UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended December 31, 2025
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from ______ to ______

Commission File Number: 001-37873

e.l.f. Beauty, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-4464131**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

601 12th Street, 14th Floor
Oakland, CA 94607
(Address of principal executive offices)(Zip code)

(510) 778-7787
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ELF	New York Stock Exchange

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 January 29, 2026 was 59,052,239 shares.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of the federal securities laws concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements are based on management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate and management's beliefs and assumptions and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, our actual results and the timing of selected events may differ materially. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk factors" in Part II, Item 1A of this Quarterly Report and elsewhere in this Quarterly Report. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

SUMMARY OF MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

The principal risks and uncertainties affecting our business include the following:

- The beauty industry is highly competitive, and if we are unable to compete effectively our results will suffer.
- Our new product introductions may not be as successful as we anticipate.
- Any damage to our reputation or brands may materially and adversely affect our business, financial condition and results of operations.
- Our success depends, in part, on the quality, performance and safety of our products.
- We may not be able to successfully implement our growth strategy.
- Our growth and profitability are dependent on a number of factors, and our historical growth may not be indicative of our future growth.
- We may be unable to continue to grow our business effectively or efficiently, which would harm our business, financial condition and results of operations.
- We have significant operations in China, which exposes us to risks inherent in doing business in that country.
- Additional US tariffs or other restrictions placed on imports, retaliatory trade measures taken by other countries and resulting trade wars may have a material adverse impact on our financial condition and results of operations.
- Acquisitions or investments, such as our acquisition of rhode, could disrupt our business and harm our financial condition.
- A disruption in our operations, including a disruption in the supply chain for our products, could materially and adversely affect our business.
- We rely on a number of third-party suppliers, manufacturers, distributors and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory

requirements, which could harm our brands, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

- Adverse economic conditions in the United States or any of the other countries in which we conduct significant business could negatively affect our business, financial condition and results of operations.

- We depend on a limited number of retailers for a large portion of our net sales, and the loss of one or more of these retailers, or business challenges at one or more of these retailers, could adversely affect our results of operations.

- We are subject to international business uncertainties.

- If we are unable to protect our intellectual property, the value of our brands and other intangible assets may be diminished, and our business may be adversely affected.

- Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.

The summary risk factors described above should be read together with the text of the full risk factors below in the section titled “Risk factors” and the other information set forth in this Quarterly Report, including our unaudited condensed consolidated financial statements and the related notes, as well as in other documents that we file with the US Securities and Exchange Commission (the “SEC”). The risks summarized above or described in the section titled “Risk factors” are not the only risks that we face. Additional risks and uncertainties not precisely known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations and future growth prospects.

e.l.f. Beauty, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial statements (unaudited)

e.l.f. Beauty, Inc. and subsidiaries
Condensed consolidated balance sheets
(unaudited)
(in thousands, except share and per share data)

	December 31, 2025	March 31, 2025	December 31, 2024
Assets			
Current assets:			
Cash and cash equivalents	$ 196,821	$ 148,692	$ 73,845
Accounts receivable, net	190,304	126,010	187,744
Inventory, net	220,622	187,170	214,786
Prepaid expenses and other current assets	93,842	78,688	82,702
Total current assets	701,589	540,560	559,077
Property and equipment, net	44,836	28,787	19,878
Intangible assets, net	564,243	207,698	212,047
Goodwill	852,768	340,582	340,582
Other assets	160,284	130,548	133,250
Total assets	**$ 2,323,720**	**$ 1,248,175**	**$ 1,264,834**
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	$ 30,000	$ —	$ 100,250
Accounts payable	73,980	72,180	65,293
Accrued expenses and other current liabilities	150,317	104,876	128,364
Total current liabilities	254,297	177,056	293,907
Long-term debt	816,701	256,676	154,061
Deferred tax liabilities	16,737	3,812	493
Long-term operating lease obligations	67,477	48,721	48,116
Other long-term liabilities	6,662	1,055	870
Total liabilities	1,161,874	487,320	497,447
Commitments and contingencies (Note 7)			
Stockholders' equity:			
Common stock, par value of $0.01 per share; 250,000,000 shares authorized as of December 31, 2025, March 31, 2025 and December 31, 2024; 59,052,239, 55,730,037 and 56,398,608 shares issued and outstanding as of December 31, 2025, March 31, 2025 and December 31, 2024, respectively	589	556	563
Additional paid-in capital	1,266,793	942,025	977,141
Accumulated other comprehensive income	1,028	521	183
Accumulated deficit	(106,564)	(182,247)	(210,500)
Total stockholders' equity	1,161,846	760,855	767,387
Total liabilities and stockholders' equity	**$ 2,323,720**	**$ 1,248,175**	**$ 1,264,834**

The accompanying notes are an integral part of these condensed consolidated financial statements.

e.l.f. Beauty, Inc. and subsidiaries
Condensed consolidated statements of operations
(unaudited)
(in thousands, except share and per share data)

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Net sales	$ 489,505	$ 355,320	$ 1,187,180	$ 980,872
Cost of sales	142,010	102,015	356,286	282,225
Gross profit	347,495	253,305	830,894	698,647
Selling, general and administrative expenses	279,955	218,220	706,929	584,936
Operating income	67,540	35,085	123,965	113,711
Other (expense) income, net	(1,325)	(5,278)	1,834	(1,300)
Interest expense, net	(12,351)	(3,527)	(24,136)	(10,953)
Loss on extinguishment of debt	—	—	(674)	—
Income before provision for income taxes	53,864	26,280	100,989	101,458
Income tax provision	(14,488)	(9,019)	(25,306)	(17,622)
Net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836
Net income per share:				
Basic	$ 0.66	$ 0.31	$ 1.30	$ 1.49
Diluted	$ 0.65	$ 0.30	$ 1.28	$ 1.43
Weighted average shares outstanding:				
Basic	59,294,883	56,358,694	58,001,083	56,227,037
Diluted	60,190,799	58,353,219	59,159,308	58,463,343

The accompanying notes are an integral part of these condensed consolidated financial statements.

e.l.f. Beauty, Inc. and subsidiaries
Condensed consolidated statements of comprehensive income
(unaudited)
(in thousands)

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment	57	(256)	507	233
Other comprehensive income (loss), net of tax	57	(256)	507	233
Comprehensive income	$ 39,433	$ 17,005	$ 76,190	$ 84,069

The accompanying notes are an integral part of these condensed consolidated financial statements.

e.l.f. Beauty, Inc. and subsidiaries
Condensed consolidated statements of stockholders’ equity
(unaudited)
(in thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balance as of March 31, 2025	55,730,037	$ 556	$ 942,025	$ 521	$ (182,247)	$ 760,855
Net income	—	—	—	—	33,311	33,311
Stock-based compensation	—	—	9,879	—	—	9,879
Exercise of stock options and vesting of restricted stock	1,004,866	10	111	—	—	121
Foreign currency translation adjustment	—	—	—	686	—	686
Balance as of June 30, 2025	56,734,903	$ 566	$ 952,015	$ 1,207	$ (148,936)	$ 804,852
Net income	—	—	—	—	2,996	2,996
Stock-based compensation	—	—	29,469	—	—	29,469
Exercise of stock options and vesting of restricted stock	112,957	1	1,649	—	—	1,650
Issuance of common stock as consideration for acquisition	2,582,371	26	300,252	—	—	300,278
Foreign currency translation adjustment	—	—	—	(236)	—	(236)
Balance as of September 30, 2025	59,430,231	$ 593	$ 1,283,385	$ 971	$ (145,940)	$ 1,139,009
Net income	—	—	—	—	39,376	39,376
Stock-based compensation	—	—	29,860	—	—	29,860
Exercise of stock options and vesting of restricted stock	248,057	2	3,528	—	—	3,530
Repurchase of common stock	(626,049)	(6)	(49,980)	—	—	(49,986)
Foreign currency translation adjustment	—	—	—	57	—	57
Balance as of December 31, 2025	59,052,239	$ 589	$ 1,266,793	$ 1,028	$ (106,564)	$ 1,161,846

The accompanying notes are an integral part of these condensed consolidated financial statements.

e.l.f. Beauty, Inc. and subsidiaries

Condensed consolidated statements of stockholders' equity
(unaudited)
(in thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balance as of March 31, 2024	55,508,536	$ 555	$ 936,403	$ (50)	$ (294,336)	$ 642,572
Net income	—	—	—	—	47,555	47,555
Stock-based compensation	—	—	12,958	—	—	12,958
Exercise of stock options and vesting of restricted stock	878,925	8	456	—	—	464
Foreign currency translation adjustment	—	—	—	41	—	41
Balance as of June 30, 2024	56,387,461	$ 563	$ 949,817	$ (9)	$ (246,781)	$ 703,590
Net income	—	—	—	—	19,020	19,020
Stock-based compensation	—	—	21,644	—	—	21,644
Exercise of stock options and vesting of restricted stock	52,330	—	69	—	—	69
Repurchase of common stock	(108,753)	(1)	(17,075)	—	—	(17,076)
Foreign currency translation adjustment	—	—	—	448	—	448
Balance as of September 30, 2024	56,331,038	$ 562	$ 954,455	$ 439	$ (227,761)	$ 727,695
Net income	—	—	—	—	17,261	17,261
Stock-based compensation	—	—	22,303	—	—	22,303
Exercise of stock options and vesting of restricted stock	67,570	1	383	—	—	384
Foreign currency translation adjustment	—	—	—	(256)	—	(256)
Balance as of December 31, 2024	56,398,608	$ 563	$ 977,141	$ 183	$ (210,500)	$ 767,387

The accompanying notes are an integral part of these condensed consolidated financial statements.

e.l.f. Beauty, Inc. and subsidiaries
Condensed consolidated statements of cash flows
(unaudited)
(in thousands)

	Nine months ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net income	$ 75,683	$ 83,836
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	53,033	30,899
Non-cash lease expense	8,253	7,010
Stock-based compensation expense	69,219	56,951
Amortization of debt issuance costs and discount on debt	962	413
Deferred income taxes	15,055	(4,153)
Acquisition-related seller expenses	(47,100)	—
Loss on extinguishment of debt	674	—
Other, net	2,416	844
Changes in operating assets and liabilities:		
Accounts receivable	(32,611)	(65,067)
Inventory	7,405	(23,652)
Prepaid expenses and other assets	(53,537)	(77,534)
Accounts payable and accrued expenses	9,807	(5,691)
Other liabilities	794	(6,116)
Net cash provided by (used in) operating activities	110,053	(2,260)
Cash flows from investing activities:		
Acquisition, net of cash acquired	(581,682)	—
Purchase of property and equipment	(20,564)	(7,461)
Other, net	(704)	(278)
Net cash used in investing activities	(602,950)	(7,739)
Cash flows from financing activities:		
Proceeds from revolving line of credit	50,000	—
Repayment of revolving line of credit	(50,000)	—
Proceeds from long-term debt	600,000	—
Repayment of long-term debt	(7,500)	(8,062)
Debt issuance costs paid	(6,891)	—
Repurchase of common stock	(49,987)	(17,076)
Cash received from issuance of common stock	5,301	917
Other, net	—	(57)
Net cash provided by (used in) financing activities	540,923	(24,278)
Effect of exchange rate changes on cash and cash equivalents	103	(61)
Net increase (decrease) in cash and cash equivalents	48,129	(34,338)
Cash and cash equivalents - beginning of period	148,692	108,183
Cash and cash equivalents - end of period	$ 196,821	$ 73,845

The accompanying notes are an integral part of these condensed consolidated financial statements.

e.l.f. Beauty, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1—Nature of operations

e.l.f. Beauty, Inc., a Delaware corporation ("e.l.f. Beauty" and together with its subsidiaries, the "Company"), is a multi-brand beauty company that offers inclusive, accessible, clean, vegan and cruelty free cosmetics and skin care products. The Company's mission is to make the best of beauty accessible to every eye, lip and face.

We believe our ability to deliver cruelty free, clean, vegan and premium-quality products at accessible prices with broad appeal differentiates us in the beauty industry. Additionally, we believe the combination of our passionate team of owners, value proposition, powerhouse innovation, disruptive marketing engine and productivity model have positioned us well to navigate the competitive beauty market.

The Company's family of brands includes e.l.f. Cosmetics, e.l.f. SKIN, Naturium, Well People, Keys Soulcare, and rhode. The Company's brands are available online and across leading beauty, mass-market and specialty retailers. The Company has strong relationships with its retail customers such as Target, Walmart, Ulta Beauty, Amazon and other leading retailers that have enabled the Company to expand distribution both domestically and internationally.

Note 2—Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements and related notes have been prepared in accordance with US generally accepted accounting principles ("US GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, these interim financial statements contain all adjustments, including normal recurring adjustments, necessary for a fair statement of its financial position as of December 31, 2025, March 31, 2025 and December 31, 2024, and its results of operations and stockholders' equity for the three and nine months ended December 31, 2025 and December 31, 2024 and its cash flows for the nine months ended December 31, 2025 and December 31, 2024. All intercompany balances and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the "Annual Report"). Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value Measurements

ASC 820, Fair Value Measurement ("ASC 820") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs, which rely on the reporting entity's assumptions when there is little or no market data.

The Company performs valuations of assets acquired and liabilities assumed in acquisitions accounted for as a business combination and recognizes the assets acquired and liabilities assumed at their acquisition-date fair value. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. For additional information on fair value measurement as part of our acquisition of rhode, see Note 3, “Acquisitions,” in these Notes to our unaudited condensed consolidated financial statements.

Property and equipment and other assets

Property and equipment is stated at cost and is depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the useful lives of the assets up to five years. Repairs and maintenance expenditures are expensed as incurred.

Useful lives by major asset class are as follows:

	Estimated useful lives
Machinery, equipment and software	2 - 5 years
Leasehold improvements	up to 5 years
Furniture and fixtures	3 - 5 years
Store fixtures	1 - 3 years

As of December 31, 2025 and December 31, 2024, included in other assets are retail product displays, net, of $82.7 million and $74.2 million, respectively, that are generally amortized over a period of three years. Amortization expense for retail product displays was $8.2 million and $6.2 million for the three months ended December 31, 2025 and December 31, 2024, respectively, and $23.6 million and $14.7 million for the nine months ended December 31, 2025 and December 31, 2024, respectively.

As of December 31, 2025 and December 31, 2024, included in prepaid expenses and other current assets are internal-use software costs related to cloud applications, net, of $61.5 million and $46.0 million, respectively, that are generally amortized over a period of three years. Amortization expenses for internal-use software costs related to cloud applications was $3.7 million and $1.9 million for the three months ended December 31, 2025 and December 31, 2024, respectively, and $8.7 million and $4.7 million for the nine months ended December 31, 2025 and December 31, 2024, respectively.

Segment reporting

Operating segments are components of an enterprise for which separate financial information is available that is evaluated by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources and in assessing performance. Utilizing these criteria, the Company manages its business on the basis of one operating segment and one reportable segment. It is impracticable for the Company to provide revenue by product line.

The Company’s CODM, who is the Chief Executive Officer, assesses performance of the segment and decides how to allocate resources based on consolidated net income as reported on the statements of operations. The CODM reviews measures of segment profits or loss by comparing budgeted verses actual and forecasted results, for purposes of assessing performance, allocating resources and making decisions. See Note 13, “Segment information,” in these Notes to our unaudited condensed consolidated financial statements for additional information about the Company’s reported segment revenue, significant segment expenses and segment net income.

The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table provides disaggregated revenue from contracts with customers by geographical market, as the nature, amount, timing and uncertainty of revenue and cash flows can differ between domestic and international customers (in thousands).

	Three months ended December 31,		Nine months ended December 31,	
Net sales by geographic region:	2025	2024	2025	2024
United States	$ 389,711	$ 285,928	$ 952,548	$ 793,950
International	99,794	69,392	234,632	186,922
Total net sales	$ 489,505	$ 355,320	$ 1,187,180	$ 980,872

Significant accounting policies

The Company made no material changes in the application of its significant accounting policies that were disclosed in Note 2, "Summary of significant accounting policies," to the audited consolidated financial statements as of and for the fiscal year ended March 31, 2025 included in the Annual Report.

Business combinations

The purchase price of a business acquisition is allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the business combination date. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired also requires the Company to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Unanticipated events or circumstances may occur that could affect the accuracy of the Company's fair value estimates, and under different assumptions, the resulting valuations could be materially different.

Costs that are incurred to complete the business combination, such as legal and other professional fees, are not considered as a part of consideration transferred and are charged to selling, general and administrative expense as they are incurred.

Revenue recognition

The Company distributes products both through national and international retailers, as well as direct-to-consumers through its e-commerce channel. The marketing and consumer engagement benefits that the direct-to-consumer channel provides are integral to the Company's brand and product development strategy and drive sales across channels. As such, the Company views its two primary distribution channels as components of one integrated business, as opposed to discrete revenue streams.

The Company sells a variety of beauty products but does not consider them to be meaningfully different revenue streams given similarities in the nature of the products, the target consumer and the innovation and distribution processes. See the *Segment Reporting* section above for the table providing disaggregated revenue from contracts with customers by geographical market, as the nature, amount, timing and uncertainty of revenue and cash flows can differ between domestic and international customers.

As of December 31, 2025, other than accounts receivable, the Company had no material contract assets, contract liabilities or deferred contract costs recorded on its unaudited condensed consolidated balance sheet.

Recent accounting pronouncements

New accounting pronouncements issued but not yet adopted

In December 2023, the Financial Accounting Standard Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-09, Improvements to Income Tax Disclosures (Topic 740). The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The new requirements apply to all entities subject to income taxes and are effective for the Company's annual periods beginning April 1, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively and early adoption is permitted. The Company expects ASU 2023-09 to only impact its disclosures with no impacts to the Company's results of operations, cash flows, and financial condition.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosure (subtopic 220-40). The standard requires additional disclosures, in the notes to the financial statements, of specified information about certain costs and expenses included in the captions presented on the face of the income statement. The new guidance is effective for the Company's annual reporting beginning April 1, 2027, and the interim reporting periods beginning April 1, 2028. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively and early adoption is permitted. The Company expects ASU 2024-03 to only impact its disclosures with no impacts to the Company's results of operations, cash flows, and financial condition.

In September 2025, the FASB issued ASU 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, to modernize the outdated guidance for accounting for software costs by aligning the accounting with how software is developed today. The effective date for the standard is for fiscal years beginning after December 15, 2027 and interim periods within those fiscal years. Early adoption is permitted. The amendments in this ASU should be applied either prospectively, retrospectively, or utilizing a modified transition approach. The Company is in the process of analyzing the impact of the ASU on its consolidated financial statements and related disclosures.

Note 3—Acquisitions

rhode Acquisition

On August 5, 2025, the Company consummated the acquisition of rhode, the fast-growing, multi-category lifestyle beauty brand founded by Hailey Bieber known for its collection of high-performance, skin-focused products (the "rhode Acquisition"). The rhode Acquisition is built upon both brands' shared focus on disruption, community connection and product innovation, and furthers the Company's penetration within skin care. The rhode Acquisition was completed pursuant to the Agreement and Plan of Merger, by and among the Company, e.l.f. Cosmetics, Inc., Glaze Merger Sub, LLC ("Merger Sub"), HRBeauty LLC, the sellers identified therein, and David Levin (as the sellers' representative), dated May 28, 2025 (the "Merger Agreement"). Pursuant to the terms of, and subject to the conditions specified in, the Merger Agreement, Merger Sub merged with and into rhode (the "Merger"), and upon consummation of the Merger, Merger Sub ceased to exist and rhode became a wholly owned subsidiary of e.l.f. Cosmetics, Inc. Upon the consummation of the Merger and the other transactions contemplated by the Merger Agreement, all outstanding limited liability company interests of rhode were cancelled and converted into the right to receive the consideration. The rhode Acquisition was accounted for as a business combination using the acquisition method of accounting, which requires certain assets acquired and liabilities assumed to be recognized at the estimated fair values as of the date of the rhode Acquisition. The total purchase price of $897.5 million consisted of cash, equity consideration, and a potential earnout. The following table summarizes the preliminary allocation of purchase price to the assets acquired and liabilities assumed (in thousands):

Cash consideration		$ 590,149
Equity consideration (common stock issued)[1]		300,278
Valuation of potential earnout		7,100
Total consideration		897,527
Net assets acquired, excluding liability assumed for acquisition-related seller expenses	$ 432,441	
Liability assumed for acquisition-related seller expenses[2]	(47,100)	
Less: Net assets acquired		(385,341)
Goodwill		$ 512,186

[1] The fair market value of the $300.3 million common stock issued (equivalent to 2,582,371 shares of common stock) was determined on the basis of the opening market price of the Company's stock of $116.28 per share on the rhode Acquisition date.

[2] In connection with the rhode Acquisition, the Company paid rhode's acquisition-related expenses of $47.1 million recognized as an assumed liability at the acquisition date. The Company determined these amounts represented assumed liabilities of the sellers at the acquisition date, as the Company bore no legal obligation to the related vendors prior to closing.

The Company incurred and expensed no acquisition transaction costs during the three months ended December 31, 2025 and $7.2 million during the nine months ended December 31, 2025. These costs are included as a component of selling, general and administrative expenses in the condensed consolidated statements of operations.

The purchase price allocation, deferred tax calculations and residual goodwill are preliminary and pending finalization. rhode's results of operations have been included in the Company's condensed consolidated financial statements from the date of acquisition.

The following table presents the preliminary purchase price allocation recorded in the Company's condensed consolidated balance sheet on the rhode Acquisition date (in thousands):

Cash	$	8,467
Accounts receivable		30,036
Inventory		39,568
Prepaid expenses and other current assets		2,469
Property and equipment		2,098
Intangible assets		380,900
Goodwill[1]		512,186
Total assets acquired		975,724
Accounts payable		(17,898)
Accrued expenses and other current liabilities		(60,231)
Other obligations		(68)
Total liabilities assumed		(78,197)
Total purchase price	$	897,527

[1] The goodwill represents the excess value over both tangible and intangible assets acquired and liabilities assumed. The goodwill recognized in the transaction is primarily attributable to the Company's expectation that rhode can continue to expand distribution and deliver new skin care products. Substantially all of the goodwill is expected to be deductible for tax purposes.

The Company made certain measurement period adjustments in the third quarter of fiscal 2026 resulting in an increase to goodwill of $0.9 million. None of the adjustments were material. There was no income statement impact on comparable prior periods presented as a result of these adjustments.

Intangible assets

The estimated fair values (all considered level 3 measurements) of the identifiable intangible assets acquired as of the rhode Acquisition date, their estimated useful lives and fair value methodology are as follows:

		Fair Value (in thousands)	Estimated Useful Life (in years)	Fair Value Methodology
Customer relationships – retailers	$	104,600	12	Excess earnings method
Trademarks		276,300	15	Relief from Royalty method
Total identified intangible assets	$	380,900		

Valuation of potential earn out

In connection with the rhode Acquisition, the Company recorded a liability at fair value for the contingent consideration payable upon achievement of certain performance milestones by 2028, with a maximum cash payment of $200 million. This amount is reflected as "Other long-term liabilities" on the condensed consolidated balance sheets. If these performance milestones are not met, no payment will be made. The fair value of the liability is calculated using Monte Carlo simulation based on corresponding projected revenue. In accordance, the volatility and discount rate was adjusted to reflect the risk profile of recurring revenue.

The measurement includes significant inputs not observable in the market and thus represents a level 3 measurement as defined in ASC 820.

Certain financial information

Since the rhode Acquisition date, the results of operations for rhode of $128.2 million and $180.6 million of net sales and $54.8 million and $69.9 million of net income for the three and nine months ended December 31, 2025, respectively, have been included within the accompanying consolidated statements of operations.

The net sales and net income of the combined companies on an unaudited pro forma basis are presented below, had the rhode Acquisition date been April 1, 2024. The unaudited pro forma financial information includes, where applicable, adjustments for (i) amortization expense related to acquired intangible assets, (ii) additional interest expense for borrowings related to funding the rhode Acquisition, and (iii) associated tax-related impacts of adjustments. These pro forma adjustments are based on the available information as of the date hereof and upon assumptions that the Company believes are reasonable to reflect the impact of the rhode Acquisition with the Company's historical financial information on a pro forma basis. Adjustments do not include costs related to integration activities, cost savings, or synergies that have been or may be achieved by the combined business. The net sales and net income of the combined companies on an unaudited pro forma basis, are as follows (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Net sales	$ 489,505	$ 430,692	$ 1,285,102	$ 1,130,563
Net income	39,376	16,791	79,418	79,296

The unaudited pro forma financial information shown in the table above is presented for informational purposes only and are not indicative of the results of operations that would have been achieved if the rhode Acquisition had taken place at April 1, 2024 (the beginning of comparable period presented).

Naturium Acquisition

On October 4, 2023, the Company, through its wholly owned subsidiary, e.l.f. Cosmetics, Inc., completed its acquisition of Naturium LLC (“Naturium”) (including the indirect acquisition of equity interests in Naturium through the purchase of TCB-N Prelude Blocker Corp., a holding company) (the “Naturium Acquisition”), which furthered the Company’s mission to make the best of beauty accessible to every eye, lip, face and skin concern. Naturium is a skin care company that provides clinically effective products at an affordable price. The Company directly and indirectly acquired all rights, title and interest in and to the outstanding equity securities of Naturium for a purchase price of $333.0 million in a combination of cash and Company stock.

The following table summarizes the fair market value of the consideration transferred and how the Company calculates the goodwill resulting from the Naturium Acquisition (in thousands):

Cash consideration		$ 275,266
Equity consideration (common stock issued)[(1)]		57,772
Total consideration transferred		333,038
Less: Net assets acquired		
Net assets acquired, excluding liability assumed for acquisition-related seller expenses	$ 174,625	
Liability assumed for acquisition-related seller expenses[(2)]	(10,549)	
Net assets acquired		(164,076)
Goodwill		$ 168,962

[(1)] The fair market value of the $57.8 million common stock issued (equivalent to 577,659 shares of common stock) was determined on the basis of the opening market price of the Company’s stock of $100.01 per share on the Naturium Acquisition date.

[(2)] In connection with the Naturium Acquisition, the Company paid Naturium’s acquisition-related expenses of $10.5 million recognized as an assumed liability at the Naturium Acquisition date.

The Company incurred and expensed acquisition transaction costs of zero and $0.4 million during the three and nine months ended December 31, 2024, respectively, which are included as a component of selling, general and administrative expenses in the condensed consolidated statements of operations. No acquisition transaction costs related to the Naturium Acquisition were incurred during the three and nine months ended December 31, 2025.

The Naturium Acquisition has been accounted for as a business combination under the acquisition method and, accordingly, the total purchase price is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their respective fair values on the Naturium Acquisition date. The purchase price allocation, deferred tax calculations and residual goodwill were finalized during the quarter ended September 30, 2024. Naturium's results of operations have been included in the Company's condensed consolidated financial statements from the date of acquisition.

The following table presents the purchase price allocation recorded in the Company's condensed consolidated balance sheet on the Naturium Acquisition date and upon finalization during the quarter ended September 30, 2024. The adjustment reflects finalization of purchase accounting for facts and circumstances that existed upon the Naturium Acquisition date as follows (in thousands):

Cash	$	293
Accounts receivable		7,388
Inventory		16,236
Prepaid expenses and other current assets		1,899
Goodwill[1]		168,962
Intangible assets		162,100
Total assets acquired		356,878
Accounts payable		(15,897)
Accrued expenses and other current liabilities		(6,025)
Net deferred tax liability		(1,918)
Total liabilities assumed		(23,840)
Total purchase price	$	333,038

[1] The goodwill represents the excess value over both tangible and intangible assets acquired and liabilities assumed. The goodwill recognized in the transaction is primarily attributable to the Company's expectation that Naturium can continue to expand distribution and deliver new skin care products. A substantial amount of the goodwill is expected to be deductible for tax purposes.

Intangible assets

The estimated fair values (all considered level 3 measurements) of the identifiable intangible assets acquired as of the Naturium Acquisition date, their estimated useful lives and fair value methodology are as follows:

	Fair Value (in thousands)		Estimated Useful Life (in years)	Fair Value Methodology
Customer relationships – retailers	$	20,000	10	Excess earnings method
Customer relationships – e-commerce		17,600	3	Excess earnings method and with and without method
Trademarks		124,500	15	Relief from Royalty method
Total identified intangible assets	$	162,100		

Note 4—Goodwill and intangible assets

Information regarding the Company's goodwill and intangible assets as of December 31, 2025 is as follows (in thousands):

	Estimated useful life	Gross carrying amount		Accumulated amortization		Net carrying amount	
Customer relationships – retailers	10 to 12 years	$	202,200	$	(82,065)	$	120,135
Customer relationships – e-commerce	3 years		21,540		(17,140)		4,400
Trademarks	10 to 15 years		404,300		(28,392)		375,908
Total finite-lived intangibles			628,040		(127,597)		500,443
Trademarks	Indefinite		63,800		—		63,800
Goodwill			852,768		—		852,768
Total goodwill and other intangibles		$	1,544,608	$	(127,597)	$	1,417,011

Information regarding the Company's goodwill and intangible assets as of March 31, 2025 is as follows (in thousands):

	Estimated useful life	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships – retailers	10 years	$ 97,600	$ (76,273)	$ 21,327
Customer relationships – e-commerce	3 years	21,540	(12,740)	8,800
Trademarks	10 to 15 years	128,000	(14,229)	113,771
Total finite-lived intangibles		247,140	(103,242)	143,898
Trademarks	Indefinite	63,800	—	63,800
Goodwill		340,582	—	340,582
Total goodwill and other intangibles		$ 651,522	$ (103,242)	$ 548,280

Information regarding the Company's goodwill and intangible assets as of December 31, 2024 is as follows (in thousands):

	Estimated useful life	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships – retailers	10 years	$ 97,600	$ (75,553)	$ 22,047
Customer relationships – e-commerce	3 years	21,540	(11,273)	10,267
Trademarks	10 to 15 years	128,000	(12,067)	115,933
Total finite-lived intangibles		247,140	(98,893)	148,247
Trademarks	Indefinite	63,800	—	63,800
Goodwill		340,582	—	340,582
Total goodwill and other intangibles		$ 651,522	$ (98,893)	$ 552,629

Amortization expenses on finite-lived intangible assets were $11.1 million and $4.3 million in the three months ended December 31, 2025 and December 31, 2024, respectively, and $24.4 million and $13.0 million in the nine months ended December 31, 2025 and December 31, 2024, respectively. Certain trademark assets have been classified as indefinite-lived intangible assets and accordingly, are not subject to amortization. There were no impairments of goodwill or intangible assets recorded in the three and nine months ended December 31, 2025 and December 31, 2024.

The estimated future amortization expense related to finite-lived intangible assets, assuming no impairment as of December 31, 2025 is as follows (in thousands):

Remainder of fiscal 2026	$ 11,134
2027	41,600
2028	38,667
2029	38,667
2030	38,564
Thereafter	331,811
Total	$ 500,443

Note 5—Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as of December 31, 2025, March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

	December 31, 2025	March 31, 2025	December 31, 2024
Accrued expenses	$ 67,391	$ 36,978	$ 51,306
Accrued inventory	16,178	10,743	11,264
Accrued marketing	21,843	13,501	21,542
Current portion of operating lease liabilities	11,967	7,621	7,778
Accrued compensation	20,785	22,795	17,383
Taxes payable	5,926	11,006	16,729
Other current liabilities	6,227	2,232	2,362
Accrued expenses and other current liabilities	$ 150,317	$ 104,876	$ 128,364

Note 6—Debt

The Company's outstanding debt as of December 31, 2025, March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

	December 31, 2025	March 31, 2025	December 31, 2024
Debt:			
Revolving line of credit[(1)]	$ 256,676	$ 256,676	$ 89,500
Term loan[(1)]	592,500	—	165,313
Total debt	849,176	256,676	254,813
Less: debt issuance costs	(2,475)	—	(502)
Total debt, net of issuance costs	846,701	256,676	254,311
Less: current portion	(30,000)	—	(100,250)
Long-term portion of debt	$ 816,701	$ 256,676	$ 154,061

[(1)] See further discussion below. As of December 31, 2025, the Company was in compliance with all applicable financial covenants under the Amended Credit Agreement (as defined below).

Amended Credit Agreement

On April 30, 2021, the Company amended and restated its prior credit agreement (such amended and restated credit agreement, as further amended, supplemented or modified from time to time, the "Amended Credit Agreement") and refinanced all loans under the prior credit agreement. The Amended Credit Agreement has a five year term and consists of a $100.0 million revolving credit facility (the "Amended Revolving Credit Facility") and a $100.0 million term loan facility.

The Amended Credit Agreement contains a number of covenants that, among other things and subject to certain exceptions, restrict our ability to pay dividends and distributions or repurchase capital stock, incur additional indebtedness, create liens on assets, engage in mergers or consolidations and sell or otherwise dispose of assets. The Amended Credit Agreement also includes reporting, financial and maintenance covenants that require us to, among other things, comply with certain consolidated total net leverage ratios and consolidated fixed charge coverage ratios.

Second Amendment to Amended Credit Agreement

On August 28, 2023, we entered into the Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment"). Pursuant to the Second Amendment, we borrowed incremental term loans in an aggregate original principal amount of $115.0 million under the Amended Credit Agreement (the "Incremental Term Loan"). We used the Incremental Term Loan, together with cash from our balance sheet and additional borrowings under our Amended Revolving Credit Facility, to consummate the Acquisition of Naturium (as defined in Note 3, "Acquisitions," in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q) and to pay related fees and expenses in connection with the Acquisition of Naturium and Second Amendment.

Third Amendment to Amended Credit Agreement

On August 26, 2024, we entered into the Third Amendment to Amended and Restated Credit Agreement (the "Third Amendment"). Pursuant to the Third Amendment, we increased our capacity to make restricted payments, provided that after giving effect to any such payment, we comply with a certain consolidated total net leverage ratio.

Fourth Amendment to Amended Credit Agreement

On March 3, 2025, we entered into the Fourth Amendment to Amended and Restated Credit Agreement and First Amendment to Pledge and Security Agreement (the "Fourth Amendment"). The Fourth Amendment, among other things, established a revolving credit facility in an aggregate principal amount of $500.0 million (the "Revolving Credit Facility"), refinanced the existing indebtedness under the Amended Credit Agreement and reduced the interest rate margin for loans. Additionally, certain baskets under the Amended Credit Agreement were increased as part of the Fourth Amendment. The proceeds of the Revolving Credit Facility are available to e.l.f. Cosmetics and certain of our other subsidiaries for working capital, capital expenditures and other general corporate purposes, including to finance acquisitions and investments permitted under the Amended Credit Agreement and other permitted distributions on account of our and our subsidiaries' equity interests. In addition, up to $35.0 million of the Revolving Credit Facility is available for issuing letters of credit. The maturity date of the Revolving Credit Facility is March 3, 2030.

The Fourth Amendment also replaced the fixed charge coverage ratio financial covenant with a minimum interest coverage ratio of at least 3.50 to 1.00, to be tested as of the last day of each fiscal quarter. The minimum interest coverage ratio is based on the ratio of trailing twelve month EBITDA for the four fiscal quarter period most recently ended to cash interest expense for such period.

The Fourth Amendment also amended the Pledge and Security Agreement, dated as of December 23, 2016, among us, certain of our subsidiaries, and the Agent pursuant to which certain covenants and thresholds set forth therein were amended, amongst other changes.

Fifth Amendment to Amended Credit Agreement

On August 5, 2025, we entered into the Fifth Amendment to Amended and Restated Credit Agreement (the "Fifth Amendment"). The Fifth Amendment, among other things, established a term loan facility in an aggregate original principal amount of $600.0 million (the "Term Facility"), made customary changes in connection with adding a term loan facility, increased the maximum permitted consolidated total net leverage ratio financial covenant, increased the interest rate margin for loans under our existing Revolving Credit Facility and increased the unused line fee under our existing Revolving Credit Facility. The proceeds of the Term Facility were made available to e.l.f. Cosmetics and certain of our other subsidiaries to pay a portion of the consideration for the acquisition of rhode. The maturity date of the Term Facility is March 3, 2030.

Loans under the Amended Credit Agreement will bear interest at a rate per annum equal to, at e.l.f. Cosmetics' election: SOFR (subject to a 0.00% floor) or an alternate base rate (subject to a 1.00% floor) as set forth in the Fifth Amendment, plus an interest rate margin, to be determined based on consolidated total net leverage ratio levels, ranging from, (i) in the case of SOFR loans, 1.50% to 2.25%, and (ii) in the case of alternate base rate loans, 0.50% to 1.25%.

Unused commitments under our existing Revolving Credit Facility are subject to a fee, to be determined based on consolidated total net leverage ratio levels, ranging from 0.15% to 0.25%.

The interest rate as of December 31, 2025 for the Term Facility was approximately 5.9%.

The interest rate as of December 31, 2025 for the Revolving Credit Facility was approximately 5.8%. The unused balance of the Revolving Credit Facility as of December 31, 2025 was $243.3 million.

The Company's debt outstanding as of December 31, 2025, matures as follows (in thousands):

Remainder of fiscal 2026	$	7,500
2027		30,000
2028		30,000
2029		37,500
2030		744,176
Total Debt		849,176
Less: Unamortized discounts and debt issuance costs		(2,475)
Total debt, net of unamortized discounts and debt issuance costs	$	846,701

Note 7—Commitments and contingencies

Legal contingencies

The Company is from time to time subject to, and is currently involved in, legal proceedings, claims, regulatory matters and litigation arising in the ordinary course of business, including the matters described below. While it is not possible to determine the outcomes, the Company believes based on its current knowledge that the resolution of all such pending matters will not, either individually or in the aggregate, have a material adverse effect on the Company's business, results of operations or financial condition or cash flows. The Company records a liability for legal proceedings when it determines it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company can provide no assurance as to the scope and outcome of these matters and cannot reasonably estimate any loss or range of loss, if any, that may arise from these matters. Due to the early stage of the Securities Class Action and Derivative Matters described below, the Company cannot reasonably estimate the potential range of loss, if any. The Company disputes the allegations and intends to vigorously defend against them.

Securities Class Action and Stockholder Derivative Matters

On March 6, 2025 and April 8, 2025, the Company, our Chief Executive Officer, and our Chief Financial Officer (collectively, "Defendants") were named as defendants in separate purported securities class action complaints filed in the United States District Court for the Northern District of California by plaintiffs Luke Rottman and Boston Retirement System. The complaints in both purported securities class actions allege that Defendants made false or misleading statements in violation of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 thereunder, and violated Section 20(a) of the Exchange Act, and seek damages and other relief. On May 28, 2025, the court consolidated the two putative securities class action suits, and appointed Boston Retirement System and Metropolitan Employee Benefit System as lead plaintiffs. Lead plaintiffs filed an amended consolidated complaint on July 23, 2025. Defendants filed a motion to dismiss the amended consolidated complaint on September 5, 2025. On February 4, 2026, the Court granted defendants' motion to dismiss as to nearly all of plaintiffs' challenged statements, but found that plaintiffs adequately stated a claim as to statements made on November 20, 2024. The Court granted plaintiffs leave to file a second amended complaint by March 4, and if plaintiffs do not amend, defendants' answer is due April 3, 2026.

On March 28, 2025 and April 22, 2025, derivative action complaints were filed purportedly on behalf of the Company by separate putative shareholders Joseph Falconio and Robbie Bosworth against certain of the Company's current and former officers and directors in the United States District Court for the District of Northern California. The complaints allege that certain of the Company's officers and directors breached their fiduciary duties in connection with the Company's purported issuance of false and misleading statements concerning the financial condition of the Company. Premised upon the same allegations, the complaints also assert derivative causes of action under the Exchange Act, including Section 10(b) and Rule 10b-5 thereunder, under Sections 24400 and 25500 of California's Corporations Code, and for waste and unjust enrichment. The latter filed complaint likewise asserts derivative claims under the Exchange Act, including Sections 14(a) and 20(a), and for abuse of control and gross mismanagement, and seeks contribution under Sections 10(b) and 12D of the Exchange Act. On May 19, 2025, the parties subsequently filed a stipulation to consolidate the two cases and to appoint lead counsel, which the court granted on July 3, 2025. The consolidated action is currently stayed pending the resolution of the securities class action.

On May 19, 2025, putative shareholder Mikhail Venikov filed a derivative lawsuit purportedly on behalf of the Company against certain of the Company's current and former officers and directors in the United States District Court for the District of Delaware. Plaintiff Venikov asserts derivative claims under the Exchange Act, including Sections 14(a), 10(b), and 20(a), in addition to asserting claims for breach of fiduciary duty and unjust enrichment. The action is currently stayed pending the resolution of the securities class action.

The Company believes that it has substantial defenses to the allegations made in the lawsuits and intends to vigorously defend against them.

Note 8—Income taxes

The Company's quarterly tax provision is based upon an estimated annual effective tax rate as adjusted for any discrete items. The Company's income tax provision was $14.5 million and $9.0 million for the three months ended December 31, 2025 and December 31, 2024, respectively, and $25.3 million and $17.6 million for the nine months ended December 31, 2025 and December 31, 2024, respectively, with an effective tax rate of 26.9% and 34.3% for the three months ended December 31, 2025 and December 31, 2024, respectively, and an effective tax rate of 25.1% and 17.4% for the nine months ended December 31, 2025 and December 31, 2024, respectively. The effective tax rate differs from the US statutory tax rate primarily due to state and local income taxes and the executive compensation limitation partially offset by a discrete tax benefit related to stock-based compensation.

The Company has completed its initial assessment of the One Big Beautiful Bill Act ("OBBBA") corporate tax provisions which was enacted on July 4, 2025. OBBBA contained a number of US corporate tax provisions, of which the Company expects to elect to expense US incurred research or experimental expenditures immediately and full bonus depreciation for certain assets placed into service after January 19, 2025. As a result of the Company's elections, it is expected that in fiscal year 2026, US cash taxes will decrease with no material impact to the Company's effective tax rate.

Note 9—Stock-based compensation

Stock-based compensation expense is recognized on a straight-line basis over the requisite service period. Total stock-based compensation is shown in the table below (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Service-based vesting options	$ —	$ 19	$ 37	$ 56
Restricted stock and RSUs	29,874	22,320	69,182	56,895
Total stock compensation expense	$ 29,874	$ 22,339	$ 69,219	$ 56,951

As of December 31, 2025, there was $119.0 million of total unrecognized stock-based compensation cost related to unvested shares subject to RSAs and RSUs. The unrecognized stock-based compensation for shares subject to RSAs and RSUs is expected to be recognized over the remaining weighted-average period of 2.1 years. There is no unrecognized stock-based compensation cost related to unvested service-based stock options.

Note 10—Repurchase of common stock

On May 8, 2019, the Company announced that its board of directors authorized a share repurchase program to acquire up to $25.0 million of the Company's common stock. This share repurchase program was exhausted following the Company's repurchase of a total of 108,753 shares for $17.1 million at an average price of $157.04 per share during the three months ended September 30, 2024. The shares were immediately retired after repurchase.

On August 27, 2024, the Company announced that its board of directors authorized a new share repurchase program to acquire up to $500.0 million of the Company's common stock (the "2024 Share Repurchase Program"). The Company repurchased a total of 701,346 shares for $50.0 million at an average price of $71.29 per share during the three months ended March 31, 2025 under the 2024 Share Repurchase Program. The shares were immediately retired after repurchase. The Company also repurchased a total of 626,049 shares for $50.0 million at an average price of $79.84 per share during the three months ended December 31, 2025 under the 2024 Share Repurchase Program. The shares were immediately retired after repurchase.

Purchases under the 2024 Share Repurchase Program may be made from time to time, in such amounts as management deems appropriate, through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades, accelerated share repurchase transactions, or by any combination of such methods. The timing and amount of any repurchases pursuant to the 2024 Share Repurchase Program will be determined based on market conditions, share price and other factors. The 2024 Share Repurchase Program does not have an expiration date, does not require the Company to repurchase any specific number of shares of its common stock, and may be modified, suspended or terminated at any time without notice. There is no guarantee that any shares will be purchased under the 2024 Share Repurchase Program.

The covenants in the Amended Credit Agreement require the Company to be in compliance with certain leverage ratios to make repurchases under the 2024 Share Repurchase Program.

A total of $400.0 million remains available for future share repurchases under the 2024 Share Repurchase Program as of December 31, 2025.

Note 11—Net income per share

The Company computes basic net income per share using the weighted-average number of shares of common stock outstanding. Diluted net income per share amounts are calculated using the treasury stock method for equity-based compensation awards. The following is a reconciliation of the numerator and denominator in the basic and diluted net income per common share computations (in thousands, except share and per share data):

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Numerator:				
Net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836
Denominator:				
Weighted-average common shares outstanding – basic	59,294,883	56,358,694	58,001,083	56,227,037
Dilutive common equivalent shares from equity awards	895,916	1,994,525	1,158,225	2,236,306
Weighted-average common shares outstanding – diluted	60,190,799	58,353,219	59,159,308	58,463,343
Net income per share:				
Basic	$ 0.66	$ 0.31	$ 1.30	$ 1.49
Diluted	$ 0.65	$ 0.30	$ 1.28	$ 1.43
Weighted-average anti-dilutive shares from outstanding equity awards excluded from diluted earnings per share	894,045	306,068	538,182	242,511

Note 12—Leases

The Company leases warehouses, distribution centers, office space and equipment. The majority of the Company's leases include one or more options to renew, with renewal terms that can extend the lease term for up to five years. The exercise of lease renewal options is at the Company's sole discretion and such renewal options are included in the lease term if they are reasonably certain to be exercised. Certain leases also include options to purchase the leased asset. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Most of the Company's equipment leases are finance leases of assets used to operate its distribution center in Ontario, California.

Supplemental balance sheet information related to leases as of December 31, 2025, March 31, 2025 and December 31, 2024 is as follows (in thousands):

	Classification	December 31, 2025	March 31, 2025	December 31, 2024
Assets				
Operating lease assets	Other assets	$ 64,643	$ 54,157	$ 54,442
Total leased assets		$ 64,643	$ 54,157	$ 54,442
Liabilities				
Current				
Operating	Accrued expenses and other current liabilities	$ 11,967	$ 7,621	$ 7,778
Noncurrent				
Operating	Long-term operating lease obligations	67,477	48,721	48,116
Total lease liabilities		$ 79,444	$ 56,342	$ 55,894

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For the three and nine months ended December 31, 2025 and December 31, 2024, the components of operating lease costs were as follows (in thousands):

		Three months ended December 31,		Nine months ended December 31,	
	Classification	2025	2024	2025	2024
Operating lease cost	Selling, general and administrative (“SG&A”) expenses	$ 4,527	$ 3,467	$ 12,270	$ 9,030
Total lease cost		$ 4,527	$ 3,467	$ 12,270	$ 9,030

As of December 31, 2025, the aggregate future minimum lease payments under non-cancellable operating leases presented in accordance with ASC 842 are as follows (in thousands):

Remainder of fiscal 2026	$ 2,292
2027	11,968
2028	11,584
2029	12,853
2030	12,145
Thereafter	52,671
Total lease payments	103,513
Less: Interest	(24,069)
Present value of lease liabilities	$ 79,444

As of December 31, 2025 and December 31, 2024, the weighted-average remaining lease term (in years) and discount rate were as follows:

	December 31, 2025	December 31, 2024
Weighted-average remaining lease term		
Operating leases	8.0 years	7.8 years
Weighted-average discount rate		
Operating leases	6.3 %	6.0 %

Operating cash outflows from operating leases for the nine months ended December 31, 2025 and December 31, 2024 were $6.5 million and $8.3 million, respectively. Right-of-use assets obtained in exchange for lease obligations for the nine months ended December 31, 2025 and December 31, 2024 were $16.8 million and $34.3 million, respectively.

Note 13—Segment information

The following provides additional information about the Company's reported segment revenue, significant segment expenses and segment net income for the fiscal years ended December 31, 2025, and December 31, 2024 (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Revenue	$ 489,505	$ 355,320	$ 1,187,180	$ 980,872
Cost of sales	142,010	102,015	356,286	282,225
Gross profit	347,495	253,305	830,894	698,647
Marketing, merchandising and distribution costs	162,897	138,184	412,978	357,974
Compensation and benefits	70,621	48,667	164,326	134,060
Other operating costs[(1)]	46,437	31,369	129,625	92,902
Segment expenses	279,955	218,220	706,929	584,936
Operating income	67,540	35,085	123,965	113,711
Other (expense) income, net	(1,325)	(5,278)	1,834	(1,300)
Interest expense, net	(12,351)	(3,527)	(24,136)	(10,953)
Loss on extinguishment of debt	—	—	(674)	—
Income tax provision	(14,488)	(9,019)	(25,306)	(17,622)
Net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836
Reconciliation of net income:				
Net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836
Adjustments and reconciling items	—	—	—	—
Consolidated net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836

[(1)] Other operating costs include general and administrative expenses, depreciation and amortization.

Item 2. Management's discussion and analysis of financial condition and results of operations.

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with the MD&A presented in the Annual Report on Form 10-K for the year ended March 31, 2025 (the "Annual Report") and the unaudited condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report"), which include additional information about our accounting policies, practices and the transactions underlying our financial results.

Overview and Business Trends

e.l.f. Beauty, Inc., a Delaware corporation ("e.l.f. Beauty" and together with its subsidiaries, the "Company"), is a multi-brand beauty company that offers inclusive, accessible, clean, vegan and cruelty free cosmetics and skin care products. The Company's mission is to make the best of beauty accessible to every eye, lip and face.

We believe our ability to deliver cruelty free, clean, vegan and premium-quality products at accessible prices with broad appeal differentiates us in the beauty industry. Additionally, we believe the combination of our passionate team of owners, value proposition, powerhouse innovation, disruptive marketing engine and productivity model have positioned us well to navigate the competitive beauty market.

The Company's family of brands includes e.l.f. Cosmetics, e.l.f. SKIN, Naturium, Well People, Keys Soulcare, and rhode. The Company's brands are available online and across leading beauty, mass-market and specialty retailers. The Company has strong relationships with its retail customers such as Target, Walmart, Ulta Beauty, Amazon and other leading retailers that have enabled the Company to expand distribution both domestically and internationally.

Potential Impact of Tariffs

The majority of our products are sourced and manufactured in China and have been subject to a US 25% tariff since May 2019. Furthermore, in March and April 2025, the Trump administration announced a series of additional tariffs on products from countries worldwide. Since then, some of these tariffs have been increased, reduced, or temporarily paused.

The US tariff policies are continuing to evolve. As a result, our risks and mitigation plans will also continue to evolve as further developments arise. Any alteration of trade agreements and terms between China and the United States, including limiting trade with China, imposing additional tariffs on imports from China and potentially imposing other restrictions on imports from China to the United States may result in further or higher tariffs or retaliatory trade measures by China. We are in the process of determining our incremental tariff cost exposure in light of continuing changes to tariff policies, and the full extent of our potential mitigation plans, as well as the associated timing to implement such plans. To mitigate our risk of ongoing exposure to tariffs, the Company raised prices globally for all products sold as of August 1, 2025. The Company may also seek to shift production outside of China into regions where we expect tariffs to be lower and to source the same products in more than one region, to the extent it is possible and not cost-prohibitive. Moreover, the United States has imposed, increased, or indicated a willingness to continue to impose or increase tariffs on other countries where we source our products or into which we make sales. Such tariffs may lead to retaliatory actions, including counter-tariffs and increased production costs, disruptions to global supply chains and otherwise create operational challenges for us.

See the risk factor titled "*Additional US tariffs or other restrictions placed on imports, retaliatory trade measures taken by other countries and resulting trade wars may have a material adverse impact on our financial condition and results of operations*" included as part of Item 1A. Risk Factors of this Quarterly Report on Form 10-Q for additional information regarding risk related to tariffs.

Our Acquisition of rhode

On August 5, 2025, we consummated the acquisition of HRBeauty LLC ("rhode"), the fast-growing, multi-category lifestyle beauty brand founded by Hailey Bieber for a purchase price of $897.5 million in a combination of cash, equity consideration, and potential earnout.

Fifth Amendment to Amended Credit Agreement

On August 5, 2025, we entered into the Fifth Amendment to the Amended and Restated Credit Agreement, pursuant to which we borrowed an incremental term loan in a principal amount equal to $600.0 million (the "Incremental Term Loan"), together with available cash from our balance sheet and additional borrowings under our Amended Revolving Credit Facility, to consummate and pay related fees and expenses in connection with our acquisition of rhode.

Seasonality

Our results of operations are subject to seasonal fluctuations, with net sales in the third and fourth fiscal quarters typically being higher than in the first and second fiscal quarters. The higher net sales in our third and fourth fiscal quarters are largely attributable to the increased levels of purchasing by retailers for the holiday season and customer shelf reset activities, respectively. Lower inventory builds from our retailers in preparation for the holiday season or shifts in customer shelf reset activity could have a disproportionate effect on our results of operations for the entire fiscal year. To support anticipated higher sales during the third and fourth fiscal quarters, we make investments in working capital to ensure inventory levels can support demand. Fluctuations throughout the year are also driven by the timing of product restocking or rearrangement by our major retail customers as well as expansion into new retail customers. Because a limited number of our retail customers account for a large percentage of our net sales, a change in the order pattern of one or more of our large retail customers could cause a significant fluctuation of our quarterly results or impact our liquidity.

Results of operations

The following table sets forth our consolidated statements of operations data in dollars and as a percentage of net sales for the periods presented:

	Three months ended December 31,		Nine months ended December 31,	
(in thousands)	2025	2024	2025	2024
Net sales	$ 489,505	$ 355,320	$ 1,187,180	$ 980,872
Cost of sales	142,010	102,015	356,286	282,225
Gross profit	347,495	253,305	830,894	698,647
Selling, general and administrative expenses	279,955	218,220	706,929	584,936
Operating income	67,540	35,085	123,965	113,711
Other (expense) income, net	(1,325)	(5,278)	1,834	(1,300)
Interest expense, net	(12,351)	(3,527)	(24,136)	(10,953)
Loss on extinguishment of debt	—	—	(674)	—
Income before provision for income taxes	53,864	26,280	100,989	101,458
Income tax provision	(14,488)	(9,019)	(25,306)	(17,622)
Net income	$ 39,376	$ 17,261	$ 75,683	$ 83,836

	Three months ended December 31,		Nine months ended December 31,	
(percentage of net sales)	2025	2024	2025	2024
Net sales	100 %	100 %	100 %	100 %
Cost of sales	29 %	29 %	30 %	29 %
Gross margin	71 %	71 %	70 %	71 %
Selling, general and administrative (“SG&A”) expenses	57 %	61 %	60 %	60 %
Operating income	14 %	10 %	10 %	12 %
Other (expense) income, net	— %	(1)%	— %	— %
Interest expense, net	(3)%	(1)%	(2)%	(1)%
Loss on extinguishment of debt	— %	— %	— %	— %
Income before provision for income taxes	11 %	7 %	9 %	10 %
Income tax provision	(3)%	(3)%	(2)%	(2)%
Net income	8 %	5 %	6 %	9 %

Comparison of the three months ended December 31, 2025 to the three months ended December 31, 2024

Net sales

Net sales increased $134.2 million, or 38%, to $489.5 million for the three months ended December 31, 2025, compared to $355.3 million for the three months ended December 31, 2024. Net sales growth was driven by both our retailer and e-commerce channels. The rhode Acquisition contributed $128.2 million to our growth in the three months ended December 31, 2025, with the remaining $6.0 million contributed from our existing business. Net sales increased $67.5 million, or 101%, in our e-commerce channels and $66.8 million, or 23%, in our retailer channels. From a price and mix perspective, higher average item price and mix drove $136.0 million increase in net sales as compared to the three months ended December 31, 2024. This was partially offset by lower volume impacting sales by $1.8 million.

Gross profit

Gross profit increased $94.2 million, or 37%, to $347.5 million for the three months ended December 31, 2025, compared to $253.3 million for the three months ended December 31, 2024. Higher average item price and mix drove an increase of $95.5 million, offset by lower volume impacting gross profit by $1.3 million. Gross margin decreased approximately 30 basis points to 71% when compared to the three months ended December 31, 2024. The decrease in gross margin was primarily driven by tariffs, partially offset by pricing and mix.

Selling, general and administrative expenses

SG&A expenses were $280.0 million for the three months ended December 31, 2025, an increase of $61.7 million, or 28%, from $218.2 million for the three months ended December 31, 2024. The $61.7 million increase was primarily related to an increase in marketing, merchandising and distribution costs of $24.7 million, increased compensation and benefits expense of $22.0 million, increased depreciation and amortization of $9.9 million, and increased professional fees $2.1 million.

Other (expense) income, net

Other expense, net totaled $1.3 million for the three months ended December 31, 2025, as compared to other expense, net of $5.3 million for the three months ended December 31, 2024. The year-over-year variance is primarily due to an decrease in foreign currency exchange loss in the period primarily attributable to foreign currency rate fluctuation between the British pound and US dollar.

Interest expense, net

Interest expense, net was $12.4 million for the three months ended December 31, 2025, as compared to $3.5 million for the three months ended December 31, 2024. The year-over-year variance was primarily due to the Fifth Amendment which established the Term Facility and increased debt. See Note 6, "Debt," in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details on our debt.

Income tax provision

The income tax provision was $14.5 million, or an effective rate of 26.9%, for the three months ended December 31, 2025, as compared to a provision of $9.0 million, or an effective rate of 34.3%, for the three months ended December 31, 2024. The change in the income tax provision was primarily driven by the tax effects of an increase in income before taxes of $27.6 million, which was partially offset by an increase in discrete tax benefits of $4.2 million, primarily related to stock-based compensation.

Comparison of the nine months ended December 31, 2025 to the nine months ended December 31, 2024

Net sales

Net sales increased $206.3 million, or 21%, to $1,187.2 million for the nine months ended December 31, 2025, compared to $980.9 million for the nine months ended December 31, 2024. The rhode Acquisition contributed $180.6 million to our growth in the three months ended December 31, 2025, with the remaining $25.7 million contributed from our existing business. Net sales growth was driven by both our retailer and e-commerce channels. Net sales increased $109.5 million, or 14%, in our retailer channels and $96.9 million, or 56%, in our e-commerce channels. From a price and mix perspective, higher average item price and mix within retailer and e-commerce orders drove $198.8 million of the increase in sales. A higher volume of units sold drove the remaining $7.5 million increase in net sales as compared to the nine months ended December 31, 2024.

Gross profit

Gross profit increased $132.2 million, or 19%, to $830.9 million for the nine months ended December 31, 2025, compared to $698.6 million for the nine months ended December 31, 2024. Higher average item price and mix drove $126.9 million increase in gross profit, with the remaining increase of $5.3 million driven by higher unit volume. Gross margin decreased approximately 124 basis points to 70% when compared to the nine months ended December 31, 2024. The decrease in gross margin was primarily driven by tariffs, partially offset by pricing and mix.

Selling, general and administrative expenses

SG&A expenses were $706.9 million for the nine months ended December 31, 2025, an increase of $122.0 million, or 21%, from $584.9 million for the nine months ended December 31, 2024. The $122.0 million increase was primarily related to an increase in marketing, merchandising and distribution costs of $55.0 million, increased compensation and benefits expense of $30.3 million, increased depreciation and amortization of $21.9 million, and increased professional fees of $10.6 million.

Other (expense) income, net

Other income, net totaled $1.8 million for the nine months ended December 31, 2025, as compared to other expense of $1.3 million for the nine months ended December 31, 2024. The year-over-year variance is primarily due to an increase in foreign currency gains in the period attributable to currency rate fluctuation.

Interest expense, net

Interest expense, net was $24.1 million for the nine months ended December 31, 2025, as compared to interest expense, net of $11.0 million for the nine months ended December 31, 2024. The year-over-year variance was primarily due to the Fifth Amendment which established the Term Facility and increased debt. See Note 6, “Debt,” in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details on our debt.

Income tax provision

The income tax provision was $25.3 million, or an effective rate of 25.1%, for the nine months ended December 31, 2025, as compared to a provision of $17.6 million, or an effective rate of 17.4%, for the nine months ended December 31, 2024. The change in the income tax provision was primarily driven by a decrease in discrete tax benefits of $5.9 million, primarily related to stock-based compensation.

Financial condition, liquidity and capital resources

Overview

As of December 31, 2025, we had $196.8 million of cash and cash equivalents. In addition, as of December 31, 2025, we had borrowing capacity of $243.3 million under our Amended Revolving Credit Facility.

Our primary cash needs are for working capital, fixturing, retail product displays, digital investments and debt service. We have also used cash for acquisitions. Cash needs typically vary depending on strategic initiatives selected for the fiscal year, including investments in infrastructure, digital capabilities and expansion within or to additional retailer store locations. We expect to fund ongoing cash needs from existing cash and cash equivalents, cash generated from operations and, if necessary, draws on our Amended Revolving Credit Facility.

Our primary working capital requirements are for product and product-related costs, compensation and benefits, rent, distribution costs and marketing. Fluctuations in working capital are primarily driven by the timing of when a retailer rearranges or restocks its products, expansion of space within our existing retailer base, expansion to new retailers and the general seasonality of our business. As of December 31, 2025, we had working capital, excluding cash and cash equivalents, of $250.5 million, compared to $214.8 million as of March 31, 2025. Working capital, excluding cash and cash equivalents and debt, was $280.5 million and $214.8 million as of December 31, 2025 and March 31, 2025, respectively.

We believe that our operating cash flow, existing cash and cash equivalents and available financing under the Amended Revolving Credit Facility will be adequate to meet our planned operating, investing and financing needs for the next twelve months. The unused balance of the Amended Revolving Credit Facility as of December 31, 2025 was $243.3 million. If necessary, we can borrow funds under our Amended Revolving Credit Facility to finance our liquidity requirements, subject to customary borrowing conditions. To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds; however, such financing may not be available on favorable terms, or at all.

Our ability to meet our operating, investing and financing needs depends to a significant extent on our future financial performance, which will be subject in part to general economic, competitive, financial, regulatory and other factors that are beyond our control, including those described elsewhere in Part II, Item 1A "Risk factors." In addition to these general economic and industry factors, the principal factors in determining whether our cash flows will be sufficient to meet our liquidity requirements will be based on our ability to provide innovative products to our customers, manage production and our supply chain.

Cash flows

	Nine months ended December 31,	
(in thousands)	**2025**	**2024**
Net cash provided by (used in):		
Operating activities	$ 110,053	$ (2,260)
Investing activities	(602,950)	(7,739)
Financing activities	540,923	(24,278)

Cash provided by (used in) operating activities

For the nine months ended December 31, 2025, net cash provided by operating activities was $110.1 million. This included net income as adjusted for depreciation, amortization and other non-cash items of $225.3 million, partially offset by acquisition-related seller expenses of $47.1 million in connection with the rhode Acquisition, and an increase in working capital of $68.1 million. The change in working capital was primarily driven by a $53.5 million increase in prepaid expense and other assets, a $32.6 million increase in accounts receivable, partially offset by a $9.8 million increase in accounts payable and accrued expenses, a $7.4 million decrease in inventory, and a $0.8 million increase related to other liabilities.

For the nine months ended December 31, 2024, net cash used in operating activities was $2.3 million. This included an increase in working capital of $178.1 million, partially offset by net income as adjusted for depreciation, amortization and other non-cash items of $175.8 million. The increase in working capital was primarily driven by a $77.5 million increase in prepaid expense and other assets, a $65.1 million increase in accounts receivable, a $23.7 million increase in inventory, a $6.1 million decrease related to other liabilities, and a $5.7 million decrease in accounts payable and accrued expenses.

Cash used in investing activities

For the nine months ended December 31, 2025, net cash used in investing activities was $603.0 million primarily related to the rhode Acquisition and capital expenditures related to fixturing, equipment and software.

For the nine months ended December 31, 2024, net cash used in investing activities was $7.7 million consisting of capital expenditures related to fixturing, equipment and software.

Cash provided by (used in) financing activities

For the nine months ended December 31, 2025, net cash provided by financing activities was $540.9 million primarily driven by proceeds from the Fifth Amendment which established the Term Facility and increased debt, partially offset by the repurchase of our common stock.

For the nine months ended December 31, 2024, net cash used in financing activities was $24.3 million primarily driven by repurchases of our common stock of $17.1 million and repayment on the Amended Term Loan Facility of $8.1 million, partially offset by cash received from the exercise of stock options.

Description of indebtedness

Amended Credit Agreement

On April 30, 2021, we amended and restated our prior credit agreement (such amended and restated credit agreement, as further amended, supplemented or modified from time to time, the "Amended Credit Agreement") and refinanced all loans under the prior credit agreement. The Amended Credit Agreement has a five year term and consists of a $100.0 million revolving credit facility (the "Amended Revolving Credit Facility") and a $100.0 million term loan facility.

The Amended Credit Agreement contains a number of covenants that, among other things and subject to certain exceptions, restrict our ability to pay dividends and distributions or repurchase capital stock, incur additional indebtedness, create liens on assets, engage in mergers or consolidations and sell or otherwise dispose of assets. The Amended Credit Agreement also includes reporting, financial and maintenance covenants that require us to, among other things, comply with certain consolidated total net leverage ratios and consolidated fixed charge coverage ratios.

Second Amendment to Amended Credit Agreement

On August 28, 2023, we entered into the Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment"). Pursuant to the Second Amendment, we borrowed incremental term loans in an aggregate original principal amount of $115.0 million under the Amended Credit Agreement (the "Incremental Term Loan"). We used the Incremental Term Loan, together with cash from our balance sheet and additional borrowings under our Amended Revolving Credit Facility, to consummate the Acquisition of Naturium (as defined in Note 3, "Acquisitions," in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q) and to pay related fees and expenses in connection with the Acquisition of Naturium and Second Amendment.

Third Amendment to Amended Credit Agreement

On August 26, 2024, we entered into the Third Amendment to Amended and Restated Credit Agreement (the "Third Amendment"). Pursuant to the Third Amendment, we increased our capacity to make restricted payments, provided that after giving effect to any such payment, we comply with a certain consolidated total net leverage ratio.

Fourth Amendment to Amended Credit Agreement

On March 3, 2025, we entered into the Fourth Amendment to Amended and Restated Credit Agreement and First Amendment to Pledge and Security Agreement (the "Fourth Amendment"). The Fourth Amendment, among other things, established a revolving credit facility in an aggregate principal amount of $500.0 million (the "Revolving Credit Facility"), refinanced the existing indebtedness under the Amended Credit Agreement and reduced the interest rate margin for loans. Additionally, certain baskets under the Amended Credit Agreement were increased as part of the Fourth Amendment. The proceeds of the Revolving Credit Facility are available to e.l.f. Cosmetics and certain of our other subsidiaries for working capital, capital expenditures and other general corporate purposes, including to finance acquisitions and investments permitted under the Amended Credit Agreement and other permitted distributions on account of our and our subsidiaries' equity interests. In addition, up to $35.0 million of the Revolving Credit Facility is available for issuing letters of credit. The maturity date of the Revolving Credit Facility is March 3, 2030.

The Fourth Amendment also replaced the fixed charge coverage ratio financial covenant with a minimum interest coverage ratio of at least 3.50 to 1.00, to be tested as of the last day of each fiscal quarter. The minimum interest coverage ratio is based on the ratio of trailing twelve month EBITDA for the four fiscal quarter period most recently ended to cash interest expense for such period.

The Fourth Amendment also amended the Pledge and Security Agreement, dated as of December 23, 2016, among us, certain of our subsidiaries, and the Agent pursuant to which certain covenants and thresholds set forth therein were amended, amongst other changes.

Fifth Amendment to Amended Credit Agreement

On August 5, 2025, we entered into the Fifth Amendment to Amended and Restated Credit Agreement (the "Fifth Amendment"). The Fifth Amendment, among other things, established a term loan facility in an aggregate original principal amount of $600.0 million (the "Term Facility"), made customary changes in connection with adding a term loan facility, increased the maximum permitted consolidated total net leverage ratio financial covenant, increased the interest rate margin for loans under our existing Revolving Credit Facility and increased the unused line fee under our existing Revolving Credit Facility. The proceeds of the Term Facility were made available to e.l.f. Cosmetics and certain of our other subsidiaries to pay a portion of the consideration for the acquisition of rhode. The maturity date of the Term Facility is March 3, 2030.

Loans under the Amended Credit Agreement will bear interest at a rate per annum equal to, at e.l.f. Cosmetics' election: SOFR (subject to a 0.00% floor) or an alternate base rate (subject to a 1.00% floor) as set forth in the Fifth Amendment, plus an interest rate margin, to be determined based on consolidated total net leverage ratio levels, ranging from, (i) in the case of SOFR loans, 1.50% to 2.25%, and (ii) in the case of alternate base rate loans, 0.50% to 1.25%.

Unused commitments under our existing Revolving Credit Facility are subject to a fee, to be determined based on consolidated total net leverage ratio levels, ranging from 0.15% to 0.25%.

The interest rate as of December 31, 2025 for the Term Facility was approximately 5.9%.

The interest rate as of December 31, 2025 for the Revolving Credit Facility was approximately 5.8%. The unused balance of the Revolving Credit Facility as of December 31, 2025 was $243.3 million.

Contractual obligations and commitments

There have been no material changes to our contractual obligations and commitments as included in the Annual Report.

Off-balance sheet arrangements

We are not party to any off-balance sheet arrangements.

Critical accounting policies and estimates

The MD&A is based upon our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, which have been prepared in accordance with US GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances and evaluate these estimates on an on-going basis. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes to the critical accounting policies and estimates included in the Annual Report.

Recent accounting pronouncements

Recent accounting pronouncements are disclosed in Note 2, "Summary of Significant Accounting Policies," in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and qualitative disclosures about market risk.

There have been no material changes to our primary risk exposures or management of market risks from those disclosed in the Annual Report.

Item 4. Controls and procedures.

Evaluation of disclosure controls and procedures over financial reporting

As of December 31, 2025, our management conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to the officers who certify our financial reports and to the members of the Company's senior management and board of directors as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

We have assessed the impact on changes to our internal controls over financial reporting and concluded that there have been no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We transitioned to a new enterprise resource planning (ERP) system during the second fiscal quarter of 2026. Implementation, integration and transition efforts have continued thereafter. In connection with the completion of the implementation, integration and transition, and resulting business process changes, we continue to review and enhance the design and documentation of our internal control over financial reporting processes to maintain effective controls over our financial reporting. To date, the implementation, integration and transition have not materially affected our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal proceedings.

We are from time to time subject to, and are presently involved in, litigation and other proceedings. We believe that there are no pending lawsuits or claims that, individually or in the aggregate, may have a material adverse effect on our business, financial condition or results of operations. See Note 7, “Commitments and Contingencies,” in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for details regarding current legal proceedings.

Item 1A. Risk factors.

Certain risks may have a material and/or adverse effect on our business, financial condition and results of operations. These risks include those described below and may include additional risks and uncertainties not presently known to us or that we currently deem immaterial. These risks should be read in conjunction with the other information in this Quarterly Report, including our unaudited condensed consolidated financial statements and related notes thereto and “Management’s discussion and analysis of financial condition and results of operations” in Part I, Item 2 of this Quarterly Report.

Risk factors related to the beauty industry

The beauty industry is highly competitive, and if we are unable to compete effectively our results will suffer.

We face vigorous competition from companies throughout the world, including large multinational consumer products companies that have many beauty brands under ownership and independent beauty and skincare brands, including those that may target the latest trends or specific distribution channels. Competition in the beauty industry is based on the introduction of new products, pricing of products, quality of products and packaging, brand awareness, perceived value and quality, innovation, in-store presence and visibility, promotional activities, advertising, editorials, e-commerce and mobile-commerce initiatives and other activities. We must compete with a high volume of new product introductions and existing products by diverse companies across several different distribution channels.

Many multinational consumer companies have greater financial, technical or marketing resources, longer operating histories, greater brand recognition or larger customer bases than we do and may be able to respond more effectively to changing business and economic conditions than we can. Many of these competitors’ products are sold in a wider selection or greater number of retail stores and possess a larger presence in these stores, typically having significantly more inline shelf space than we do. Given the finite space allocated to beauty products by retail stores, our ability to grow the number of retail stores in which our products are sold and expand our space allocation once in these retail stores may require the removal or reduction of the shelf space of these competitors. We may be unsuccessful in our growth strategy in the event retailers do not reallocate shelf space from our competitors to us. Increasing shelf space allocated to our products may be especially challenging in instances when a retailer has its own brand. In addition, our competitors may attempt to gain market share by offering products at prices at or below the prices at which our products are typically offered, including through the use of large percentage discounts and “buy one and get one free” offers. Competitive pricing may require us to reduce our prices, which would decrease our profitability or result in lost sales. Our competitors, many of whom have greater resources than we do, may be better able to withstand these price reductions and lost sales.

It is difficult for us to predict the timing and scale of our competitors’ activities in these areas or whether new competitors will emerge in the beauty industry. In recent years, numerous online, “indie,” celebrity and influencer-backed beauty companies have emerged and garnered significant followings. In addition, further technological breakthroughs, including new and enhanced technologies which increase competition in the online retail market, new product offerings by competitors and the strength and success of our competitors’ marketing programs may impede our growth and the implementation of our business strategy.

Our ability to compete also depends on the continued strength of our brands and products, the success of our marketing, innovation and execution strategies, the continued diversity of our product offerings, the successful management of new product introductions and innovations, strong operational execution, including in order fulfillment, our ability to adapt to changes in technology, including the successful utilization of data analytics, artificial intelligence (“AI”) and machine learning, and our success in entering new markets and expanding our business in existing geographies. If we are unable to continue to compete effectively, it could have a material adverse effect on our business, financial condition and results of operations.

Our new product introductions may not be as successful as we anticipate.

The beauty industry is driven in part by fashion and beauty trends, which may shift quickly. Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in consumer preferences for beauty products, consumer attitudes toward our industry and brands and where and how consumers shop for those products. We must continually work to develop, produce and market new products, maintain and enhance the recognition of our brands, maintain a favorable mix of products and develop our approach as to how and where we market and sell our products.

We have a process for the development, evaluation and validation of our new product concepts. Nonetheless, each new product launch involves risks, as well as the possibility of unexpected consequences. For example, the acceptance of new product launches and sales to our retail customers may not be as high as we anticipate due to lack of acceptance of the products themselves or their price or limited effectiveness of our marketing strategies. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to timely manufacture, distribute and ship new products or displays for new products. Sales of new products may be affected by inventory management by our retail customers, and we may experience product shortages or limitations in retail display space by our retail customers. We may also experience a decrease in sales of certain existing products as a result of newly-launched products, the impact of which could be exacerbated by shelf space limitations or any shelf space loss. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and results of operations.

As part of our ongoing business strategy, we expect that we will need to continue to introduce new products in the color cosmetics and skincare categories, while also expanding our product launches into adjacent categories in which we may have little to no operating experience. The success of product launches in adjacent product categories could be hampered by our relative inexperience operating in such categories, the strength of our competitors or any of the other risks referred to above. Furthermore, any expansion into new product categories may prove to be an operational and financial constraint which inhibits our ability to successfully accomplish such expansion. Our inability to introduce successful products in our traditional categories or in adjacent categories could limit our future growth and have a material adverse effect on our business, financial condition and results of operations.

Any damage to our reputation or brands may materially and adversely affect our business, financial condition and results of operations.

We believe that developing and maintaining our brands is critical and that our financial success is directly dependent on consumer perception of our brands. Furthermore, the importance of brand recognition may become even greater as competitors offer more products similar to ours.

We have relatively low brand awareness among consumers when compared to legacy beauty brands, and maintaining and enhancing the recognition and reputation of our brands is critical to our business and future growth. Many factors, some of which are beyond our control, are important to maintaining our reputation and brands. These factors include our ability to comply with ethical, social, product, labor and environmental standards. Any actual or perceived failure in compliance with such standards could damage our reputation and brands.

The growth of our brands depends largely on our ability to provide a high-quality consumer experience, which in turn depends on our ability to bring innovative products to the market at competitive prices that respond to consumer demands and preferences. Additional factors affecting our consumer experience include our ability to provide appealing store sets in retail stores, the maintenance and stocking of those sets by our retail customers, the overall shopping experience provided by our retail customers, a reliable and user-friendly website interface and mobile applications for our consumers to browse and purchase products on our e-commerce websites and mobile applications. If we are unable to preserve our reputation, enhance our brand recognition or increase positive awareness of our products and in-store and Internet platforms, it may be difficult for us to maintain and grow our consumer base, and our business, financial condition and results of operations may be materially and adversely affected.

The success of our brands may also suffer if our marketing plans or product initiatives do not have the desired impact on our brands' image or our ability to attract consumers. Further, our brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products, our failure to maintain the quality of our products, product contamination, the failure of our products to deliver consistently positive consumer experiences, or our products becoming unavailable to consumers.

Our success depends, in part, on the quality, performance and safety of our products.

Any loss of confidence on the part of consumers in the ingredients used in our products, whether related to product contamination or product safety or quality failures, actual or perceived, or inclusion of prohibited ingredients, could tarnish the image of our brands and could cause consumers to choose other products. Allegations of contamination or other adverse effects on product safety or suitability for use by a particular consumer, even if untrue, may require us to expend significant time and resources responding to such allegations and could, from time to time, result in a recall of a product from any or all of the markets in which the affected product was distributed. Any such issues or recalls could negatively affect our profitability and image of our brands.

If our products are found to be, or perceived to be, defective or unsafe, or if they otherwise fail to meet our consumers' expectations, our relationships with consumers could suffer, the appeal of our brands could be diminished, we may need to recall some of our products and/or become subject to regulatory action, and we could lose sales or market share or become subject to boycotts or liability claims. In addition, safety or other defects in our competitors' products could reduce consumer demand for our own products if consumers view them to be similar. Any of these outcomes could result in a material adverse effect on our business, financial condition and results of operations.

Risk factors related to our growth and profitability

We may not be able to successfully implement our growth strategy.

Our future growth, profitability and cash flows depend upon our ability to successfully implement our business strategy, which, in turn, is dependent upon a number of key initiatives, including our ability to:

- build demand in our brands;
- invest in digital capabilities;
- lead innovation by providing prestige quality products at an extraordinary value;
- drive productivity and space expansion with our retailers;
- deliver profitable growth; and
- pursue strategic extensions that can leverage our strengths and bring new capabilities.

There can be no assurance that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term cost increases with net sales materializing on a longer-term horizon and, therefore, may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations.

Our growth and profitability are dependent on a number of factors, and our historical growth may not be indicative of our future growth.

Our historical growth may not be indicative of our future performance as we may not be successful in executing our growth strategy, and, even if we achieve our strategic imperatives, we may not be able to sustain profitability. In future periods, our revenue could decline or grow more slowly than we expect. We also may incur significant losses in the future for a number of reasons, including the following risks and the other risks described in this report, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors:

- we may lose one or more significant retail customers, or sales of our products through these retail customers may decrease;
- the ability of our third-party suppliers and manufacturers to produce our products and of our distributors to distribute our products could be disrupted;
- because the majority of our products are sourced and manufactured in China, our operations are susceptible to risks inherent in doing business there;

- our products may be the subject of regulatory actions, including, but not limited to, actions by the US Food and Drug Administration (the "FDA"), the Federal Trade Commission (the "FTC") and the Consumer Product Safety Commission (the "CPSC") in the United States and comparable foreign authorities outside the United States;
- we may be unable to introduce new products that appeal to consumers or otherwise successfully compete with our competitors in the beauty industry;
- we may be unsuccessful in enhancing the recognition and reputation of our brands, and our brands may be damaged as a result of, among other reasons, our failure, or alleged failure, to comply with applicable ethical, social, product, labor or environmental standards;
- we may experience service interruptions, data corruption, cyber-based attacks or network security breaches which result in the disruption of our operating systems or the loss of confidential information of our consumers;
- we may be unable to retain key members of our senior management team or attract and retain other qualified personnel; and
- we may be affected by any adverse economic conditions in the United States or internationally.

We may be unable to continue to grow our business effectively or efficiently, which would harm our business, financial condition and results of operations.

Since our formation, we have experienced significant growth in our business, customer base, employee headcount and operations, and we expect to continue to grow our business. Growing our business has placed, and we expect that it will continue to place, strain on our management team, personnel, financial and information systems, supply chain and distribution capacity and other resources. To manage our growth effectively, we must continue to enhance our operational, financial and management systems, including our warehouse management and inventory control; maintain and improve our internal controls and disclosure controls and procedures; maintain and improve our information technology systems and procedures; and expand, train and manage our employee base while maintaining close coordination among our executive, accounting, finance, legal, human resources, marketing, regulatory, sales and operations functions.

We may not be able to continue to effectively manage our expansion in any one or more of these areas, and any failure to do so could significantly harm our business, financial condition and results of operations. Growing our business may make it difficult for us to adequately predict the expenditures we will need to make in the future. If we do not make the necessary overhead expenditures to accommodate our future growth, we may not be successful in executing our growth strategy, and our results of operations would suffer.

Acquisitions or investments, such as our acquisition of rhode, could disrupt our business and harm our financial condition.

We frequently review acquisition and strategic investment opportunities that would expand our current product offerings, our distribution channels, increase the size and geographic scope of our operations or otherwise offer growth and operating efficiency opportunities. There can be no assurance that we will be able to identify suitable candidates or consummate these transactions on favorable terms. The process of integrating an acquired business, product or technology can create unforeseen operating difficulties, expenditures and other challenges such as:

- potentially increased regulatory and compliance requirements;
- implementation or remediation of controls, procedures and policies at the acquired business;
- diversion of management time and focus from operation of our then-existing business to acquisition integration challenges;
- coordination of product, sales, marketing and program and systems management functions;
- transition of the users and customers of the acquired business, product, or technology onto our system;
- retention of employees from the acquired business;
- integration of employees from the acquired business into our organization;

- integration of the acquired business' accounting, information management, human resources and other administrative systems and operations into our systems and operations;

- liability for activities of the acquired business, product or technology prior to the acquisition, including violations of law, commercial disputes and tax and other known and unknown liabilities; and

- litigation or other claims in connection with the acquired business, product or technology, including claims brought by terminated employees, customers, former stockholders or other third parties.

If we are unable to address these difficulties and challenges or other problems encountered in connection with any acquisition or investment, we might not realize the anticipated benefits of that acquisition or investment, and we might incur unanticipated liabilities or otherwise suffer harm to our business generally. For example, if the integration of rhode's business with our business is more difficult, costly or time-consuming than expected, we may not fully realize the expected benefits of our acquisition of rhode, which may adversely affect our business, financial condition and results of operations. See also "Risk factors related to our acquisition of rhode."

To the extent that we pay the consideration for any acquisitions or investments in cash, it reduces the amount of cash available to us for other purposes. Acquisitions or investments can also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, increased interest expenses or impairment charges against goodwill on our consolidated balance sheet, any of which could have a material adverse effect on our business, financial condition and results of operations. For example, in connection with our acquisition of Naturium, we paid total consideration of approximately $333.0 million using an incremental term loan under our existing credit facility, borrowings on our existing revolving facility, cash on the balance sheet and approximately $57.8 million of our stock. In connection with our acquisition of rhode, we paid total cash consideration of approximately $590.1 million using an incremental term loan under our existing credit facility, borrowings on our existing revolving facility, and cash on the balance sheet, and approximately $300.3 million of our stock.

Risk factors related to our acquisition of rhode

We have made certain assumptions relating to our acquisition of rhode that may prove to be materially inaccurate.

We have made certain assumptions relating to our acquisition of rhode that may prove to be inaccurate, including as the result of the failure to realize the expected benefits of the acquisition, failure to realize expected revenue growth rates and higher than expected operating, transaction and integration costs, as well as general economic and business conditions that adversely affect rhode. If the assumptions are incorrect, our business, financial condition and results of operations may be materially adversely affected.

rhode may have liabilities that are not known to us.

rhode may have liabilities that we failed, or were unable, to discover in the course of performing our due diligence investigations in connection with our acquisition of rhode. We may learn additional information about rhode that materially and adversely affects us and rhode, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Moreover, rhode may be subject to audits, reviews, inquiries, investigations and claims of non-compliance and litigation by federal and state regulatory agencies which could result in liabilities or other sanctions. Any such liabilities or sanctions, individually or in the aggregate, could have an adverse effect on our business, financial condition and results of operations.

The success of our acquisition of rhode will depend, in part, on our ability to successfully integrate and retain key employees of, and other certain personnel affiliated with, rhode.

We must continue to retain, motivate and recruit executives, other key employees and service providers and certain personnel from rhode following the acquisition, including Hailey Bieber, the founder of rhode, who is essential to the rhode brand and who is prominently involved in the marketing of the rhode brand to consumers. rhode's performance will be substantially dependent on the performance of certain of its key employees, management and other certain personnel, specifically Hailey Bieber. A failure by us to attract, retain and motivate key employees and certain personnel of rhode, in particular Hailey Bieber, could have a negative impact on rhode's business, and our business, financial condition and results of operations.

Furthermore, if key employees and certain personnel choose to no longer be employees or advisors of rhode or our company and depart, or are at risk of departing due to issues including the uncertainty of full integration or a desire not to be employees or advisors of our company, we may incur significant costs to retain such individuals or to identify, hire and retain replacements for departing rhode employees and personnel. Additionally, our failure to retain these individuals may result in the loss of significant expertise and branding opportunities relating to the business of rhode, and our ability to realize the anticipated benefits of the acquisition of rhode may be adversely affected.

Risk factors related to our business operations and macroeconomic conditions

Additional US tariffs or other restrictions placed on imports, retaliatory trade measures taken by other countries and resulting trade wars may have a material adverse impact on our financial condition and results of operations.

Starting in July 2018, the US government announced a series of lists covering thousands of categories of Chinese origin products subject to US tariffs in addition to the tariffs that have historically applied to such products. The majority of our products are sourced and manufactured in China and have been subject to a US 25% tariff since May 2019. In March and April 2025, the Trump administration announced a series of additional tariffs on most products from countries worldwide, including higher tariffs on substantially all products of Chinese origin. Since then, the Trump administration has increased, reduced or temporarily paused some of the increased tariffs. We cannot predict whether such reductions or increases will remain in place or pauses will be extended or will lapse, whether the Trump administration will continue to increase tariffs, or whether the Trump administration will enter into agreements with countries to reduce tariffs.

Nonetheless, as a result of the additional US tariffs announced since early 2025, on August 1, 2025, we raised prices globally for all products sold, which could result in the loss of consumers and materially and adversely affect our business, financial condition and results of operations. We may also seek to shift production outside of China, resulting in significant costs and disruption to our operations and materially and adversely affecting its costs, sales, business, financial condition and results of operations. Additional tariff increases or trade restrictions imposed by the United States could materially adversely affect the results of operations of our business. Moreover, such tariffs may lead to retaliatory actions, including counter-tariffs and increased production costs, disruptions to global supply chains and otherwise create operational challenges for us. We cannot predict whether these policies will continue or if new policies will be enacted; however, uncertainty regarding these policy changes in trade regulation or additional incremental tariffs or counter-tariffs could have a material adverse effect on our business, financial condition and results of operations.

There is also a concern that the imposition of additional tariffs by the United States could result in the adoption of tariffs by China and other countries, leading to a global trade war. Trade restrictions implemented by the United States, China, Canada, the United Kingdom (the “UK”), the European Union (the “EU”) or any of the other jurisdictions in which we conduct significant business in connection with a global trade war could result in us raising prices further or making changes to our operations, any of which could result in a material adverse effect on our financial condition and results of operations.

A disruption in our operations, including a disruption in the supply chains for our products, could materially and adversely affect our business.

As a company engaged in distribution on a global scale, our operations, including those of our third-party manufacturers, suppliers, brokers and delivery service providers, are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes (such as the port strikes in 2024), disruptions or delays in shipments, disruptions in information systems, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters (such as the January 2025 Southern California wildfires and the 2024 Atlantic hurricanes), pandemics (such as the coronavirus pandemic), border disputes, international conflict (such as the ongoing military conflict in Ukraine and the Middle East), acts of terrorism and other external factors over which we and our third-party manufacturers, suppliers, brokers and delivery service providers have no control. The loss of, or damage to, the manufacturing facilities or distribution centers of our third-party manufacturers, suppliers, brokers and delivery service providers could materially and adversely affect our business, financial condition and results of operations.

We depend heavily on ocean container delivery, as well as fast boats, rail and air freight, to receive shipments of our products from our third-party manufacturers located in China and contracted third-party delivery service providers to deliver our products to our distribution facilities and logistics providers, and from there to our retail customers. Further, we rely on postal and parcel carriers for the delivery of products sold directly to consumers through our e-commerce websites and mobile applications. Interruptions, to or failures in, these delivery services could prevent the timely or successful delivery of our products. These interruptions or failures may be due to unforeseen events that are beyond our control or the control of our third-party delivery service providers, such as port congestion, container shortages, inclement weather, natural disasters, international conflict, labor unrest or other transportation disruptions. In addition, port congestion, container shortages, inclement weather, natural disasters, international conflict, labor unrest or other transportation disruptions may increase the costs to supply or transport our products or the components of our products. If our products are not delivered on time or are delivered in a damaged state, retail customers and consumers may refuse to accept our products and have less confidence in our services. In addition, a vessel and container shortage globally could delay future inventory receipts and, in turn, could delay deliveries to our retailer customers and availability of products in our direct-to-consumer e-commerce channel. Such potential delays, additional transportation expenses and shipping disruptions could negatively impact our results of operations through higher inventory costs and reduced sales. Furthermore, the delivery personnel of contracted third-party delivery service providers act on our behalf and interact with our consumers personally. Any failure to provide high-quality delivery services to our consumers may negatively affect the shopping experience of our consumers, damage our reputation and cause us to lose consumers.

Our ability to meet the needs of our consumers and retail customers depends on the proper operation of our distribution facilities, where most of our inventory that is not in transit is housed. Although we currently insure our inventory, our insurance coverage may not be sufficient to cover the full extent of any loss or damage to our inventory or distribution facilities, and any loss, damage or disruption of the facilities, or loss or damage of the inventory stored there, could materially and adversely affect our business, financial condition and results of operations.

We rely on a number of third-party suppliers, manufacturers, distributors and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brands, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

We use multiple third-party suppliers and manufacturers, primarily based in China, to source and manufacture the majority of our products. The ability of these third parties to supply and manufacture our products may be affected by competing orders placed by other persons and the demands of those persons. Further, we are subject to risks associated with disruptions or delays in shipments whether due to port congestion, container shortages, labor disputes (such as the port strikes in 2024), product regulations and/or inspections or other factors, natural disasters or health pandemics, or other transportation disruptions. If we experience significant increases in demand or need to replace a significant number of existing suppliers or manufacturers, there can be no assurance that additional supply and manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer will allocate sufficient capacity to us in order to meet our requirements.

In addition, quality control problems, such as the use of ingredients and delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations could harm our business. The scope of such regulations is expanding, including requirements for certain value chain considerations, such as end of life management, requirements for recycled content or other content restrictions, and certain supply chain diligence practices. Compliance can be costly or result in us needing to reassess aspects of our operations and value chain, and any quality control problems could result in regulatory action, such as fines, restrictions on importation, products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

We have also outsourced significant portions of our distribution process, as well as certain technology-related functions, to third-party service providers. Specifically, we rely on third-party distributors to sell our products in a number of foreign countries, our warehouses and distribution facilities are managed and staffed by third-party service providers, we are dependent on a single third-party vendor for credit card processing, and we utilize a third-party hosting and networking provider to host our e-commerce websites and mobile applications. The failure of one or more of these entities to provide the expected services on a timely basis, or at all, or at the prices we expect, or the costs and disruption incurred in changing these outsourced functions to being performed under our management and direct control or that of a third-party, may have a material adverse effect on our business, financial condition and results of operations. We are not party to long-term contracts with some of our distributors, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

Further, our third-party manufacturers, suppliers and distributors may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives;

- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet our production deadlines, quality standards, pricing guidelines and product specifications, or to comply with applicable regulations, including those regarding the safety and quality of products and ingredients and good manufacturing practices;
- have financial difficulties;
- encounter raw material or labor shortages;
- encounter increases in raw material or labor costs which may affect our procurement costs;
- disclose our confidential information or intellectual property to competitors or third parties;
- engage in activities or employment practices that may harm our reputation; and
- work with, be acquired by, or come under control of, our competitors.

The occurrence of any of these events, alone or together, could have a material adverse effect on our business, financial condition and results of operations. In addition, such problems may require us to find new third-party suppliers, manufacturers or distributors, and there can be no assurance that we would be successful in finding third-party suppliers, manufacturers or distributors meeting our standards of innovation and quality.

The management and oversight of the engagement and activities of our third-party suppliers, manufacturers and distributors requires substantial time, effort and expense of our employees, and we may be unable to successfully manage and oversee the activities of our third-party manufacturers, suppliers and distributors. If we experience any supply chain disruptions caused by our manufacturing process or by our inability to locate suitable third-party manufacturers or suppliers, or if our manufacturers or raw material suppliers experience problems with product quality or disruptions or delays in the manufacturing process or delivery of the finished products or the raw materials or components used to make such products, our business, financial condition and results of operations could be materially and adversely affected.

Adverse economic conditions in the United States or any of the other countries in which we conduct significant business could negatively affect our business, financial condition and results of operations.

Many of our products may be considered discretionary items for consumers. Consumer spending on beauty products is influenced by general economic conditions and the availability of discretionary income. Adverse economic conditions in the United States, Canada, the UK, the EU, China or any of the other jurisdictions in which we conduct significant business, such as the current inflationary economic environment, rising interest rates, financial distress caused by bank failures or a banking crisis, an economic recession, depression or downturn, a tightening of the credit markets, high energy prices or higher unemployment levels, may lead to decreased consumer spending, reduced credit availability and a decline in consumer confidence and demand, each of which poses a risk to our business. For example, US and global markets have experienced volatility and disruption due to inflation and heightened interest rates, as well as the continued escalation of geopolitical tensions and conflict, including those resulting from President Trump’s push to acquire Greenland and ongoing conflicts between Russia and Ukraine and in the Middle East. We have experienced and continue to experience inflationary pressures in certain areas of our business. Although our business has not yet been materially negatively impacted by such inflationary pressures, we cannot be certain that neither we nor our consumers will be materially impacted by continued pressures.

In addition, the global macroeconomic environment has been negatively affected by, among other things, the change in administration following the 2024 presidential election, increased US trade tariffs and trade disputes between the United States, China and other countries, the Houthi attacks on marine vessels in the Red Sea, political tensions between Taiwan and China, political demonstrations, and foreign governmental debt concerns which have caused, and are likely to continue to cause, uncertainty and instability in local economies and in global financial markets. In 2025, there were significant changes and proposed changes to US trade policies. Since March 2025, President Trump has announced new tariffs on foreign imported goods from countries worldwide, including additional tariffs on substantially all products imported from China. Some of these tariffs have been paused or reduced, but we cannot predict whether any of these reductions will remain in place or pauses will lapse or be extended or whether any tariffs will be increased or decreased. These additional tariffs, including pauses, reductions or additional increases, as well as a government’s adoption of “buy national” policies or retaliation by another government against such tariffs or policies, have introduced significant uncertainty into the market and may affect the cost to manufacture our products and the prices of and demand for our products, which could have a material and adverse effect on our business, financial condition and results of operations.

As global economic conditions continue to be volatile and economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions due to credit constraints and uncertainties about the future. A decrease in consumer spending or in retailer and consumer confidence and demand for our products could have a significant negative impact on our net sales and profitability, including our operating margins and return on invested capital. These economic conditions could cause some of our retail customers or suppliers to experience cash flow or credit problems and impair their financial condition, which could disrupt our business and adversely affect product orders, payment patterns and default rates and increase our bad debt expense.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our business requires us to manage a large volume of inventory effectively. We depend on our forecasts to estimate demand for and popularity of various products to make purchasing decisions and to manage our inventory of stock-keeping units. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. Demand may be affected by seasonality, new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, and our consumers may not purchase products in the quantities that we expect. It may be difficult to accurately forecast demand and determine appropriate levels of product or components. We generally do not have the right to return unsold products to our suppliers. If we fail to manage our inventory effectively or negotiate favorable credit terms with third-party suppliers, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, if we are required to lower sale prices in order to reduce inventory level or to pay higher prices to our suppliers, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business, financial condition and results of operations. See also "*Risk factors related to our retail customers, consumers and the seasonality of our business—Our quarterly results of operations fluctuate due to seasonality, order patterns from key retail customers and other factors, and we may not have sufficient liquidity to meet our seasonal working capital requirements*."

Our success depends, in part, on our retention of key members of our senior management team and ability to attract and retain qualified personnel.

Our success depends, in part, on our ability to attract and retain key employees, including our executive officers, senior management team and operations, finance, sales and marketing personnel. The labor markets in the United States, China, the UK and India, where most of our employees are located, are hyper competitive, and attracting and retaining top talent requires significant organizational costs and attention. We are a relatively small company that relies on a few key employees, any one of whom would be difficult to replace, and because we are a small company, we believe that the loss of key employees may be more disruptive to us than it would be to a larger company. Our success also depends, in part, on our continuing ability to identify, hire, train and retain other highly qualified personnel. In addition, we may be unable to effectively plan for the succession of senior management, including our Chief Executive Officer. The loss of key personnel or the failure to attract and retain qualified personnel may have a material adverse effect on our business, financial condition and results of operations.

Public health crises could adversely affect our business, financial condition and results of operations.

The COVID-19 pandemic and government and private sector responsive measures taken to contain or mitigate the effects of the pandemic, as well as related changes in consumer shopping behaviors, adversely affected our business, financial condition and results of operations. The emergence of another pandemic, epidemic or infectious disease outbreak could have a similar effect. The potential impacts of such public health crises include, but are not limited to:

- the possibility of closures, reduced operating hours and/or decreased retail traffic for our retail customers, resulting in a decrease in sales of our products;

- disruption to our distribution centers and our third-party suppliers and manufacturers, including the effects of facility closures as a result of disease outbreaks or other illnesses, or measures taken by federal, state or local governments to reduce its spread, reductions in operations hours, labor shortages and real-time changes in operating procedures, including for additional cleaning and disinfection procedures; and

- significant disruption of global financial markets, which could have a negative impact on our ability to access capital in the future.

The COVID-19 pandemic contributed significantly to global supply chain constraints, with restrictions and limitations on related activities causing disruption and delay. These disruptions and delays strained domestic and international supply chains, resulting in port congestion, transportation delays as well as labor and container shortages, and affected the flow or availability of certain products.

The emergence of another pandemic, epidemic or infectious disease outbreak, and any required or voluntary actions to help limit the spread of illness, could impact our ability to carry out our business and may materially adversely impact global economic conditions, our business, financial condition and results of operations. There is a risk that our suppliers and distribution centers may become less productive or encounter disruptions as a result of the emergence and spread of another disease, and/or these facilities may no longer be allowed to operate based on directives from public health officials or government authorities in the United States, Canada, the UK, the EU, China or other jurisdictions. Such events could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity, possibly to a significant degree.

The full extent of the impact of a pandemic, such as the COVID-19 pandemic, an epidemic or an infectious disease outbreak on our business, financial condition and results of operations will depend on future developments that are highly uncertain and unpredictable, including the timing, acceptance and efficacy of vaccinations and possible achievement of herd immunity in various locations, the occurrence of virus mutations and variants, infection rates increasing or returning in various geographic areas, actions by government authorities to contain outbreaks or treat their impact, and any related impact on capital and financial markets and consumer behavior, including the impacts of any recession or inflationary pressures, all of which may vary across regions.

Volatility in the financial markets could have a material adverse effect on our business, financial condition and results of operations.

While we currently generate cash flows from our ongoing operations and have had access to credit markets through our various financing activities, credit markets may experience significant disruptions. Deterioration in global financial markets, rising interest rates and concerns over potential recessions could make future financing difficult or more expensive. If any financial institution party to our credit facilities or other financing arrangements were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with us. This could leave us with reduced borrowing capacity, which could have a material adverse effect on our business, financial condition and results of operations.

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation (the “FDIC”) insurance limit. We cannot predict the impact that the high market volatility and instability of the banking sector more broadly could have on economic activity and our business in particular. The failure of banks and financial institutions and measures taken, or not taken, by governments, businesses and other organizations in response to these events could adversely impact our business, financial condition and results of operations.

If the financial institutions with which we do business enter receivership or become insolvent in the future, there is no guarantee that the Department of the Treasury, the Federal Reserve and the FDIC will intercede to provide us and other depositors with access to balances in excess of the $250,000 FDIC insurance limit or that we would be able to: (i) access our existing cash, cash equivalents and investments; (ii) maintain any required letters of credit or other credit support arrangements; or (iii) adequately fund our business for a prolonged period of time or at all. Any of such events could have a material adverse effect on our current or projected business operations and results of operations and financial condition. In addition, if any parties with which we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties’ ability to continue to fund their business and perform their obligations to us could be adversely affected, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Risk factors related to our financial condition

Our indebtedness may have a material adverse effect on our business, financial condition and results of operations.

As of December 31, 2025, we had a total of $849.2 million of indebtedness, consisting of amounts outstanding under our credit facilities and finance lease obligations, and a total availability of $243.3 million under our Amended Revolving Credit Facility (as defined in Part I, Item 2 “Management’s discussion and analysis of financial condition and results of operations” under the heading "Description of indebtedness"). Our primary cash needs are for working capital, fixturing, retail product displays, digital investments and debt service. We have also used debt to finance acquisitions. Cash needs typically vary depending on strategic initiatives selected for the fiscal year, including investments in infrastructure, digital capabilities expansion within or to additional retailer store locations, and acquisitions.

Our indebtedness could have significant consequences, including:

- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of funding growth, working capital, capital expenditures, investments or other cash requirements;
- reducing our flexibility to adjust to changing business conditions or obtain additional financing;
- exposing us to the risk of increased interest rates as our borrowings are at variable rates;
- making it more difficult for us to make payments on our indebtedness;
- subjecting us to restrictive covenants that may limit our flexibility in operating our business, including our ability to take certain actions with respect to indebtedness, liens, sales of assets, consolidations and mergers, affiliate transactions, dividends and other distributions and changes of control;
- subjecting us to maintenance covenants which require us to maintain specific financial ratios; and
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements and general corporate or other purposes.

If our cash from operations is not sufficient to meet our current or future operating needs, expenditures and debt service obligations, our business, financial condition and results of operations may be materially and adversely affected.

We may require additional cash resources due to changed business conditions or other future developments, including any marketing initiatives, investments or additional acquisitions we may decide to pursue. To the extent we are unable to generate sufficient cash flow, we may be forced to cancel, reduce or delay these activities. Alternatively, if our sources of funding are insufficient to satisfy our cash requirements, we may seek to obtain an additional credit facility or sell equity or debt securities. The sale of equity securities would result in dilution of our existing stockholders. The incurrence of additional indebtedness would result in increased debt service obligations and operating and financing covenants that could restrict our operations.

Our ability to generate cash to meet our operating needs, expenditures and debt service obligations will depend on our future performance and financial condition, which will be affected by financial, business, economic, legislative, regulatory and other factors, including potential changes in costs, pricing, the success of product innovation and marketing, competitive pressure and consumer preferences. If our cash flows and capital resources are insufficient to fund our debt service obligations and other cash needs, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. Our credit facilities may restrict our ability to take these actions, and we may not be able to affect any such alternative measures on commercially reasonable terms, or at all. If we cannot make scheduled payments on our debt, the lenders under the Amended Credit Agreement (as defined in Part I, Item 2 "Management's discussion and analysis of financial condition and results of operations" under the heading "Description of indebtedness") can terminate their commitments to loan money under the Amended Revolving Credit Facility, and our lenders under the Amended Credit Agreement can declare all outstanding principal and interest to be due and payable and foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation.

Furthermore, it is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all, which could materially and adversely affect our business, financial condition and results of operations.

Changes in tax law, in our tax rates or in exposure to additional income tax liabilities or assessments could materially and adversely affect our business, financial condition and results of operations.

We are subject to the income tax laws of the United States and several international jurisdictions. Changes in law and policy relating to taxes, including changes in administrative interpretations and legal precedence or changes ushered in by the Trump administration, could materially and adversely affect our business, financial condition and results of operations. For example, on July 4, 2025, legislation commonly referred to as the One Big Beautiful Bill Act ("OBBBA") was signed into law and extended many of the tax law provisions that were set to expire in 2025. OBBBA contains a number of US corporate tax provisions, of which we expect to elect to expense US-incurred research or experimental expenditures immediately and full bonus depreciation for certain assets placed into service after January 19, 2025. As a result of our elections, it is expected that in 2026, US cash taxes will significantly decrease with no material impact to our effective tax rate. Further changes to the tax laws or changes to the administrative or judicial interpretations of such laws are possible and may apply with retroactive effect.

In addition, as we continue to expand our business internationally, the application and implementation of existing, new or future international laws could materially and adversely affect our business, financial condition and results of operations. Current economic and political conditions make tax rules in any jurisdiction, including those in which we operate, subject to significant change.

Fluctuations in currency exchange rates may negatively affect our financial condition and results of operations.

Exchange rate fluctuations may affect the costs that we incur in our operations. The main currencies to which we are exposed are the Euro, British pound, Chinese Renminbi and Canadian dollar. The exchange rates between these currencies and the US dollar in recent years have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the US dollar will decrease the US dollar equivalent of the amounts derived from foreign operations reported in our consolidated financial statements, and an appreciation of these currencies will result in a corresponding increase in such amounts. The cost of certain items, such as raw materials, manufacturing, employee compensation and benefits and transportation and freight, required by our operations may be affected by changes in the value of the relevant currencies.

To the extent that we are required to pay for goods or services in foreign currencies, the appreciation of such currencies against the US dollar will tend to negatively affect our business. There can be no assurance that foreign currency fluctuations will not have a material adverse effect on our business, financial condition and results of operations.

Risk factors related to our retail customers, consumers and the seasonality of our business

We depend on a limited number of retailers for a large portion of our net sales, and the loss of one or more of these retailers, or business challenges at one or more of these retailers, could adversely affect our results of operations.

A limited number of our retail customers account for a large percentage of our net sales. We expect a small number of retailers will, in the aggregate, continue to account for the majority of our net sales for foreseeable future periods. Any changes in the policies or our ability to meet the demands of our retail customers relating to service levels, inventory de-stocking, pricing and promotional strategies or limitations on access to display space could have a material adverse effect on our business, financial condition and results of operations.

As is typical in our industry, our business with retailers is based primarily upon discrete sales orders, and we do not have contracts requiring retailers to make firm purchases from us. Accordingly, retailers could reduce their purchasing levels or cease buying products from us at any time and for any reason. If we lose a significant retail customer or if sales of our products to a significant retailer materially decrease, it could have a material adverse effect on our business, financial condition and results of operations.

Because a high percentage of our sales are made through our retail customers, our results are subject to risks relating to the general business performance of our key retail customers. Factors that adversely affect our retail customers' businesses may also have a material adverse effect on our business, financial condition and results of operations. These factors may include:

- any reduction in consumer traffic and demand at our retail customers as a result of economic downturns, pandemics or other health crises, changes in consumer preferences or reputational damage as a result of, among other developments, data privacy breaches, regulatory investigations or employee misconduct;
- any credit risks associated with the financial condition of our retail customers;
- the effect of consolidation or weakness in the retail industry or at certain retail customers, including store closures and the resulting uncertainty; and
- inventory reduction initiatives and other factors affecting retail customer buying patterns, including any reduction in retail space committed to beauty products and retailer practices used to control inventory shrinkage.

Our quarterly results of operations fluctuate due to seasonality, order patterns from key retail customers and other factors, and we may not have sufficient liquidity to meet our seasonal working capital requirements.

Our results of operations are subject to seasonal fluctuations, with net sales in the third and fourth fiscal quarters typically being higher than in the first and second fiscal quarters. The higher net sales in our third and fourth fiscal quarters are largely attributable to the increased levels of purchasing by retailers for the holiday season and customer shelf reset activity, respectively. Adverse events that occur during either the third or fourth fiscal quarter could have a disproportionate effect on our results of operations for the entire fiscal year. To support anticipated higher sales during the third and fourth fiscal quarters, we make investments in working capital to ensure inventory levels can support demand.

Fluctuations throughout the year are also driven by the timing of product restocking or rearrangement by our major customers as well as our expansion into new customers. Because a limited number of our retail customers account for a large percentage of our net sales, a change in the order pattern of one or more of our large retail customers could cause a significant fluctuation of our quarterly results or reduce our liquidity.

Furthermore, product orders from our large retail customers may vary over time due to changes in their inventory or out-of-stock policies. If we were to experience a significant shortfall in sales or profitability, we may not have sufficient liquidity to fund our business. As a result of quarterly fluctuations caused by these and other factors, comparisons of our operating results across different fiscal quarters may not be accurate indicators of our future performance. Any quarterly fluctuations that we report in the future may differ from the expectations of market analysts and investors, which could cause the price of our common stock to fluctuate significantly.

Risk factors related to information technology and cybersecurity

We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.

We rely on information technology networks and systems to market and sell our products, to process electronic and financial information, to assist with sales tracking and reporting, to manage a variety of business processes and activities and to comply with regulatory, legal and tax requirements. We are increasingly dependent on a variety of secure information systems to effectively process retail customer orders and fulfill consumer orders from our e-commerce business. We depend on our information technology infrastructure for digital marketing activities and for electronic communications among our personnel, retail customers, consumers, manufacturers and suppliers around the world. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, telecommunication failures, user errors, catastrophic events, malicious uses of AI and other data security and privacy threats, cyber and otherwise. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial cost in repairing or replacing these systems, and if we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results. Moreover, third parties on which we rely for our distribution system and supply chain may be affected by such disruptions or failures, and we may incur substantial costs or delays if the issues are not resolved in a timely manner, which could materially and adversely affect our business, financial condition and results of operations.

Data security and privacy threats are accelerating in frequency and magnitude, are becoming increasingly difficult to detect and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” personnel (such as through malfeasance, human error, theft or misuse), organized criminal threat actors, sophisticated nation states and nation-state supported actors. Some threat actors now engage and are expected to continue to engage in cyberattacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyberattacks that could materially disrupt our systems and operations.

The tools and techniques used by threat actors to attack or access systems and data are constantly evolving and may not be recognized until or after being launched against a target. These tools can, in some cases, circumvent security controls, evade detection and remove forensic evidence. We may be unable to anticipate, detect, prevent, remediate or recover from future cybersecurity incidents, including attacks to our information systems and data. As new and improved technologies and methodologies become available to threat actors (for example, AI), increased risks and currently unknown vulnerabilities could result in significant future expenditures related to our information systems, technology infrastructure and operations. Any material disruption of our systems, or the systems of our third-party service providers, could disrupt our ability to track, record and analyze the products that we sell and could negatively impact our operations, our reputation, shipment of goods, ability to process financial information and transactions and our ability to receive and process retail customer and e-commerce orders or engage in normal business activities.

Any adverse impact to the availability, integrity or confidentiality of our information technology systems and data could, among other things: result in unauthorized access, disclosure, loss or misuse of our intellectual property, proprietary information, or employee, customer or supplier data; attract substantial media attention; damage our relationships with our customers, employees, and partners; cause a loss of confidence in us or cause us to violate applicable privacy laws and obligations; expose us to costly government investigations and enforcement actions or private litigation (such as class actions) and financial liability (possibly beyond our insurance coverage); increase the costs we incur to protect against or remediate cybersecurity incidents and vulnerabilities; result in additional costs and operational activities to comply with consumer protection and data privacy laws and obligations; and/or disrupt our operations and distract our management and other key personnel from performing their primary operational duties, any of which could adversely affect our reputation, competitiveness, business, results of operations and financial condition. Any of the foregoing can be exacerbated by a delay or failure to detect and respond to a cybersecurity incident or the full extent of such incident.

Our e-commerce operations are important to our business. Our e-commerce websites and mobile applications serve as an extension of our marketing strategies by introducing potential new consumers to our brand, product offerings and enhanced content. Due to the importance of our e-commerce operations, we are vulnerable to website downtime and other technical failures. Our failure to successfully respond to these risks in a timely manner could reduce e-commerce sales and damage our brands' reputation.

The risks described here are heightened due to the increase in remote working and the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks. A portion of our personnel is currently working under our hybrid model of three days in the office and two days remote, while others work remote entirely. It is possible with this model that the execution of our business plans and operations could be negatively impacted. Additionally, if a natural disaster (such as the January 2025 Southern California wildfires), power outage, connectivity issue, or other event occurs that impacts our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in heightened consumer privacy, IT security and fraud concerns, potentially disrupting our operations.

We must continue to maintain and make requisite or critical upgrades to our information technology systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We conduct periodic penetration testing and vulnerability assessments to identify and address potential security weaknesses in our systems and third-party vendor environments to support expected future growth. As such, we will continue to invest in and implement modifications and upgrades to our information technology systems and procedures, including replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality, hiring employees with information technology expertise and building new policies, procedures, training programs and monitoring tools. We are currently undertaking various technology upgrades and enhancements to support our business growth, including an implementation of SAP software to upgrade our platforms and systems worldwide, which went live in July 2025. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to leverage our e-commerce channels, fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems.

The implementation of new information technology systems, such as our implementation of SAP software, or any modification of our key information systems may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, despite extensive planning, we could experience disruptions related to the implementation of SAP because of the project's complexity and difficulties with implementing new technology systems. The potential adverse consequences could include delays, significant system failures, loss of information, diminished management reporting capabilities, disruptions in our business operations, including the inability to perform or process routine business transactions, harm to our control environment, diminished employee productivity and unanticipated increases in costs, which may have a material adverse effect on our business, financial condition and results of operations.

If we fail to adopt new technologies or adapt our e-commerce websites and systems to changing consumer requirements or emerging industry standards, our business may be materially and adversely affected.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our information technology, including our e-commerce websites and mobile applications. Our competitors are continually innovating and introducing new products to increase their consumer base and enhance user experience. As a result, in order to attract and retain consumers and compete against our competitors, we must continue to invest resources to enhance our information technology and improve our existing products and services for our consumers. The Internet and the online retail industry are characterized by rapid technological evolution, changes in consumer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. The development of our e-commerce websites, mobile applications and other proprietary technology entails significant technical and business risks. There can be no assurance that we will be able to properly implement or use new technologies effectively or adapt our e-commerce websites, mobile applications and systems to meet consumer requirements or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or consumer requirements, whether for technical, legal, financial or other reasons, our business, financial condition and results of operations may be materially and adversely affected.

We use AI in our business, and challenges with properly managing its use could result in harm to our brand, reputation, business or customers, and adversely affect our results of operations.

We are implementing the use of AI solutions, including machine learning and generative AI tools, to collect, aggregate, and analyze data in support of product development, internal operations, and other business functions. These applications are expected to become increasingly integral to our operations over time. The adoption of AI introduces a number of risks inherent to emerging technologies. AI algorithms are based on complex statistical models and predictive analytics, which can lead to inaccuracies, unintended biases, discriminatory outcomes, or flawed recommendations. These issues could harm our brand, reputation, business, customer relationships, or regulatory standing. Further, while AI may improve operational efficiencies, there is no assurance that it will consistently deliver such benefits, and reliance on AI without appropriate human oversight and controls may introduce additional vulnerabilities.

Our ability to compete effectively could be adversely impacted if competitors or other third parties incorporate AI into their businesses more rapidly, effectively or innovatively than we do. Successful, ethical, and responsible implementation of AI solutions will require significant investments in infrastructure, talent, governance, and ongoing monitoring mechanisms.

The use of AI may also heighten cybersecurity, intellectual property, and data privacy risks, including unintended exposure, misuse, or theft of proprietary, personal, or otherwise sensitive information. In addition, evolving AI technologies and their novel use cases are developing faster than the applicable legal and regulatory frameworks. Future legislation, standards, or regulations — domestically and internationally — could impose substantial obligations, operational restrictions, penalties, or compliance costs on businesses using AI.

The regulatory framework for machine learning technology, AI and automated decision making and the technologies underlying AI and their use cases are rapidly developing, and it is not possible to predict all of the legal, operational or technological risks related to the use of AI. Further, there is an increase in litigation in a number of jurisdictions, including the United States, relating to the use of AI, particularly generative AI. While new AI initiatives, laws, and regulations are emerging and evolving, what they ultimately will look like remains uncertain, and our obligation to comply with them could entail significant costs, negatively affect our business, or limit our ability to incorporate certain AI capabilities into our business.

For example, in the European Union, the EU Artificial Intelligence Act ("EU AI Act"), which establishes a comprehensive, risk-based governance framework for AI in the EU market, entered into force on August 1, 2024. While the majority of the substantive requirements will not apply until the second half of 2026, certain of the EU AI Act's provisions regarding prohibited AI systems and AI literacy obligations are already applicable. Once fully applicable, the EU AI Act will have a material impact on the way AI is regulated in the EU, and together with developing guidance and/ or decisions in this area, may affect our use of AI and our ability to provide, improve or commercialize our services, require additional compliance measures and changes to our operations and processes, result in increased compliance costs and potential increases in civil claims against us, and could adversely affect our business, operations and financial condition. It is possible that further new laws and regulations will be adopted in the United States and in other non-US jurisdictions as well, or that existing laws and regulations may be interpreted in ways that would affect the way in which we use AI and machine learning technology. Such additional regulations may impact our ability to develop, use and commercialize AI in the future.

Due to the rapidly changing landscape of AI technologies, associated risks may emerge that we cannot currently predict or mitigate. Our ability to adapt to new regulations, technological shifts, ethical standards, and stakeholder expectations regarding AI may materially impact our operations, financial condition, or reputation. We are actively evaluating and developing AI governance frameworks to monitor and mitigate these risks, but we cannot guarantee that all risks associated with AI usage will be fully anticipated or addressed.

Failure to protect sensitive information of our consumers and information technology systems against security breaches could damage our reputation and brand and substantially harm our business, financial condition and results of operations.

We collect, maintain, transmit, store and otherwise process data about our consumers, suppliers, prospective and current employees, and others, including personal data, financial information, including consumer payment information, as well as other confidential and proprietary information important to our business. We also employ third-party service providers that collect, store, process and transmit personal data, and confidential, proprietary and financial information on our behalf.

We have in place technical and organizational measures designed to maintain the security and safety of critical proprietary, personal, employee, customer and financial data. However, despite these efforts, advances in technology, the pernicious ingenuity of criminals, new exposures via cryptography, acts or omissions by our employees, contractors or service providers or other events or developments could result in a compromise or breach in the security of confidential or personal data. We and our service providers may not be able to prevent third parties, including criminals, competitors, state-sponsored organizations, opportunistic hackers and hacktivists or others, from breaking into or altering our systems, disrupting business operations or communications infrastructure through denial-of-service attacks, attempting to gain access to our systems, information or monetary funds through phishing or social engineering campaigns, installing viruses or malicious software (including ransomware) on our e-commerce websites or mobile applications or devices used by our employees or contractors, or carrying out other activity intended to disrupt our systems or gain access to confidential or sensitive information in our or our service providers' systems, and we may be vulnerable to attack, damage and interruption from computer viruses and malware (e.g., ransomware), malicious code, misconfigurations, bugs or other vulnerabilities in commercial software that is integrated into our (or our suppliers' or service providers') information technology systems, products or services. Further, there can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our information technology systems and data.

We are not aware of any cybersecurity incidents that have had a material impact on our operations or financial results, but we have been subject to attacks (e.g., phishing, denial of service) in the past and cannot guarantee that our security measures will be sufficient to prevent a material breach or compromise in the future.

Furthermore, such third parties may engage in various other illegal activities using such information, including credit card fraud or identity theft, which may cause additional harm to us, our consumers and our brands. We also may be vulnerable to error or malfeasance by our own employees or other insiders. Third parties may attempt to fraudulently induce our or our service providers' employees to misdirect funds or to disclose information in order to gain access to personal data we maintain about our consumers or website users. In addition, we have limited control or influence over the security policies or measures adopted by third-party providers of online payment services through which some of our consumers may elect to make payment for purchases at our e-commerce websites and mobile applications. Contracted third-party delivery service providers may also violate their confidentiality or data processing obligations and disclose or use information about our consumers inadvertently or illegally.

If a material security breach were to occur, our reputation and brands could be damaged, and we could be required to expend significant capital and other resources to alleviate problems caused by such breaches including exposure of litigation or regulatory action and a risk of loss and possible liability. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. In addition, any party who is able to illicitly obtain a subscriber's password could access the subscriber's financial, transaction or personal information. Any compromise or breach of our security measures, or those of our third-party service providers, may violate applicable privacy, data security, financial, cyber and other laws and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, all of which could have a material adverse effect on our business, financial condition and results of operations. We may be subject to post-breach review of the adequacy of our privacy and security controls by regulators and other third parties, which could result in post-breach regulatory investigation, fines and consumer litigation as well as regulatory oversight, at significant expense and risking reputational harm.

Furthermore, we are subject to diverse laws and regulations in the United States, the EU and other international jurisdictions that require notification to affected individuals in the event of a breach involving personal information. These required notifications can be time-consuming and costly. Furthermore, failure to comply with these laws and regulations could subject us to regulatory scrutiny and additional liability. Although we maintain relevant insurance, we cannot be certain that our insurance coverage will be adequate for all breach related liabilities, that insurance will continue to be available to us on economically reasonable terms, or at all, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, business, financial condition and results of operations. We may need to devote significant resources to protect against security breaches or to address problems caused by breaches, diverting resources from the growth and expansion of our business.

Payment methods used on our e-commerce websites subject us to third-party payment processing-related risks.

We accept payments from our consumers using a variety of methods, including online payments with credit cards and debit cards issued by major banks, payments made with gift cards processed by third-party providers and payment through third-party online payment platforms such as PayPal, Afterpay and Apple Pay. We also rely on third parties to provide payment processing services. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment options and gift cards. Transactions on our e-commerce websites and mobile applications are card-not-present transactions, so they present a greater risk of fraud. Criminals are using increasingly sophisticated methods to engage in illegal activities such as unauthorized use of credit or debit cards and bank account information. Requirements relating to consumer authentication and fraud detection with respect to online sales are complex. We may ultimately be held liable for the unauthorized use of a cardholder's card number in an illegal activity and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our charge-back rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction.

We are subject to payment card association operating rules, certification requirements and various rules, regulations and requirements governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. As our business changes, we may also be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. If we fail to comply with the rules or requirements of any provider of a payment method we accept, or if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, among other things, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our consumers, process electronic funds transfers or facilitate other types of online payments, and our reputation and our business, financial condition and results of operations could be materially and adversely affected.

Risk factors related to conducting business internationally

We have significant operations in China, which exposes us to risks inherent in doing business in that country.

We currently source and manufacture the majority of our products from third-party suppliers and manufacturers in China and have over 100 employees in China. With the rapid development of the Chinese economy, the cost of labor has increased and may continue to increase in the future. Our results of operations will be materially and adversely affected if our labor costs, or the labor costs of our suppliers and manufacturers, increase significantly. In addition, we and our manufacturers and suppliers may not be able to find a sufficient number of qualified workers due to the intensely competitive and fluid market for skilled labor in China. Furthermore, pursuant to Chinese labor laws, employers in China are subject to various requirements when signing labor contracts, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. These labor laws and related regulations impose liabilities on employers and may significantly increase the costs of workforce reductions. If we decide to change or reduce our workforce, these labor laws could limit or restrict our ability to make such changes in a timely, favorable and effective manner. Any of these events may materially and adversely affect our business, financial condition and results of operations.

Operating in China exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in China, both nationally and regionally, is fluid and unpredictable. Our ability to operate in China may be adversely affected by changes in the United States and Chinese laws and regulations such as those related to, among other things, taxation, import and export tariffs, environmental regulations, land use rights, intellectual property, currency controls, network security, employee benefits, privacy, hygiene supervision and other matters. For example, in December 2021, the US Congress enacted the Uyghur Forced Labor Prevention Act in an effort to prevent what it views as forced labor and human rights abuses in the Xinjiang Uyghur Autonomous Region ("XUAR"). If it is determined that our third-party suppliers and manufacturers mine, produce or manufacture our products wholly or in part from the XUAR, then we could be prohibited from importing such products into the United States. In addition, we may not obtain or retain the requisite legal permits to continue to operate in China, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. In addition, Chinese trade regulations are in a state of flux, and we may become subject to other forms of taxation, tariffs and duties in China. Currently, considerable uncertainty surrounds the future trade relationship between the United States and China. The US government has implemented significant changes to US trade policy with respect to China since 2018, including the most recent tariff increases introduced by the Trump administration. Given the recent volume of executive orders from the Trump administration, we cannot predict additional near-term changes in the US trade policy with China; however such changes may materially and adversely impact our business, financial condition and results of operations. Furthermore, the third parties we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to international business uncertainties.

We sell many of our products to customers located outside the United States. In addition, substantially all of our third-party suppliers and manufacturers are located in China and certain other foreign countries. We intend to continue to sell to customers outside the United States and maintain our relationships in China and other foreign countries where we have suppliers and manufacturers. Further, we recently opened offices in the UK and India and hired new teams of employees to support our international expansion, and we are establishing additional relationships in other countries to grow our operations. The substantial up-front investment required, the lack of consumer awareness of our products in jurisdictions outside of the United States, differences in consumer preferences and trends between the United States and other jurisdictions, the risk of inadequate intellectual property protections and differences in packaging, labeling and related laws, rules and regulations are all substantial matters that need to be evaluated prior to doing business in new territories. We cannot be assured that our international efforts will be successful.

International sales and increased international operations may be subject to risks such as:

- changes in political, regulatory, legal or economic conditions, including as a result of the current presidential administration and public health emergencies/epidemics;
- difficulties in staffing and managing foreign operations;
- burdens of complying with a wide variety of laws and regulations, including more stringent regulations relating to data privacy and security, particularly in the UK and the EU;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash;
- political and economic instability;
- terrorist activities and natural disasters;
- trade restrictions;
- disruptions or delays in shipments whether due to port congestion, container shortages, changes in ocean freight rates or capacity, labor disputes, product regulations and/or inspections or other factors, natural disasters or health pandemics, or other transportation disruptions;
- differing employment practices and laws and labor disruptions;
- the imposition of government controls;

- an inability to use or to obtain adequate intellectual property protection for our key brands and products;
- tariffs and customs duties and the classifications of our goods by applicable governmental bodies;
- a legal system subject to undue influence or corruption;
- a business culture in which illegal sales practices may be prevalent;
- logistics and sourcing; and
- military conflicts.

The occurrence of any of these risks could negatively affect our international business and consequently our overall business, financial condition and results of operations.

Risk factors related to evolving laws and regulations and compliance with laws and regulations

New laws, regulations, enforcement trends or changes in existing regulations governing the introduction, marketing and sale of our products to consumers could harm our business.

There has been an increase in regulatory activity and activism in the United States and abroad, and the regulatory landscape is becoming more complex with increasingly strict requirements. If this trend continues, we may find it necessary to alter some of the ways we have traditionally manufactured and marketed our products in order to stay in compliance with a changing regulatory landscape, and this could add to the costs of our operations and have an adverse impact on our business. To the extent federal, state, local or foreign regulatory changes regarding consumer protection, or the ingredients, claims or safety of our products occur in the future, they could require us to reformulate or discontinue certain of our products, revise the product packaging or labeling, or adjust operations and systems, any of which could result in, among other things, increased costs, delays in product launches, product returns or recalls and lower net sales, and therefore could have a material adverse effect on our business, financial condition and results of operations. Noncompliance with applicable regulations could result in enforcement action by the FDA or other regulatory authorities within or outside the United States, including but not limited to product seizures, injunctions, product recalls and criminal or civil monetary penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

In the United States, with the exception of color additives, the FDA does not currently require pre-market approval for products intended to be sold as cosmetics. However, the FDA may in the future require pre-market authorization for certain cosmetic products, establishments or manufacturing facilities. Moreover, such products could also be regulated as both drugs and cosmetics simultaneously, as the categories are not mutually exclusive. The statutory and regulatory requirements applicable to drugs are extensive and require significant resources and time to ensure compliance. For example, if any of our products intended to be sold as cosmetics were to be regulated as drugs, we might be required to conduct, among other things, clinical trials to demonstrate the safety and efficacy of these products. We may not have sufficient resources to conduct any required clinical trials or to ensure compliance with the manufacturing requirements applicable to drugs. If the FDA determines that any of our products intended to be sold as cosmetics should be classified and regulated as drug products and we are unable to comply with applicable drug requirements, we may be unable to continue to market those products. Any inquiry into the regulatory status of our cosmetics and any related interruption in the marketing and sale of these products could damage our reputation and image in the marketplace.

In recent years, the FDA has issued warning letters to several cosmetic companies alleging improper claims regarding their cosmetic products. If the FDA determines that we have disseminated inappropriate drug claims for our products intended to be sold as cosmetics, we could receive a warning or untitled letter, be required to modify our product claims or take other actions to satisfy the FDA. In addition, plaintiffs’ lawyers have filed class action lawsuits against cosmetic companies after receipt of these types of FDA warning letters. There can be no assurance that we will not be subject to state and federal government actions or class action lawsuits, which could harm our business, financial condition and results of operations.

Additional state and federal requirements may be imposed on consumer products as well as cosmetics, cosmetic ingredients, or the labeling and packaging of products intended for use as cosmetics. For example, on December 29, 2022, Congress enacted the Modernization of Cosmetics Regulation Act of 2022 (“MoCRA”). MoCRA created new compliance requirements for manufacturers of cosmetic products in the United States and also significantly expanded the FDA's authority to oversee and regulate cosmetics. Under MoCRA, companies must comply with new requirements for cosmetics, such as new labeling requirements for certain products, safety substantiation, facility registration, product listing, adverse event reporting, good manufacturing practice (“GMP”) requirements and mandatory recalls. In addition, MoCRA provided the FDA with new enforcement authorities over cosmetics, such as the ability to initiate mandatory recalls and to obtain access to certain product records. In particular, the FDA has the ability to mandate a product recall in the event that there is a reasonable probability that a cosmetic product is adulterated or misbranded under applicable provisions of the Food, Drug, and Cosmetic Act (“FDCA”) and where the FDA determines there is a reasonable probability that the use of or exposure to such cosmetic product will cause serious adverse health consequences or death.

We have registered our cosmetic product facilities and listed our cosmetic products with the FDA. In addition, the FDA was required under MoCRA to propose mandatory GMPs for cosmetics by December 29, 2024 and finalize such GMPs by December 29, 2025, but these deadlines were delayed and release dates are still to be determined. We are unable to ascertain at this time the full impact that complying with MoCRA will have on our business. Compliance with the new requirements may further increase the cost of manufacturing certain of our products and could have a material adverse effect on our business, financial condition and results of operations.

We also sell a number of products as over-the-counter (“OTC”) drug products, which are subject to the FDA OTC drug regulatory requirements because they are intended to be used as sunscreen or to treat acne. The FDA regulates the formulation, manufacturing, packaging and labeling of OTC drug products. Our sunscreen and acne drug products are regulated pursuant to FDA OTC drug monographs that specify acceptable active drug ingredients and acceptable product claims that are generally recognized as safe and effective for particular uses. If any of these products that are marketed as OTC drugs are not in compliance with the applicable FDA monograph, we may be required to reformulate the product, stop making claims relating to such product or stop selling the product until we are able to obtain costly and time-consuming FDA approvals. We are also required to submit adverse event reports to the FDA for our OTC drug products, and failure to comply with this requirement may subject us to FDA regulatory action.

We also sell a number of consumer products, which are subject to regulation by the CPSC in the United States under the provisions of the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008. These statutes and the related regulations ban from the market consumer products that fail to comply with applicable product safety laws, regulations and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. The CPSC also requires manufacturers of consumer products to report certain types of information to the CPSC regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products, and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Our products are also subject to state laws and regulations, such as the California Safe Drinking Water and Toxic Enforcement Act, also known as “Prop 65,” and various state PFAS regulations, and failure to comply with such laws may also result in lawsuits and regulatory enforcement that could have a material adverse effect on our business, financial condition and results of operations. We have been, and may in the future be, involved in litigation related to such state laws and regulations.

Our facilities and those of our third-party manufacturers are subject to regulation under the FDCA and FDA implementing regulations.

Our facilities and those of our third-party manufacturers are subject to regulation under the FDCA and FDA implementing regulations. The FDA may inspect all of our facilities and those of our third-party manufacturers periodically to determine if we and our third-party manufacturers are complying with provisions of the FDCA and FDA regulations. In addition, third-party manufacturer’s facilities for manufacturing OTC drug products must comply with the FDA’s current GMP (“cGMP”) requirements for drug products that require us and our manufacturers to maintain, among other things, good manufacturing processes, including stringent vendor qualifications, ingredient identification, manufacturing controls and record keeping.

Our operations could be harmed if regulatory authorities make determinations that we, or our vendors, are not in compliance with these regulations. If the FDA finds a violation of cGMPs, it may enjoin our manufacturer’s operations, seize product, restrict importation of goods, and impose administrative, civil or criminal penalties. If we or our third-party manufacturers fail to comply with applicable regulatory requirements, we could be required to take costly corrective actions, including suspending manufacturing operations, changing product formulations, suspending sales, or initiating product recalls. In addition, compliance with these regulations has increased and may further increase the cost of manufacturing certain of our products as we work with our vendors to ensure they are qualified and in compliance. For example, under MoCRA, manufacturers of cosmetic products in the United States will become subject to mandatory GMP requirements. Although the FDA has yet to establish or implement regulations for such GMP requirements, third-party manufacturers of our cosmetic products may be slow or unable to adapt to these forthcoming regulations, which may require us to find alternative suppliers for our products. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Government regulations and private party actions relating to the marketing and advertising of our products and services may restrict, inhibit or delay our ability to sell our products and harm our business, financial condition and results of operations.

Government authorities regulate advertising and product claims regarding the performance and benefits of our products. These regulatory authorities typically require a reasonable basis to support any marketing claims. What constitutes a reasonable basis for substantiation can vary widely from market to market, and there is no assurance that the efforts that we undertake to support our claims will be deemed adequate for any particular product or claim. A significant area of risk for such activities relates to improper or unsubstantiated claims about our products and their use or safety. If we are unable to show adequate substantiation for our product claims, or our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, whether cosmetics, OTC drug products or other consumer products that we offer, the FDA, the FTC or other regulatory authorities could take enforcement action or impose penalties, such as monetary consumer redress, requiring us to revise our marketing materials, amend our claims or stop selling certain products, all of which could harm our business, financial condition and results of operations. Any regulatory action or penalty could lead to private party actions, or private parties could seek to challenge our claims even in the absence of formal regulatory actions which could harm our business, financial condition and results of operations.

Our business is subject to complex and evolving US and foreign laws and regulations regarding privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased costs of operations or otherwise harm our business, financial condition and results of operations.

In connection with running our business, we receive, store, use and otherwise process information that relates to individuals and/or constitutes “personal data,” “personal information,” “personally identifiable information,” or similar terms under applicable data privacy laws (collectively, “personal information”), including from and about actual and prospective customers, as well as our employees and business contacts. We also depend on a number of third party vendors in relation to the operation of our business, a number of which process personal information on our behalf.

We are subject to a variety of laws and regulations in the United States and abroad regarding privacy and data protection, some of which can be enforced by private parties or government entities and some of which provide for significant penalties for non-compliance. Such laws and regulations restrict how personal information is collected, processed, stored, used and disclosed, as well as set standards for its security, implement notice requirements regarding privacy practices, and provide individuals with certain rights regarding the use, disclosure, and sale of their protected personal information.

For example, in the United States, the Federal Trade Commission and state regulators enforce a variety of data privacy issues, such as promises made in privacy policies or failures to appropriately protect personal information, as unfair or deceptive acts or practices in or affecting commerce in violation of the Federal Trade Commission Act or similar state laws.

In addition, in recent years, certain states have adopted or modified data privacy and security laws and regulations that may apply to our business. For example, the California Consumer Privacy Act (the “CCPA”) requires certain disclosures to California residents regarding a business’s data processing activities, affords California consumers rights with respect to their personal information (including the rights related to access to and deletion of personal information, and the right to opt out of certain disclosures of their personal information), and establishes significant penalties for noncompliance. Following this trend, several other states have enacted or are considering enacting data protection legislation that may impose significant obligations and restrictions. The potential effects of these states’ legislation are far-reaching and may require us to incur substantial costs and expenses in an effort to comply, and it is unclear whether, and if so how, the US Congress will respond to these overlapping, state-by-state enactments. Certain states have also enacted or proposed laws regulating the use of certain AI technologies. California is considering new regulations for automated decision-making technologies. These new and proposed laws and regulations may impact how we operate our websites or mobile application, engage in digital marketing, transact with consumers, or process or monetize our data assets, and increase our potential exposure to regulatory enforcement and/or litigation.

In addition, the UK General Data Protection Regulation and Data Protection Act 2018 (collectively, the “UK GDPR”) and the EU’s General Data Protection Regulation (the “EU GDPR”) (the EU GDPR and UK GDPR together referred to as the “GDPR”) impose comprehensive data privacy compliance obligations in relation to the collection, processing, sharing, disclosure, transfer and other use of data relating to an identifiable living individual, including a principle of accountability and the obligation to demonstrate compliance through policies, procedures, training and audits. Failure to comply with the UK GDPR or the GDPR could result in penalties for noncompliance of up to the greater of GBP 17.5 million/EUR 20 million (as applicable) or 4% of our global annual turnover, and companies can be fined under each of these regimes independently with respect to the same violation. In addition to fines, a violation of the UK GDPR or the GDPR may result in regulatory investigations, reputational damage, orders to cease/change data processing activities, enforcement notices, assessment notices (for a compulsory audit) and/or civil claims (including class actions).

We are also subject, under the GDPR, to restrictions on cross-border transfers of personal data out of the European Economic Area (the "EEA") and UK, where legal developments have created complexity and uncertainty regarding transfers of personal data outside the EEA and the UK, including to the United States. We rely on the standard contractual clauses ("SCCs") to transfer data outside of the EEA/ UK in some situations; however, the Court of Justice of the European Union has stated that reliance on the SCCs alone may not be sufficient, and we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and/or continue to take enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

A number of privacy-related proposals (including proposed comprehensive privacy legislation) are pending before federal and state legislative and regulatory bodies and additional laws and regulations have been passed but are not yet effective, all of which could significantly affect our business. Additionally, at the federal level in the United States, various bills have been introduced to enact comprehensive federal privacy legislation, though to date none of these efforts have been successful. If comprehensive privacy legislation is enacted at the federal level in the United States, this could lead to additional costs and increase our overall risk exposure.

We are also subject to evolving privacy laws on cookies, tracking technologies and e-marketing and, notably, recent European court and regulator decisions are driving increased attention to these issues. Regulation of cookies and similar technologies may lead to broader restrictions on our marketing and personalization activities and may negatively impact our efforts to understand consumers' Internet usage, online shopping and other relevant online behaviors, as well as the effectiveness of our marketing and our business generally. Such regulations, including uncertainties about how well the advertising technology ecosystem can adapt to legal changes around the use of tracking technologies, may have a negative effect on businesses, including ours, that collect and use online usage information for consumer acquisition and marketing. We may also be subject to fines and penalties for non-compliance with any such laws and regulations. The decline of cookies or other online tracking technologies as a means to identify and target potential purchasers may increase the cost of operating our business and lead to a decline in revenues. In addition, legal uncertainties about the legality of cookies and other tracking technologies may increase regulatory scrutiny and increase potential civil liability under data protection or consumer protection laws.

Compliance with existing, forthcoming, and proposed privacy and data protection laws and regulations can be costly and can delay or impede our ability to market and sell our products, impede our ability to conduct business through websites and mobile applications we and our partners may operate, require us to modify or amend our information practices and policies, change and limit the way we use consumer information in operating our business, cause us to have difficulty maintaining a single operating model, result in negative publicity, increase our operating costs, require significant management time and attention, or subject us to inquiries or investigations, claims or other remedies, including significant fines and penalties, or demands that we modify or cease existing business practices. In addition, if our privacy or data security measures fail to comply with applicable current or future laws and regulations, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data or our marketing practices, fines or other liabilities, as well as negative publicity and a potential loss of business. We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, and diversion of internal resources. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with the US Foreign Corrupt Practices Act, other applicable anti-corruption and anti-bribery laws, and applicable trade control laws could subject us to penalties and other adverse consequences.

We currently source and manufacture a substantial number of our products from third-party suppliers and manufacturers located outside of the United States, and we have an office in China from which we manage our international supply chain. We sell our products in countries outside of the United States, including through distributors. Our operations are subject to the US Foreign Corrupt Practices Act (the "FCPA"), as well as the anti-corruption and anti-bribery laws in the countries where we do business. The FCPA prohibits covered parties from offering, promising, authorizing or giving anything of value, directly or indirectly, to a "foreign government official" with the intent of improperly influencing the official's act or decision, inducing the official to act or refrain from acting in violation of lawful duty, or obtaining or retaining an improper business advantage. The FCPA also requires publicly traded companies to maintain records that accurately and fairly represent their transactions, and to have an adequate system of internal accounting controls. In addition, other applicable anti-corruption laws prohibit bribery of domestic government officials, and some laws that may apply to our operations prohibit commercial bribery, including giving or receiving improper payments to or from non-government parties, as well as so-called "facilitation" payments. In addition, we are subject to United States and other applicable trade control regulations that restrict with whom we may transact business, including the trade sanctions enforced by the US Treasury, Office of Foreign Assets Control.

While we have implemented policies, internal controls and other measures reasonably designed to promote compliance with applicable anti-corruption and anti-bribery laws and regulations, and certain safeguards designed to ensure compliance with US trade control laws, our employees or agents may engage in improper conduct for which we might be held responsible. Any violations of these anti-corruption or trade controls laws, or even allegations of such violations, can lead to an investigation and/or enforcement action, which could disrupt our operations, involve significant management distraction, and lead to significant costs and expenses, including legal fees. If we, or our employees or agents acting on our behalf, are found to have engaged in practices that violate these laws and regulations, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting government business, delisting from securities exchanges and other consequences that may have a material adverse effect on our business, financial condition and results of operations. In addition, our brands and reputation, our sales activities or our stock price could be adversely affected if we become the subject of any negative publicity related to actual or potential violations of anti-corruption, anti-bribery or trade control laws and regulations.

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition and results of operations.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and e-commerce. Existing and future regulations and laws could impede the growth of the Internet, e-commerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection, social media marketing, third-party cookies, web beacons and similar technology for online behavioral advertising and gift cards. It is not clear how existing laws governing issues such as property ownership, sales taxes and other taxes and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet or e-commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business and decrease the use of our sites by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. In addition, it is possible that governments of one or more countries may seek to censor content available on our sites or may even attempt to completely block access to our sites. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries, our ability to retain or increase our consumer base may be adversely affected, and we may not be able to maintain or grow our net sales and expand our business as anticipated.

Risk factors related to legal and regulatory proceedings

We are involved, and may become involved in the future, in disputes and other legal or regulatory proceedings that, if adversely decided or settled, could materially and adversely affect our business, financial condition and results of operations.

We are, and may in the future become, party to litigation, regulatory proceedings or other disputes. For example, we are currently parties to litigation as described in Note 7, "Commitments and Contingencies," in the Notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. In general, claims made by or against us in disputes and other legal or regulatory proceedings can be expensive and time consuming to bring or defend against, requiring us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. These potential claims include, but are not limited to, personal injury claims, class action lawsuits, intellectual property claims, privacy claims, employment litigation and regulatory investigations and causes of action relating to the advertising and promotional claims about our products. Any adverse determination against us in these proceedings, or even the allegations contained in the claims, regardless of whether they are ultimately found to be without merit, may also result in settlements, injunctions or damages that could have a material adverse effect on our business, financial condition and results of operations.

We may be required to recall products and may face product liability claims, either of which could result in unexpected costs and damage our reputation.

We sell products for human use. Our products intended for use as cosmetics or skin care are not generally subject to pre-market approval or registration processes, so we cannot rely upon a government safety panel to qualify or approve our products for use. A product may be safe for the general population when used as directed but could cause an adverse reaction for a person who has a health condition or allergies, or who is taking a prescription medication. While we include what we believe are adequate instructions and warnings and we have historically had low numbers of reported adverse reactions, previously unknown adverse reactions could occur. If we discover that any of our products are causing adverse reactions, we could suffer adverse publicity or regulatory/government sanctions.

Potential product liability risks may arise from the testing, manufacture and sale of our products, including that the products fail to meet quality or manufacturing specifications, contain contaminants, include inadequate instructions as to their proper use, include inadequate warnings concerning side effects and interactions with other substances or for persons with health conditions or allergies, or cause adverse reactions or side effects. Product liability claims could increase our costs, and adversely affect our business, financial condition and results of operations. As we continue to offer an increasing number of new products, our product liability risk may increase. It may be necessary for us to recall products that do not meet approved specifications or because of the side effects resulting from the use of our products, which would result in adverse publicity, potentially significant costs in connection with the recall and could have a material adverse effect on our business, financial condition and results of operations.

In addition, plaintiffs in the past have received substantial damage awards from other cosmetic and drug companies based upon claims for injuries allegedly caused by the use of their products. Although we currently maintain general liability insurance, any claims brought against us may be subject to policy exclusions or exceed our existing or future insurance policy coverage or limits. Any judgment against us that is not covered or in excess of our policy coverage or limits would have to be paid from our cash reserves, which would reduce our capital resources. In addition, we may be required to pay higher premiums and accept higher deductibles in order to secure adequate insurance coverage in the future. Further, we may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. Any product liability claim or series of claims brought against us could harm our business significantly, particularly if a claim were to result in adverse publicity or damage awards outside or in excess of our insurance policy limits.

Risk factors related to intellectual property

If we are unable to protect our intellectual property, the value of our brands and other intangible assets may be diminished, and our business may be adversely affected.

We rely on trademark, copyright, trade secret, patent and other laws protecting proprietary rights, nondisclosure and confidentiality agreements and other practices, to protect our brands and proprietary information, technologies and processes. Our primary trademarks include “e.l.f.,” “e.l.f. SKIN,” “Naturium,” “e.l.f. eyes lips face,” “Well People,” “Keys Soulcare,” and “rhode,” all of which are registered or have registrations pending in the United States and in many other countries or registries. Our trademarks are valuable assets that support our brands and consumers’ perception of our products.

Although we have existing and pending trademark registrations for our brands in the United States and in many of the foreign countries in which we operate, we may not be successful in asserting trademark or trade name protection in all jurisdictions. We also have not applied for trademark protection in all relevant foreign jurisdictions and cannot assure you that our pending trademark applications will be approved. Third parties may also attempt to register our trademarks abroad in jurisdictions where we have not yet applied for trademark protection, oppose our trademark applications domestically or abroad, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products in some parts of the world, which could result in the loss of brand recognition and could require us to devote additional resources to advertising and marketing new brands.

We have limited patent protection, which limits our ability to protect our products from competition. We primarily rely on know-how to protect our products. It is possible that others will independently develop the same or similar know-how, which may allow them to sell products similar to ours. If others obtain access to our know-how, our confidentiality agreements may not effectively prevent disclosure of our proprietary information, technologies and processes and may not provide an adequate remedy in the event of unauthorized use of such information, which could harm our competitive position. Furthermore, advances in AI technology may generate intellectual property developments, which existing intellectual property laws may not adequately protect and which may also give rise to a proliferation of infringement which we may not be able to address effectively.

The efforts we have taken to protect our proprietary rights may not be sufficient or effective. In addition, effective trademark, copyright, patent and trade secret protection may be unavailable or limited for certain of our intellectual property in some foreign countries. Other parties may infringe our intellectual property rights and may dilute our brands in the marketplace. We may need to engage in litigation or other activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others. Any such activities could require us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. If we fail to protect our intellectual property or other proprietary rights, our business, financial condition and results of operations may be materially and adversely affected.

Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.

Our commercial success depends in part on our ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights, trade secrets and other proprietary rights of others. We cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate such rights. From time to time we receive allegations of intellectual property infringement and third parties have filed claims against us with allegations of intellectual property infringement. We are, and may in the future be, subject to third-party claims of intellectual property infringement. In addition, third parties may involve us in intellectual property disputes as part of a business model or strategy to gain competitive advantage.

As we gain greater visibility and market exposure as a public company and otherwise, we also face a greater risk of being the subject of such claims and litigation. For these and other reasons, third parties may allege that our products or activities infringe, misappropriate, dilute or otherwise violate their trademark, patent, copyright or other proprietary rights. Defending against allegations and litigation could be expensive, occupy significant amounts of time, divert management's attention from other business concerns and have an adverse impact on our ability to bring products to market. In addition, if we are found to infringe, misappropriate, dilute or otherwise violate third-party trademark, patent, copyright or other proprietary rights, our ability to use brands to the fullest extent we plan may be limited, we may need to obtain a license, which may not be available on commercially reasonable terms, or at all, or we may need to redesign or rebrand our marketing strategies or products, which may be expensive or may not be possible.

We may also be required to pay substantial damages or be subject to an order prohibiting us and our retail customers from importing or selling certain products or engaging in certain activities. Our inability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and proprietary rights of others could have a material adverse effect on our business, financial condition and results of operations.

Risk factors related to marketing activities

Use of social media may materially and adversely affect our reputation or subject us to fines or other penalties, and any failure in our marketing efforts through our social media presence could materially and adversely affect our business, financial condition and results of operations.

We rely to a large extent on our online presence to reach consumers, and we offer consumers the opportunity to rate and comment on our products on our e-commerce websites and mobile applications. Negative commentary or false statements regarding us or our products may be posted on our e-commerce websites, mobile applications, or social media platforms and may be harmful to our reputation or business. Our target consumers often value readily available information and may act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction. In addition, we may face claims relating to information that is published or made available through the interactive features of our e-commerce websites and mobile applications. For example, we may receive third-party complaints that the comments or other content posted by users on our platforms infringe third-party intellectual property rights or otherwise infringe the legal rights of others. While the Communications Decency Act and Digital

Millennium Copyright Act generally protect online service providers from claims of copyright infringement or other legal liability for the self-directed activities of its users, if it were determined that we did not meet the relevant safe harbor requirements under either law, we could be exposed to claims related to advertising practices, defamation, intellectual property rights, rights of publicity and privacy, and personal injury torts. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

We also use third-party social media platforms as marketing tools. For example, we maintain Snapchat, Facebook, TikTok, X (formerly Twitter), Roblox, Twitch, Pinterest, Instagram and YouTube accounts. As e-commerce and social media platforms continue to rapidly evolve, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools, our ability to acquire new consumers and our financial condition may suffer. Generally, the opportunities in and sophistication of newer advertising channels are relatively undeveloped and unproven, and there can be no assurance that we will be able to continue to appropriately manage and fine-tune our marketing efforts in response to these and other trends in the advertising industry. Furthermore, these newer advertising channels often change rapidly and can be subject to disruptions for reasons beyond our control. For example, lawmakers in the United States, Europe and Canada have escalated efforts to restrict access to TikTok. On April 24, 2024, President Biden signed a bill to force a sale of TikTok by its Chinese owner, ByteDance, by January 19, 2025 or institute a first-of-its-kind ban on the app in the United States. Though ByteDance did not sell TikTok by the deadline, President Trump granted multiple extensions to give his administration more time to broker a deal to bring the social media platform under American ownership. On January 22, 2026, ByteDance finalized a deal that resolves national security concerns and complies with the Protecting Americans from Foreign Adversary Controlled Applications Act by removing TikTok in the United States from China’s control with the establishment of a majority American-owned joint venture that will secure US data. Individual states, governmental bodies and institutions have also voiced concerns that TikTok poses a national security threat and have pursued similar prohibitions. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and result of operations. Any failure to successfully manage our marketing efforts on, or disruptions to, social media channels that we have come to depend on for marketing could materially adversely affect our business, financial condition and results of operations.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations.

Use of influencers may materially and adversely affect our reputation and business.

We rely in part upon social media influencers to market our brands and are unable to fully control their efforts. Influencers with whom we maintain a relationship could engage in behavior or use their platforms to communicate directly with our consumers and retail customers in a manner that reflects poorly on our brand, and these communications may be attributed to us or otherwise adversely affect us. Furthermore, negative commentary regarding us or our products or influencers may also be posted on social media platforms and may be adverse to our reputation or business. The immediacy of social media precludes us from having real-time control over postings made regarding us via social media, whether matters of fact or opinion. Information distributed via social media could result in immediate unfavorable publicity we may not be able to reverse. It is not possible to prevent such behavior, and the precautions we take to prevent or detect this activity may not be effective. This unfavorable publicity could result in damage to our reputation and therefore have a material adverse effect on our business, financial condition, operating results and prospects.

Our business relies heavily on email and other messaging services, and any restrictions on the sending of emails or messages or an inability to timely deliver such communications could materially adversely affect our net revenue and business.

Our business is highly dependent upon email and other messaging services for promoting our brands, products and e-commerce platforms. We provide emails, text messages and “push” communications to inform consumers of new products, shipping specials and other promotions. We believe these messages are an important part of our consumer experience. If we are unable to successfully deliver emails or other messages to our subscribers, or if subscribers decline to open or read our messages, our business, financial condition and results of operations may be materially adversely affected. Changes in how web and mail services block, organize and prioritize email may reduce the number of subscribers who receive or open our emails. For example, Google’s Gmail service has a feature that organizes incoming emails into categories (for example, primary, social and promotions).

Such categorization or similar inbox organizational features may result in our emails being delivered in a less prominent location in a subscriber's inbox or viewed as "spam" by our subscribers and may reduce the likelihood of that subscriber reading our emails. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could also adversely impact our business. From time to time, Internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails or other messages to consumers.

Changes in the laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications would also materially adversely impact our business. For example, electronic marketing and privacy requirements in the EU and the UK are highly restrictive and differ greatly from those in the United States, which could cause fewer of individuals in the EU or the UK to subscribe to our marketing messages and drive up our costs and risk of regulatory oversight and fines if we are found to be non-compliant.

Our use of email and other messaging services to send communications to consumers may also result in legal claims against us, which may cause us increased expenses, and if successful might result in fines and orders with costly reporting and compliance obligations or might limit or prohibit our ability to send emails or other messages. We also rely on social networking messaging services to send communications and to encourage consumers to send communications. Changes to the terms of these social networking services to limit promotional communications, any restrictions that would limit our ability or our consumers' ability to send communications through their services, disruptions or downtime experienced by these social networking services or decline in the use of or engagement with social networking services by consumers could materially and adversely affect our business, financial condition and results of operations.

Risk factors relating to our stockholders and ownership of our common stock

Our business could be negatively impacted by corporate citizenship and sustainability matters.

There is an increased focus from certain investors, customers, consumers, employees, policymakers and other stakeholders concerning corporate citizenship and sustainability matters. From time to time, we may announce certain initiatives, including goals regarding our focus areas, which include environmental matters, packaging, responsible sourcing and social investments. However, such initiatives can be costly and may not have the desired effect. For example, we could fail, or be perceived to fail, in our achievement of such initiatives or goals or in accurately reporting our progress on such initiatives and goals. In addition, such initiatives and reporting often rely on methodologies, standards, and data that are subject to varying interpretations and continuing to evolve. Our approach to such matters likewise evolves, and we cannot guarantee that our approach will align with the expectations of any particular stakeholder. Stakeholder expectations (as well as associated ratings and assessments) are not uniform, which can result in additional costs or complexities in navigating these matters. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, ESG-related legislation and regulation is being implemented across the world, including in the United States, and any such legislation or regulation may impose additional compliance burdens on us and on third parties in our value chain, which could potentially result in increased administrative costs, decreased demand in the marketplace for our products, and/or increased costs for our supplies and products. For example, policymakers such as the SEC, various US states, and the European Union have adopted (or are considering adopting) rules for various climate- or ESG-related disclosures or actions. While certain of these rules have been challenged or paused, the imposition of such obligations either now or in future may cause us to incur significant expenditures, which will then increase our operating expenses. As with other stakeholders, such regulations are not uniform (and at times may even contradict), which can increase the cost and complexity of compliance, as well as associated risks.

We aim to appropriately consider and manage ESG matters related to our business. However, in light of increasing scrutiny from investors, customers, consumers, employees, policymakers and other stakeholders (as well as fragmentation in such stakeholders' expectations), there can be no certainty that we will manage such issues successfully. Increasingly, both advocates and opponents of certain ESG efforts are resorting to activism, including litigation, to advance their perspectives. Responding to such efforts is costly, and any failure to successfully navigate stakeholder expectations or legal requirements (including any novel interpretations of existing laws and regulations) may result in negative publicity, reputational damage, issues with attracting or retaining customers, consumers or employees, regulatory or investor engagement, or other issues, which will adversely affect our business, financial condition, and results of operations. We may be particularly vulnerable to some forms of scrutiny due to our articulated purposes to offer inclusive, accessible, clean, vegan and cruelty free cosmetics and skin care products. Additionally, certain of our stakeholders may be subject to similar risks as described in this risk factor, which may exacerbate or may result in additional or more severe risks to us.

We are subject to a series of risks related to climate change.

There are inherent climate-related risks wherever businesses operate. Extreme weather events and other natural disasters—such as storms, wildfires, floods, droughts, and earthquakes—can damage facilities or otherwise disrupt our operations or those of our value chain. Climate change is expected to increase the intensity and frequency of such phenomena, as well as result in various chronic changes (such as sea-level rise and changes in meteorological, hydrological, and biological patterns) that may result in similar risks. Attention to climate change, as well as efforts by various stakeholders to transition to a low-carbon society, may also result in various risks, including from changes in regulation and consumer behavior. For more information, see our risk factor “Our business could be negatively impacted by corporate citizenship and sustainability matters.”

Actions of activist stockholders could be costly and time-consuming, divert management’s attention and resources, and have an adverse effect on our business.

While we value open dialogue and input from our stockholders, activist stockholders could take actions that could be costly and time-consuming to us, disrupt our operations, and divert the attention of our board of directors, management, and employees, such as public proposals and requests for potential nominations of candidates for election to our board of directors, requests to pursue a strategic combination or other transaction, or other special requests. As a result, we have retained, and may in the future retain additional services of various professionals to advise us in these matters, including legal, financial and communications advisers, the costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, strategy, or leadership created as a consequence of activist stockholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new or retain existing investors, customers, directors, employees or other partners, and cause our stock price to experience periods of volatility or stagnation.

Because we have no current plans to pay cash dividends on our common stock, stockholders may not receive any return on investment unless they sell our common stock for a price greater than that which they paid for it.

We have no current plans to pay cash dividends on our common stock. The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, including restrictions under the Amended Credit Agreement and other indebtedness we may incur, and such other factors as our board of directors may deem relevant.

We cannot guarantee that our share repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value.

On August 27, 2024, we announced that our board of directors authorized a new share repurchase program allowing us to repurchase up to $500.0 million of our outstanding shares of common stock (the “2024 Share Repurchase Program”), of which $400.0 million remains available for future share repurchases as of December 31, 2025. Purchases under the 2024 Share Repurchase Program may be made from time to time in the open market, in privately negotiated transactions, block trades, accelerated share repurchase transactions, purchases through 10b5-1 trading plans, or by any combination of such methods. The timing and amount of any repurchases pursuant to the 2024 Share Repurchase Program will be determined based on market conditions, share price and other factors. The 2024 Share Repurchase Program does not have an expiration date, does not require us to repurchase any specific number of shares of our common stock, and may be modified, suspended or terminated at any time without notice. There is no guarantee that any additional shares will be purchased under the 2024 Share Repurchase Program. Any shares that will be repurchased are intended to be retired after purchase. Additionally, the Inflation Reduction Act of 2022 introduced a 1% excise tax on share repurchases, which has increased the costs associated with repurchasing shares of our common stock. Even if our share repurchase programs are fully implemented, they may not enhance long-term stockholder value or may not prove to be the best use of our cash. Share repurchases could have an impact on our share trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations.

Stockholders may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.

We had approximately 190.9 million shares of common stock authorized but unissued and 59.1 million shares of common stock outstanding as of January 29, 2026. Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock and stock options exercisable for common stock (and other equity awards) for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. Any common stock that we issue, including under our existing equity incentive plans or any additional equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by existing investors. In connection with our acquisition of Naturium, we issued 577,659 shares of the Company's common stock, with a fair market value of $57.8 million as of the date of the acquisition of Naturium. In connection with our acquisition of rhode, we issued 2,582,371 shares of the Company's common stock, with a fair market value of $300.3 million as of the date of the acquisition of rhode.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that stockholders might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors. Among other things:

- although we do not have a stockholder rights plan, these provisions allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend or other rights or preferences superior to the rights of the holders of common stock;

- these provisions provide for a classified board of directors with staggered three-year terms;

- these provisions require advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;

- these provisions prohibit stockholder action by written consent;

- these provisions provide for the removal of directors only for cause and only upon affirmative vote of holders of at least 75% of the shares of common stock entitled to vote generally in the election of directors; and

- these provisions require the amendment of certain provisions only by the affirmative vote of at least 75% of the shares of common stock entitled to vote generally in the election of directors.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for other stockholders to elect directors of their choosing and to cause us to take other corporate actions they may desire.

Our board of directors is authorized to issue and designate shares of our preferred stock in additional series without stockholder approval.

Our amended and restated certificate of incorporation authorizes our board of directors, without the approval of our stockholders, to issue up to 30 million shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our amended and restated certificate of incorporation, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of preferred stock may be senior to or on parity with our common stock, which may reduce its value.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General

Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find this provision in our amended and restated certificate of incorporation and amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

General risk factors

An active trading market for our common stock may not be sustained, and the market price of shares of our common stock has been subject to wide fluctuations and volatility, which could cause the value of your investment to decline.

Although our common stock is listed on the NYSE, there can be no assurances that an active trading market for our common stock will be sustained. In the absence of an active trading market for our common stock, stockholders may not be able to sell their common stock at the time or price they would like to sell.

The market price of our common stock has been and may continue to be highly volatile and could be subject to wide fluctuations. Securities markets often experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our results of operations have been and in the future could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly results of operations, additions or departures of key management personnel, changes in consumer preferences or beauty trends, announcements of new products or significant price reductions by our competitors, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about our industry, the level of success of releases of new products and in response the market price of shares of our common stock could decrease significantly.

In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our common stock to decline.

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

In addition, all the shares of common stock subject to stock options and restricted stock units and shares of restricted stock awards outstanding and reserved under our 2014 Equity Incentive Plan, our 2016 Equity Incentive Award Plan and our 2016 Employee Stock Purchase Plan have been registered on Form S-8 under the Securities Act and such shares, once the underlying equity award vests, will be eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates. We intend to file one or more registration statements on Form S-8 to cover additional shares of our common stock or securities convertible into or exchangeable for shares of our common stock pursuant to automatic increases in the number of shares reserved under our 2016 Equity Incentive Award Plan and our 2016 Employee Stock Purchase Plan. Accordingly, shares registered under these registration statements on Form S-8 will be available for sale in the open market.

As restrictions on resale end, the market price of shares of our common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of shares of our common stock or other securities.

If securities analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. When analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price may decline. Furthermore, if one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Item 2. Unregistered sales of equity securities and use of proceeds.

Issuer Purchases of Equity Securities

On August 27, 2024, we announced that our board of directors authorized the 2024 Share Repurchase Program, which authorizes us to repurchase up to $500.0 million of our outstanding shares of common stock. Purchases under the 2024 Share Repurchase Program may be made from time to time in the open market, in privately negotiated transactions, block trades, accelerated share repurchase transactions, purchases through 10b5-1 trading plans, or by any combination of such methods. The timing and amount of any repurchases pursuant to the 2024 Share Repurchase Program will be determined based on market conditions, share price and other factors. The 2024 Share Repurchase Program does not have an expiration date, does not require us to repurchase any specific number of shares of our common stock, and may be modified, suspended or terminated at any time without notice.

Subject to certain exceptions, the covenants in the Amended Credit Agreement require us to be in compliance with certain leverage ratios to make repurchases under the 2024 Share Repurchase Program.

We repurchased a total of 626,049 shares for $50.0 million at an average price of $79.84 per share during the three months ended December 31, 2025 under the 2024 Share Repurchase Program. The shares were immediately retired after repurchase. A total of $400.0 million remains available for future share repurchases under the 2024 Share Repurchase Program as of December 31, 2025.

Item 3. Defaults upon senior securities.

None.

Item 4. Mine safety disclosures.

None.

Item 5. Other information.

Rule 10b5-1 Trading Plans

The following table sets forth the material terms of each Rule 10b5-1 trading plan that was adopted, modified or terminated by an officer or a director of the Company during the three months ended December 31, 2025.

			Trading Arrangement			
Officer/Director	**Action**	**Date**	**Rule 10b5-1***	**Non-Rule 10b5-1****	**Total Shares to be Sold**	**Expiration Date**
Tarang Amin *Chairman, Chief Executive Officer, and President*	Modify(1)	11/20/2025	X		Up to 285,000(2)	2/12/2027

* Intended to satisfy the affirmative defense of Rule 10b5-1(c).

** Not intended to satisfy the affirmative defense of Rule 10b5-1(c).

(1) Changed the timing of sales under the trading arrangement originally adopted on June 13, 2025.

(2) The total shares to be sold cannot be determined at the date of this Quarterly Report on Form 10-Q as the planned sale amount for such officer includes the net number of shares after a portion of the shares have been sold to cover withholding taxes as a result of option exercises. The amount listed for such officer reflects the maximum number of shares available to be sold without reducing estimated shares to be sold to cover applicable withholding taxes.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	Exhibit Number	File Number	Filing Date
3.1	Amended and Restated Certificate of Incorporation of e.l.f. Beauty, Inc.		8-K	3.1	001-37873	9/27/2016
3.2	Amended and Restated Bylaws of e.l.f. Beauty, Inc.		8-K	3.2	001-37873	9/27/2016
3.3	Amendment to e.l.f. Beauty, Inc. Amended and Restated Certificate of Incorporation		8-K	3.1	001-37873	8/27/2024
31.1	Certification of the Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.	X				
31.2	Certification of the Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.	X				
32.1*	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.	X				
101.INS	XBRL Instance Document - Instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	X				

* This certification is deemed furnished, and not filed, with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Quarterly Report, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

		e.l.f. Beauty, Inc.
February 5, 2026	By:	/s/ Tarang P. Amin
Date		Tarang P. Amin Chief Executive Officer *(Principal Executive Officer)*
February 5, 2026	By:	/s/ Mandy Fields
Date		Mandy Fields Chief Financial Officer *(Principal Financial and Accounting Officer)*

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tarang P. Amin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of e.l.f. 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2026

/s/ Tarang P. Amin

Tarang P. Amin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mandy Fields, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of e.l.f. 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2026

/s/ Mandy Fields

Mandy Fields
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of e.l.f. Beauty, Inc. (the “Company”) on Form 10-Q for the quarterly period ended December 31, 2025, as filed with the Securities and Exchange Commission (the “Report”), Tarang P. Amin, Chief Executive Officer of the Company, and Mandy Fields, Chief Financial Officer of the Company, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2026

/s/ Tarang P. Amin

Tarang P. Amin
Chief Executive Officer
(Principal Executive Officer)

/s/ Mandy Fields

Mandy Fields
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)