square feet at end of the quarter</b> |
|-------------------------|--|---|---|--|
| 1 <sup>st</sup> Quarter | 13,770,438   | 90,905  | 0   | 13,861,343   |
| 2 <sup>nd</sup> Quarter | 13,861,343   | 61,257  | 0   | 13,922,600   |
| 3 <sup>rd</sup> Quarter | 13,922,600   | 151,730   | 0   | 14,074,330   |
| 4 <sup>th</sup> Quarter | 14,074,330   | 126,073   | 0   | 14,200,403   |

Exhibit 6

**Ulta Beauty, Inc.  
Sales by Category**

The following tables set forth the approximate percentage of net sales by primary category:

|                                     | <b>13 Weeks Ended</b>   |                         |
|-------------------------------------|-------------------------|-------------------------|
|                                     | <b>January 28, 2023</b> | <b>January 29, 2022</b> |
| Cosmetics                           | 40%                     | 41%                     |
| Haircare products and styling tools | 20%                     | 20%                     |
| Skincare                            | 16%                     | 15%                     |
| Fragrance and bath                  | 18%                     | 18%                     |
| Services                            | 3%                      | 3%                      |
| Accessories and other               | 3%                      | 3%                      |
|                                     | <b>100%</b>             | <b>100%</b>             |

|                                     | <b>52 Weeks Ended</b>   |                         |
|-------------------------------------|-------------------------|-------------------------|
|                                     | <b>January 28, 2023</b> | <b>January 29, 2022</b> |
| Cosmetics                           | 42%                     | 43%                     |
| Haircare products and styling tools | 21%                     | 20%                     |
| Skincare                            | 17%                     | 17%                     |
| Fragrance and bath                  | 14%                     | 14%                     |
| Services                            | 3%                      | 3%                      |
| Accessories and other               | 3%                      | 3%                      |
|                                     | <b>100%</b>             | <b>100%</b>             |

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