Risk Factors Comparison 2023-05-25 to 2022-05-26 Form: 10-K

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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, 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 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 the 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 should not be considered as indicative of our future performance. 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 substantially all 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 FDA, the FTC and the CPSC in 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 grow our business effectively or efficiently, which would harm our business, financial condition and results of operations. Growing our business will place a strain on our management team, financial and information systems, supply chain and distribution capacity and other resources. To manage 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. We may not be able to effectively manage this 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 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. To the extent that we pay the consideration for any acquisitions or investments in cash, it would reduce the amount of cash available to us for other purposes. Acquisitions or investments could 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. Risk factors related to our business operations and macroeconomic conditions 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, disruptions or delays in shipments, disruptions in information systems, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics (such as the coronavirus pandemic), border disputes, international conflict, 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 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. 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 ~~market~~ **markets** in the United States and China, where most of our employees are located, ~~is~~ **are** hyper competitive **,** and attracting and retaining top talent requires significant organizational costs and attention. We are a 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. 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 substantially all of our products. We engage our third- party suppliers and manufacturers on a purchase order basis and are not party to long- term contracts with any of them. 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, 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. These quality control problems could result in regulatory action, such as 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. 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 ~~of~~ **to estimate** demand for ~~,~~ and popularity of ~~,~~ various products to make ~~purchase~~ **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 " — 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. " ~~The outbreak of~~ **Public health crises, such as** the COVID- 19 global pandemic ~~and related government~~ , **could** ~~private sector and individual consumer responsive actions have adversely affected, and will continue to~~ adversely affect ~~,~~ our business, financial condition and results of operations. The ~~outbreak of the~~ COVID- 19 pandemic ~~has been declared a pandemic by the World Health Organization~~ and ~~continues to impact to the United States and other countries. Related~~ government and private sector responsive ~~actions~~ **measures taken to contain or mitigate the effects of the pandemic** , as well as **related** changes in consumer shopping behaviors, have adversely affected, and ~~will~~ **may** continue to adversely affect **,** our business, financial condition and results of operations. ~~In response~~ **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** ~~the~~ **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** , ~~federal~~ **resulting in port congestion** , ~~state~~ **transportation delays as well as labor** and **container shortages** ~~local governments have taken actions to~~ , and **affected** ~~recommended precautions to, mitigate~~ the **flow or availability of certain products. The further** spread of ~~the~~ COVID- 19 **or the emergence of another** pandemic, **epidemic or infectious disease outbreak** ~~including enforcing quarantines and warning against congregating in heavily populated areas~~ , ~~such as malls, shopping centers,~~ and **any required or voluntary actions to help limit** ~~other~~ -- **the** ~~retailers~~ **spread of illness,**

could impact our ability to carry out our business and ~~adopting shelter- in- place regulations~~ **may materially adversely impact global economic conditions, our business, financial condition and results of operations** . In ~~April~~ 2022, for example, **Chinese** government officials ~~in Shanghai~~ implemented a strict quarantine requirement **in Shanghai, China** that ~~currently remains in place and impacts~~ **impacted** our employees there, requiring them ~~to work exclusively at- home~~, as well as some of our suppliers ~~. There is significant uncertainty around the breadth and duration of business disruptions related to the COVID- 19 pandemic~~ , **to work exclusively** ~~as well as its impact on the United States and global economy and our consumers' shopping habits. Decreased activity~~ at **home** ~~our retailers could result in a decrease in sales of our products, which in turn could adversely affect our business, financial condition and results of operations~~ . While our suppliers and distribution centers currently remain open, there is risk that any of these facilities may become less productive or encounter disruptions due to employees at the facilities becoming infected with the COVID- 19 ~~pandemic~~ **virus or 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, 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.** As ~~a result of~~ the COVID- 19 pandemic **evolves and we consider the potential for future public health crises** , ~~over 60 %~~ **we continue to evaluate and refine our work from home policy. A portion** of our personnel based in the United States ~~are~~ **is currently** working under our hybrid model of three days in the office and two days remote **,** ~~. It is possible~~ with **the remainder** ~~nearly 40 %~~ of our personnel **based in the United States who do not live close to an e. l. f. office** working remotely full time ~~and the remainder of~~ **. Any changes to** our ~~personnel working remotely~~ -- **remote work policy** ~~two days a week that the execution of our business plans and operations~~ could be negatively impacted. If a natural...... our offices. Our vaccine mandate may cause us to have difficulty retaining current employees and recruiting new employees, both of which could adversely affect our business, financial condition and results of operations. ~~As~~ **The full extent of the impact of** the COVID- 19 pandemic ~~evolves~~ , ~~we continue to evaluate and refine our~~ - **or another pandemic, epidemic** ~~work from home policy. Any changes to our~~ - **or infectious disease outbreak** ~~remote work policy could also cause us to have difficulty retaining current employees and recruiting new employees~~ , **on** ~~both of which could adversely affect~~ our business, financial condition and results of operations ~~. The uncertainty around the duration of business disruptions and the extent of the spread of the COVID- 19 pandemic in the United States and to other areas of the world will likely continue to adversely impact the national or global economy and negatively impact consumer spending and shopping behaviors. Any of these outcomes could have an adverse impact on our business, financial condition and results of operations. The extent to which the COVID- 19 pandemic impacts our results~~ will depend on future developments **that** ~~, which~~ are highly uncertain and **Volatility in the financial markets could have a material adverse effect on our business.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 ~~,including as a result of the COVID- 19 pandemic,the war in Ukraine and related geopolitical conditions,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.** 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 other 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** ~~predicted, including new information that may emerge concerning the variants of SARS- CoV- 2 and the actions taken~~ to ~~contain it~~ **: (i) access** ~~or~~ **our existing cash** ~~treat its impact~~ , ~~including vaccination effectiveness~~ **cash equivalents,** and ~~rates~~ **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 eents 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 ~~substantial~~ indebtedness may have a material adverse effect on our business, financial condition and results of operations. As of March 31, ~~2022~~ **2023** , we had a total of $ ~~97~~ **66** . ~~7~~ **9** million of indebtedness, consisting of amounts outstanding under our credit facilities and finance lease obligations, and a total availability of $ 100. 0 million under our Amended Revolving Credit Facility (as defined in Part II, Item 7 " Management' s discussion and analysis of financial condition and results of operations " under the heading " Description of indebtedness "). 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 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 II, Item 7 “ 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, could materially and adversely affect our business, financial condition and results of operations. In addition, as we continue to expand our business internationally, the application and implementation of existing, new or future international laws ~~, including the introduction of non- traditional indirect taxes (such as the Plastic Packaging Tax enacted by the United Kingdom),~~ 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 (**"** RMB **"**) **,** and Canadian dollar. The exchange rates between these currencies and the **US** ~~U. S.~~ dollar in recent years have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the **US** ~~U. S.~~ dollar will decrease the **US** ~~U. S.~~ 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 ~~salaries~~ **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** ~~U. S.~~ 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 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, ~~attacks by computer hackers,~~ telecommunication failures, user errors ~~or~~ **,** catastrophic events ~~. Any material disruption of our systems, or the systems of our third- party service providers, could disrupt our ability to track, record~~ and **data security** ~~analyze the products that we sell~~ and **privacy threats** ~~could negatively impact our operations~~ , **cyber** ~~shipment of goods, ability to process financial information~~ and **otherwise** ~~transactions and our ability to receive and process retail customer and e- commerce orders or engage in normal business activities~~ . 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 **. Data security and privacy threats are becoming increasingly difficult to detect and come from a variety of sources, including traditional computer " hackers, " threat actors, " hacktivists, " personnel (such as through 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. 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, 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** . 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.A portion of our personnel based in the United States 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.If a natural disaster,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 **as well as increase our exposure to potential wage and hour issues.COVID- 19 vaccines are now broadly distributed and administered** , ~~potentially disrupting~~ **and starting October 1,2021 we required all U.S.employees to be fully vaccinated and have the same requirement for any vendor and contractors who engage in meetings or business activities in any of** our **offices.Our vaccine mandate may** We must ~~successfully~~ **continue to** maintain and **make requisite or critical** ~~upgrade~~ **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 have identified the need to ~~significantly~~ **continually** expand and improve our information technology systems and personnel to support expected future growth. As such, we ~~are in process of implementing, and~~ will continue to invest in and implement ~~, significant~~ 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 a major SAP implementation to upgrade our platforms and systems worldwide. 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. ~~These~~ -- **The** ~~implementations~~ - **implementation of new information technology systems** , **such as our SAP implementation, or any** ~~modifications~~ - **modification** ~~and upgrades~~ **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, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and 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. 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 and store data about our consumers, suppliers 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 to maintain the security and safety of critical proprietary, personal, employee, customer and financial data which we continue to maintain and upgrade to industry standards. However, 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 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 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. We are not aware of any **material** breach or compromise of the personal data of consumers, 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 European Union **(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 a substantial number of our products from third- party suppliers and manufacturers in China. As of March 31, ~~2022~~ **2023** , we had ~~79~~ **82** 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** ~~U. S.~~ Congress **enacted** ~~recently passed~~ 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** ~~U. S~~ . 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. 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. Adverse economic conditions in the United States...... and increase our bad debt expense. We are subject to international business uncertainties. We sell some 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 an office in the UK and hired a team of employees to support our international expansion, and** we may establish 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: • 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** ~~United Kingdom~~ and the **EU** ~~European Union~~ ; • 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, 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. **In addition, the ultimate effects of the UK' s withdrawal from the EU (" Brexit") are still difficult to predict as there remains considerable uncertainty around the impact of post-Brexit regulations as the various agencies interpret the regulations and develop enforcement practices. Changes related to Brexit could subject us to heightened risks in that region, including disruptions to trade and free movement of goods, services and people to and from the UK, disruptions to our employees in the UK and the workforce of our business partners, increased foreign exchange volatility with respect to the British pound and additional legal, political and economic uncertainty. If these actions impacting our international distribution and sales channels result in increased costs for us or our international partners, such changes could result in higher costs to us, adversely affecting our operations, particularly as we expand our international presence in the UK.** The ongoing conflict between Russia and Ukraine **has caused, and may continue to cause, negative effects on geopolitical conditions and the global economy, including financial markets, inflation and the global supply chain, which** could **have an** ~~adversely~~ -- **adverse** ~~affect~~ **impact on** our business, financial condition and results of operations. ~~On~~ **In** February ~~24,~~ 2022, Russian military forces launched a **full-scale** military ~~action in~~ **invasion of** Ukraine ~~,~~ **that has resulted in** ~~and~~ - **an** ~~sustained~~ **ongoing military** conflict **between** ~~and disruption in~~ the **two countries** ~~region is likely~~ . **The** ~~Although the~~ length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, ~~this~~ **and the** conflict **has caused,** ~~could lead to significant market~~ and ~~other~~ **may continue to cause, global political, economic, and social instability,** disruptions **to the global economy** , ~~including significant volatility in commodity prices and supply of energy resources, instability in~~ financial ~~markets~~ **systems** , **international trade, the global** supply chain ~~interruptions, political~~ and **the transportation** ~~social instability, changes in consumer or purchaser preferences as well as increase in cyberattacks~~ and ~~espionage~~ **energy sectors, among others** . Russia' s recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs imposed by the United States, the **EU** ~~European Union~~ , the **UK** ~~United Kingdom~~ , Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so- called Donetsk People' s Republic and the so- called Luhansk People' s Republic ~~, including, among others: • blocking sanctions against some of the largest state- owned and private Russian financial institutions (and their subsequent removal from the Society for Worldwide Interbank Financial Telecommunication SWIFT payment system) and certain Russian businesses, some of which have significant financial and trade ties to the European Union; • blocking sanctions against Russian and Belarusian individuals, including the Russian President, other politicians and those with government connections or involved in Russian military activities; and • blocking of Russia' s foreign currency reserves as well as expansion of sectoral sanctions and export and trade restrictions, limitations on investments and access to capital markets and bans on various Russian imports~~ . In retaliation against new international sanctions and as part of measures to stabilize and support the volatile Russian financial and currency markets, Russian authorities imposed significant currency control measures aimed at restricting the outflow of foreign currency and capital from Russia, imposed various restrictions on transacting with non- Russian parties, banned exports of various products and other economic and financial restrictions. The situation is rapidly evolving as a result of the conflict in Ukraine, and the United States, the **EU** ~~European Union~~ , the **UK** ~~United Kingdom~~ and other countries may implement additional sanctions, export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect our business, financial condition and results of operations. We **continue to monitor the situation in Ukraine and** are ~~actively monitoring the situation in Ukraine and~~ assessing its impact on our business, including our business partners and customers. We do not sell our products in Russia and **,** to date **,** we have not experienced any material interruptions in our infrastructure, supplies, technology systems or networks needed to support our operations. We have no way to predict the

progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time. Any of the above **-** mentioned factors could affect our 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** ~~approval, clearance or~~ **for certain** ~~registration / notification of~~ 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, ~~in recent years~~ **on December 29** , ~~certain lawmakers have proposed giving~~ **2022, Congress enacted the MoCRA. MoCRA created new compliance requirements for manufacturers of cosmetic products in the United States and also significantly expanded** the FDA ~~additional~~ **' s** authority to **oversee and** regulate cosmetics ~~and their ingredients~~ . ~~This increased authority could require the~~ **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 requirements and mandatory recalls. In addition, MoCRA provided** FDA **with new enforcement authorities over cosmetics, such as the ability** to ~~impose increased testing~~ **initiate mandatory recalls** and ~~manufacturing~~ **to obtain access certain product records. Many of the** requirements **are scheduled to become applicable** on ~~cosmetic manufacturers or cosmetics or their ingredients before~~ **December 29, 2023, although some of** ~~they~~ - **the requirements, such as those relating to labeling,** may ~~be marketed~~ **become applicable in 2024 and 2025** . ~~We~~ **In either case, the FDA has yet to implement regulations for MoCRA, and as such we** are unable to ascertain ~~what, if any,~~ **at this time the full** impact ~~any increased statutory~~ **that complying with MoCRA will have on** ~~or~~ **our** ~~regulatory~~ **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 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. Our facilities and those of our third- party manufacturers are subject to regulation under the ~~Federal Food, Drug and Cosmetic Act (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 good manufacturing practices (" 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** ~~U. S.~~ 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. 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, the ~~UK~~ **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. The California Privacy Rights Act (the " CPRA "), which took effect on January 1, 2023, significantly expands the CCPA, including by introducing additional obligations such as data minimization and retention requirements, granting additional rights to California residents such as correction of personal information and additional opt- out rights, and creating a new regulatory authority, the California Privacy Protection Agency, to implement and enforce the law. Comprehensive privacy legislation has also been enacted in four other states, imposing similar compliance obligations. These laws are the Virginia Consumer Data Protection Act of 2021 (the " VCDPA "), which went into effect on January 1, 2023, the Colorado Privacy Act (the " CPA ") and Connecticut Data Privacy Act (the " CTDPA "), which will each go into effect on July 1, 2023, and the Utah Consumer Privacy Act (the " UCPA "), which will go into effect on December 1, 2023. Several other states are considering enacting data protection legislation that may impose significant obligations and restrictions. The effects of the CPRA, the VCDPA, the CPA, the CTDPA and the UCPA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply, and increase our potential exposure to**

regulatory enforcement and / or litigation. In addition, the United Kingdom General Data Protection Regulation (the " UK GDPR ") and the European Union' s General Data Protection Regulation (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 ~~allows~~ **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 ~~private right of~~ **compulsory audit) and / or civil claims (including class** ~~action~~ **actions). We are also subject** , ~~imposes stringent~~ **under the UK GDPR and the GDPR, to cross- border transfers of personal** data **out** ~~protection requirements on companies that offer goods or services to, or monitor the behavior~~ of ~~, individuals in the United Kingdom or~~ the European Economic Area (the ~~"~~ **"** EEA ~~"), as applicable. The UK GDPR and the GDPR establishes a robust framework of data subjects' rights and imposes onerous accountability obligations on companies, with penalties for noncompliance of up to the greater of 17. 5 million British pounds or 20 million euros, respectively, or 4 % of annual global revenue. Furthermore, the California Consumer Privacy Act (the " CCPA ") requires new disclosures to California consumers, imposes new rules for collecting or using information about minors, affords California consumers new abilities to opt out of certain disclosures of personal information and also establishes significant penalties for noncompliance. Additionally, in November 2020, California voters passed the California Privacy Rights Act (the " CPRA "). The CPRA, which is expected to take effect on January 1, 2023, significantly expands the CCPA, including by introducing additional obligations such as data minimization and storage limitations, granting additional rights to consumers such as correction of personal information and additional opt- out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. The effects of the CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply, and increase our potential exposure to regulatory enforcement and / or litigation. We are also subject to European Union and United Kingdom (" UK~~ ") ~~rules with respect to cross- border transfers of personal data out of the EEA~~ and the UK. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data outside the EEA and the UK, including to the ~~US. In addition, on June 4, 2021, the European Commission published revised standard contractual clauses for data transfers from the EEA: the revised clauses must be used for relevant new data transfers from September 27, 2021; existing standard contractual clauses must be migrated to the revised clauses by December 27, 2022. We may be required to implement the revised standard contractual clauses in relation to various business arrangements within the relevant time frames, which could increase our compliance costs and adversely affect our business. The~~ United **States** ~~Kingdom' s Information Commissioner' s Office has also published new data transfer standard contracts for transfers from the UK under the UK GDPR. This new documentation will be mandatory for relevant data transfers from September 21, 2022; existing standard contractual clauses arrangements must be migrated to the new documentation by March 21, 2024. We will be required to implement the latest UK data transfer documentation for data transfers subject to the UK GDPR, in relation to relevant existing contracts and certain additional contracts and vendor and / or customer arrangements, within the relevant time frames. These recent developments will require us to review and amend the legal mechanisms by which we make and / or receive personal data transfers to the US~~ . As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, and / or start taking 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 ~~operate~~ **provide our services, the geographical location** ~~our~~ - **or** ~~business~~ **segregation of our relevant systems and operations,** and could ~~harm~~ **adversely affect** our ~~business,~~ financial ~~condition and~~ results ~~of operations~~ . **Furthermore** ~~In addition~~ , ~~on June 28, 2021,~~ the ~~European Commission adopted an adequacy decision in favor of the UK, enabling data transfers from EEA member states to the UK without additional safeguards. However, the UK adequacy decision will automatically expire in June 2025 unless the European Commission re- assesses and renews / extends that decision, and remains under review by the Commission during this period. The~~ relationship between the UK and the EEA in relation to certain aspects of data protection law remains unclear, and it is unclear how UK data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the UK will be regulated in the long term. These changes may lead to additional costs and increase our overall risk exposure. Data privacy continues to remain a matter of interest to lawmakers and regulators. ~~A~~ **In the United States, a** number of **privacy- related** proposals **(including proposed comprehensive privacy legislation)** are pending before federal ~~,~~ **and** state ~~and foreign~~ 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. ~~Some U. S.~~ **The same may be true outside the United** ~~states~~ **States , where various jurisdictions** have enacted or are considering **comprehensive** ~~enacting stricter~~ data ~~privacy laws, some modeled on the GDPR, some modeled on the CCPA, and others potentially imposing completely distinct requirements. For example, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection~~ **protection** ~~Act (" CDPA "), a comprehensive privacy statute that shares similarities with the CCPA, CPRA, and~~ legislation ~~proposed in other states~~ . Additionally, **at the federal level in** the United States ~~is considering~~ **, various bills have been introduced to enact** comprehensive federal privacy legislation, ~~such as~~ **though to date none of** ~~the~~ **these** ~~Consumer Online~~ **efforts have been successful. If comprehensive** ~~Privacy~~ **privacy** ~~Rights Act~~ **legislation is enacted at the federal level in the United States** , ~~which~~ **this** ~~would~~ **could lead** ~~significantly expand elements of the data protection rights and obligations existing within the GDPR and the CCPA~~ to ~~all U. S. consumers~~ **additional costs and increase our overall risk exposure** . We are also subject to evolving ~~EU and UK~~ privacy laws on cookies, tracking technologies and e- marketing. ~~In the EU and the UK under~~

~~national laws derived from the ePrivacy Directive, informed consent is required for the placement of a cookie or similar technologies on a user' s device and for direct electronic marketing. Consent is strictly defined, and includes a prohibition on pre- checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. The current national laws that implement the ePrivacy Directive may be replaced across the EU (but not directly in the UK) by an EU regulation known as the ePrivacy Regulation which will significantly increase fines for non- compliance. While the text of the ePrivacy Regulation is still under development, a recent European court decision and regulators' recent guidance are driving increased attention to cookies, web beacons and similar technology. These decisions and guidance, as well as the implementation of the ePrivacy Regulation, could affect our ability to use our consumer' s data for personalized advertising, and alter our ability to place advertisements across social media and the web. Furthermore, the current European Union member states' and the UK local guidance has significantly increased the risk of penalties for breach of the GDPR, the UK GDPR, and law implementing the ePrivacy Directive. If regulators start to enforce the strict approach outlined in recent guidance, this could lead to substantial costs, require significant systems changes, broader restrictions on the way we market our products on a global basis and increase our risk of regulatory oversight our ability to reach our consumers, and our capability to provide our consumers with personalized services and experiences. Several countries in Europe have also recently issued guidance on the use of cookies and similar tracking technologies which require an additional layer of consent from, and disclosure to, website users for third party advertising, social media advertising and analytics.~~ 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 ~~users~~ **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** ~~not yet effective~~ , 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** ~~U. S.~~ 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 several countries outside of the United States, including through distributors. Our operations are subject to the **US** ~~U. S.~~ 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** ~~U. S.~~ 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** ~~U. S.~~ 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. 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 skincare 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,"** " e. l. f. eyes lips face, " " Well People, " and " Keys Soulcare " 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 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. 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. In addition, third parties may involve us in intellectual property disputes as part of a business model or strategy to gain competitive advantage. To the extent we gain greater visibility and market exposure as a public company or otherwise, we may 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 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. Our agreement with Alicia Keys for our Keys Soulcare brand may be terminated if specified conditions are not met. We have an agreement with Alicia Keys regarding our Keys Soulcare brand, which, among other things, includes a license for her likeness and imposes various obligations on us. If we breach our obligations, our rights under the agreement could be terminated by Alicia Keys and we could, among other things, have to pay damages, lose our ability to associate the Keys Soulcare brand with her, lose our ability to sell products branded as Keys Soulcare, lose any upfront investments made in connection with the Keys Soulcare brand, and sustain reputational damage. Each of these risks could have an adverse effect on our business, results of operations and financial condition. 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 adverse to our reputation or business. Our target consumers often value readily available information and often 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 ~~(" CDA")~~ and Digital Millennium Copyright Act ~~(" DMCA")~~ 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, Twitter,

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, ~~as~~ **these newer advertising channels often change rapidly and can be subject to disruptions for reasons beyond our control. For example, in recent months, lawmakers in the US, Europe and Canada have escalated efforts to restrict access to TikTok. Montana' s governor signed a bill in May to ban TikTok from operating inside the state – the first prohibition of its kind in the US – and other states, governmental bodies and institutions have voiced concerns that TikTok poses a national security threat and may adopt 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. 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 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** ~~European Union~~ and the **UK** ~~United Kingdom~~ are highly restrictive and differ greatly from those in the United States, which could cause fewer of individuals in the **EU** ~~European Union~~ or the **UK** ~~United Kingdom~~ 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, 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. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in accurately reporting our progress on such initiatives and goals. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with 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. In addition, a variety of organizations measure the performance of companies on environmental, social, and governance (" ESG ") topics, and the results of these assessments are widely publicized. Investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company' s efforts and impacts on climate change and human rights, ethics and compliance with law, and the role of the company' s board of directors in supervising various sustainability issues. Furthermore, climate change and other ESG- related legislation and regulation is being implemented across the world, including in the **United States** ~~U. S.~~ , 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. We take into consideration the expected impact of ESG matters on the sustainability of our business over time and the potential impact of our business on society and the environment. However, in light of investors' increased focus on ESG matters, and in light of increased and evolving legislation and regulation regarding ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet our customers' or society' s expectations as to our proper role. If we fail to meet the ESG values, standards and metrics that we set for ourselves, or our articulated public benefit purposes, or fail to align to regulatory or market expectations or standards regarding such matters, we may experience negative publicity and a loss of customers as a result, which will adversely affect our business, financial condition, and results of operations. 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. Stockholders may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise. We had approximately ~~197~~ **196** . ~~7~~ **1** million shares of common stock authorized but unissued and **53. 9 million** ~~52, 272, 764~~ shares of common stock outstanding as of May 18, ~~2022~~ **2023** . 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. 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 Volatility in the financial markets could have...... financial condition and results of operations. An active trading market for our common stock may not be sustained, and the market price of shares of our common stock may be volatile, 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. Even if an active trading market is sustained, the market price of our common stock may 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 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 addition, in May 2019, we announced that our board of directors authorized a share repurchase program allowing us to repurchase up to $ 25 **. 0** million of our outstanding shares of common stock (" Share Repurchase Program ") **, of which approximately $ 17. 1 million remains available for future share repurchases as of March 31, 2023** . Purchases under the Share Repurchase Program may be made from time to time in the open market, in privately negotiated transactions or otherwise. The timing and amount of any repurchases pursuant to the Share Repurchase Program will be determined based on market conditions, share price and other factors. The Share Repurchase Program may be suspended or discontinued at any time and there is no guarantee that any shares will be purchased under the Share Repurchase Program. 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 ~~. The holders of up to 3, 656, 711 shares of our common stock, or approximately 7 % of our outstanding common stock based on shares outstanding as of May 18, 2022, are entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement. In addition, certain family trusts of our Chairman and Chief Executive Officer, Tarang Amin, have the right, subject to certain conditions, to require us to file registration statements covering its or their shares~~ . 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. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. 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 1B. Unresolved staff comments. None. Item 2. Properties. Our principal executive offices are located in Oakland, California. We also occupy offices and distribution centers in the United States and abroad, as indicated ~~blow~~ **below** . Location / FacilityLeased / OwnedUseOakland, CaliforniaLeasedCorporate headquartersNew York, New YorkLeasedCorporate officesLos Angeles, CaliforniaLeasedCorporate officesFairfield, New JerseyLeasedCorporate officesShanghai, ChinaLeasedCorporate officesOntario, ~~CaliforniaLeasedDistributionRancho~~ **CaliforniaLeasedDistributionLondon**

Cucamonga , UKLeasedCorporate offices CaliforniaLeasedManufacturing (1) (1) The Company closed its manufacturing plant during the fourth quarter of the year ended March 31, 2021. See Note 15 Restructuring and other related costs to consolidated financial statements in Part IV, Item 13. " Exhibits, financial statement schedules " under the heading " 2021 Restructuring Plan. " We also use a distribution center located in Columbus, Ohio that is operated by a third- party. Our properties total an aggregate of approximately 39 42 , 894 612 square feet of commercial space , approximately 25, 350 square feet for manufacturing and approximately 257, 515 square feet of commercial space for our distribution center. All of our properties are leased. The leases expire at various times through 2030, subject to renewal options. We consider our properties to be generally in good condition and believe that our existing facilities are adequate to support our existing operations. Item 3. 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. Item 4. Mine safety disclosures. Not applicable. PART II Item 5. Market for registrant' s common equity, related stockholder matters and issuer purchases of equity securities. Market information for common stock. Our common stock began trading on the NYSE under the symbol " ELF " on September 22, 2016. Prior to that date, there was no public trading market for our common stock. On May 18, 2022 2023 , the closing price for our common stock as reported by the NYSE was $ 21 90 . 62 61 . Holders of record As of May 18, 2022 2023 , the approximate number of common stockholders of record was 15 17 . This number does not include beneficial owners whose shares are held by nominees in street name. Dividends There were no dividends declared or paid during the year ended March 31, 2022 2023 . Since our initial public offering on September 21 22 , 2016, we have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. In addition, the Amended Credit Agreement limits our ability to pay dividends to our stockholders. Any future determination related to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects, contractual restrictions and covenants and other factors that our board of directors may deem relevant. Stock performance graph The following performance graph and related information shall not be deemed " soliciting material " or to be " filed " with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Exchange Act, each as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, or otherwise subject to the liabilities under the Securities Act of 1933 or Exchange Act, each as amended, except to the extent that we specifically incorporate it by reference into such filing. The following graph compares the total cumulative stockholder return on our common stock with the S & P 500 Stock Index and the S & P Consumer Discretionary Index for the 5- year period covering March 31, 2017 2018 , through March 31, 2022 2023 . The graph assumes an investment of $ 100 made at the closing of trading on March 31, 2017 2018 in (i) our common stock, (ii) the stocks comprising the S & P 500 Index and (iii) the stocks comprising the S & P 500 Consumer Discretionary Index. All values assume reinvestment of the full amount of all dividends. The performance shown on the graph below is not intended to forecast or be indicative of possible future performance of our common stock. $ 100 investment in stock or index3 / 31 / 176 / 30 / 179 / 30 / 1712 / 31 / 173 / 31 / 186 / 30 / 189 / 30 / 1812 18e. l. f. Beauty...... $ 100 investment in stock or index12 / 31 / 183 / 31 / 196 / 30 / 199 / 30 / 19e. l. f. Beauty, Inc. (ELF) $ 100. 00 $ 79. 13 $ 66. 10 $ 44. 96 $ 55. 04 $ 73. 21 $ 90. 91 S & P 500 Index (GSPC) $ 100. 00 $ 105. 29 $ 1912 112. 86 $ 97. 09 $ 109. 78 $ 113. 94 $ 115. 29 S & P 500 Consumer Discretionary Index (S5COND) $ 100. 00 $ 111. 32 $ 120. 43 $ 100. 66 $ 116. 49 $ 122. 64 $ 123. 27 $ 100 investment in stock or index12 / 31 / 193 / 31 / 206 / 30 / 20e. l. f. Beauty, Inc. (ELF) $ 30. 65 $ 37. 52 $ 49. 91 $ 61. 98 $ 57. 10 $ 34. 83 $ 67. 50 S & P 500 Index (GSPC) $ 106. 27 $ 120. 16 $ 124. 71 $ 126. 20 209 $ 136. 96 $ 109. 57 $ 131. 43 S & P 500 Consumer Discretionary Index (S5COND) $ 114. 83 $ 132. 88 $ 139. 90 $ 140. 62 $ 146. 91 $ 118. 57 $ 157. 52 $ 100 investment in stock or index9 / 30 / 2012 / 31 / 203 / 31 / 216 / 30 / 18e 21e .l.f.Beauty,Inc.(ELF) $ 100 83 . 00 75 $ 96 51 . 32 09 $ 99.01 $ 95.38 $ 130. 79 $ 139 . 82 30 $ 78 140 . 91 97 $ 68.57 $ 53.95 $ 45.06 S & P 500 Index (GSPC) $ 125.13 $ 100. 00 10 $ 102 120 . 74 08 $ 106 130 . 81 25 $ 113 145 . 34 48 $ 111 153 . 96 88 $ 115 166 . 45 24 $ 123.53 S & P 500 Consumer Discretionary Index (S5COND) $ 128 100.00 $ 102 .78 $ 103. 65 94 $ 113 138.08 $ 158 .88 $ 117 171 . 40 66 $ 126 176 .99 $ 137 189 . 219 29 $ 100 investment in stock or index9 / 30 / 2112 / 31 / 213 / 31 / 22e 226 / 30 / 229 / 30 / 2212 / 31 / 223 / 31 / 23e . l. f. Beauty, Inc. (ELF) $ 150 65. 03 $ 89. 17 $ 94. 97 $ 96. 07 $ 102 . 83 $ 117 172 . 56 43 $ 91 134 . 43 11 $ 159. 29 $ 195. 33 $ 287. 12 $ 427. 57 S & P 500 Index (GSPC) $ 142 166 . 57 84 $ 184. 60 $ 175. 47 $ 146. 61 $ 138. 88 $ 148. 71 $ 159. 23 $ 168 16 . 43 $ 182. 19 $ 182. 61 $ 202. 06 $ 192. 06 S & P 500 Consumer Discretionary Index (S5COND) $ 181 189 . 25 30 $ 195 213 . 83 60 $ 201 194 . 91 32 $ 215 143 . 94 49 $ 215 149 . 95 75 $ 243 134 . 67 50 $ 221 156 . 67 20 Recent sales of unregistered securities Purchases of equity securities by the issuer and affiliated purchasers In May 2019, we announced that our board of directors authorized the Share Repurchase Program, which authorizes us to repurchase up to $ 25 . 0 million of our outstanding shares of common stock. The Share Repurchase Plan Program remains in effect through the earlier of (i) the date that $ 25 . 0 million of our outstanding common stock has been purchased under the Share Repurchase Plan Program or (ii) the date that our board of directors cancels the Share Repurchase Plan Program . On April 30, 2021, the Company amended and restated its prior credit agreement. Subject to certain exceptions, the covenants in the Amended Credit Agreement require the Company to be in compliance with certain leverage ratios to make repurchases under the Share Repurchase Program. We did not repurchase any shares during the three months ended March 31, 2022 2023 , including pursuant to the Share Repurchase Program. A total of $ 17. 1 million remains available for purchase under the Share Repurchase Program as of March 31, 2022 2023 . Item 6. [Reserved] Item 7. Management' s discussion and analysis of financial condition and results of operations. You should read the following discussion and analysis of our financial condition and results of operations and our consolidated financial statements and related notes thereto included elsewhere in this Annual Report. Overview and Business Trends We are a multi- brand beauty company that offers inclusive, accessible, clean, vegan and cruelty- free cosmetics and skincare products. Our mission is to make the

best of beauty accessible to every eye, lip ~~and~~ **,** face **and skin concern** . We believe our ability to deliver ~~100 %~~ cruelty- free, **clean, vegan and** premium- quality products at accessible prices with broad appeal differentiates us in the beauty industry. We believe the combination of our ~~fundamental~~ value ~~equation~~ **proposition** , **innovation engine** ~~digitally- led strategy~~ , ~~as well as~~ **ability to attract and engage consumers, and** our world- class team' s ability to execute with speed, has positioned us well to navigate **the competitive** ~~a rapidly changing landscape in~~ beauty **market** . Our family of brands includes e. l. f. Cosmetics, e. l. f. SKIN, Well People and Keys Soulcare. Our brands are available online and across leading beauty, mass- market, and ~~clean-beauty~~ specialty retailers. We have strong relationships with our retail ~~partners~~ **customers** such as **Target,** Walmart ~~, Target~~ , Ulta Beauty and other leading retailers that have enabled us to expand distribution both domestically and internationally. For additional information regarding our business, see Part I, Item 1, " Business. " **Global Supply Chain Disruptions Since** ~~COVID- 19 Pandemic The beauty industry and our business were impacted in~~ the **start of** ~~years ended March 31, 2022 and March 31, 2021 by~~ the COVID- 19 pandemic ~~.~~ **,** ~~There~~ **there** ~~could be~~ **has been disruption to the global supply chain, including manufacturing and transportation delays due to port closures and congestion, labor and** ~~continued~~ - **container shortages, and shipment delays. As a result, we have experienced higher transportation costs. In response to these higher costs, we increased prices on a portion of our products in March 2022 to help mitigate the** impact on ~~the industry and~~ our business ~~results until consumers return to normal shopping patterns and quarantine and / or social gathering restrictions are removed~~ . **Further increases in transportation or other costs** ~~In addition, a current vessel and container shortage globally~~ could ~~delay future inventory receipts and, in turn, could delay deliveries to our retailers and availability of products in our direct-to- consumer e- commerce channel or could increase our shipping costs. Such potential delays and shipping disruptions could negatively impact our results of operations through higher inventory costs and reduced sales. Throughout the COVID- 19 pandemic we~~ have **an unfavorable** ~~focused on the following areas to address the~~ impact on our **results. Additionally, delays** ~~business: supporting the health and safety of our~~ - **or further** ~~employees and community; minimizing~~ disruption to the **global** supply chain **could cause lost sales due** ~~; and keeping adequate levels of liquidity and flexibility within our credit facility. Tariffs Tariffs have impacted the majority of products that we import from China~~ to **unavailability of inventory, unfavorably** ~~the United States. We have taken various steps to help mitigate the impact~~ **impacting** ~~of tariffs including price increases, negotiating lower prices with~~ our **ability to service consumer demand** ~~suppliers in China, and exploring potential new suppliers outside of China~~ . Components of our results of operations and trends affecting our business Net sales We develop, market and sell beauty products under the e. l. f. Cosmetics, e. l. f. SKIN, Well People and Keys Soulcare brands. Our net sales are derived from sales of these beauty products, net of provisions for sales discounts and allowances, product returns, markdowns and price adjustments. Year over year changes in net sales is driven by a number of factors, including **beauty** ~~color cosmetics and skincare~~ category performance, levels of consumer spending, and our ability to drive awareness of and demand for our products. Within our existing retailer accounts, we are able to drive growth by increasing sales per linear foot supported by marketing investments and continued innovation, as well as through expanding space and door penetration. **We seek** ~~While we have distribution with a number of key retail accounts, we expect~~ to continue to grow through improved sales per linear foot in our existing space, expanded space allocation with our current retail accounts, as well as adding new retail customers. Our business faces challenges and uncertainties, including our ability to introduce new products that will appeal to a broad consumer base, our ability to service demand, the ability of our major retail customers to drive traffic and keep products in stock, our ability to continue to grow our customer base and competitive threats from other beauty companies. Our largest three customers, **Target,** Walmart ~~, Target~~ and Ulta Beauty, accounted for ~~26~~ **25** %, ~~23~~ **20** % and ~~12~~ **15** %, respectively, of our net sales in the year ended March 31, ~~2022~~ **2023** . No other individual customer accounted for 10 % or more of our net sales in the year ended March 31, ~~2022~~ **2023** . National and international retailers comprised ~~90~~ **88** % of our net sales. The remaining ~~10~~ **12** % came from ~~our direct- to- consumer~~ e- commerce channels in the year ended March 31, ~~2022~~ **2023** . The primary market for our products is in the United States, which accounted for ~~89~~ **88** % of our net sales in the year ended March 31, ~~2022~~ **2023** . The remaining ~~11~~ **12** % was attributable to international markets, primarily Canada and the **UK** ~~United Kingdom~~ . Gross profit Gross profit is our net sales less cost of sales. Cost of sales includes the aggregate costs to procure our products, including the amounts invoiced by our third- party contract manufacturers for finished goods as well as costs related to transportation to our distribution center, customs and duties. Cost of sales also includes the effect of changes in the balance of reserves for excess and obsolete inventory. Gross margin measures our gross profit as a percentage of net sales. We have an extensive network of third-party manufacturers ~~(primarily in China)~~ from whom we purchase substantially all of our finished goods. We have worked to evolve our supply chain to increase capacity and technical capabilities while maintaining or reducing overall costs as a percentage of sales. Historically, we have improved our gross margin largely through changes in our product mix, pricing, ~~purchasing efficiencies~~ and cost reductions in our supply chain. Other drivers of changes in gross margin **, which could have a positive or negative impact,** include fluctuations in exchange rates **, certain costs related to space expansion and retailer activity** , changes in customer mix, and changes in the balance of reserves for excess and obsolete inventory, among other things ~~, which may offset the benefit of changes in product mix, pricing, purchasing efficiencies and cost reductions~~ . Selling, general and administrative **expenses** Our selling, general and administrative (" SG & A ") expenses primarily consist of **marketing and digital expenses,** personnel- related ~~expenses~~ **costs** , including salaries, bonuses, ~~fringe~~ benefits and stock based compensation, ~~marketing and digital expenses,~~ warehousing and distribution costs, costs related to merchandising, depreciation of property and equipment, amortization of retail product displays and amortization ~~of~~ **related to** intangible assets **and cloud computing costs** . See " Critical ~~Accounting~~ **accounting** ~~Policies~~ **policies** and ~~Estimates~~ **estimates** stock based ~~Compensation~~ **compensation** " below for more detail regarding stock based compensation. Interest expense, net Interest expense primarily consists of cash interest and fees on our outstanding indebtedness. See " Financial condition, liquidity and capital resources " below and a description of our indebtedness in Note 8 to the Notes to consolidated financial statements in Part IV, Item 15. " Exhibits, financial statement schedules ". Other ~~income (~~ expense ~~)~~ , net We are exposed to periodic currency

fluctuations given our purchasing and selling activities in various countries. Other ~~income (~~ expense ~~)~~, net is primarily related to foreign exchange rate movements. Income tax (provision) benefit The provision for income taxes represents federal, foreign, state and local income taxes. The effective rate differs from statutory rates due to the effect of state and local income taxes and certain permanent tax adjustments. Our effective tax rate will change from period to period based on recurring and nonrecurring factors including, but not limited to, the geographical mix of earnings, enacted tax legislation, state and local income taxes, tax audit settlements, the interaction of various tax strategies and the impact of permanent tax adjustments, such as those related to stock based compensation. Net income Our net income for future periods will be affected by the various factors described above. 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. Year ended March 31, ~~202220212020Net~~ **202320222021Net** sales **$ 578, 844** $ 392, 155 $ 318, 110 ~~$ 282, 851~~ Cost of ~~sales140~~ **sales188 , 448 140** , 423 111, 912 ~~101, 728~~ Gross ~~profit251~~ **profit390, 396 251** , 732 206, 198 ~~181, 123~~ Selling, general and administrative ~~expenses221~~ **expenses322 , 253 221** , 912 194, 157 ~~157, 155~~ Restructuring expense **—** ~~(income)~~ 50 2, 641 ~~(5, 982)~~ Operating income **68, 143** 29, 770 9, 400 ~~29, 950~~ Other **expense, net** (~~expense~~ **1, 875**) ~~income, net~~ (1, 438) (1, 620) ~~426~~ Interest expense, net **(2, 018)** (2, 441) (4, 090) ~~(6, 307)~~ Loss on extinguishment of debt (**176) (** 460) ~~—~~ — Income before provision for income ~~taxes25~~ **taxes64, 074 25** , 431 3, 690 ~~24, 069~~ Income tax (provision) benefit (**2, 544) (** 3, 661) 2, 542 ~~(6, 185)~~ Net income $ **61, 530 $** 21, 770 $ 6, 232 ~~$ 17, 884~~ Comprehensive income $ **61, 530 $** 21, 770 $ 6, 232 ~~$ 17, 884~~ Year ended March 31, (percentage of net sales) ~~202220212020Net~~ **202320222021Net** sales100 % 100 % 100 % Cost of ~~sales36~~ **sales33 % 36** % 35 % ~~36~~ **Gross profit67** % **64** ~~Gross profit64~~ % 65 % ~~64~~ **Selling, general and administrative expenses56** % **57** ~~Selling, general and administrative expenses57~~ % 61 % ~~56 %~~ Restructuring expense **— %** ~~(income)~~ — % 1 % ~~(2) %~~ Operating income **12 %** 8 % 3 % ~~11~~ **Other expense, net —** % ~~Other~~ **— %** (**1) % Interest** expense ~~) income~~ , net — % (1) % ~~— % Interest expense, net~~ (1 ~~) % (1) % (2~~) % Loss on extinguishment of debt — % — % — % Income before provision for income ~~taxes6~~ **taxes11 % 6** % 1 ~~% 9~~ % Income tax (provision) benefit **— %** (1) % 1 % ~~(2) %~~ Net income **11 %** 6 % 2 % ~~6 %~~ Comprehensive income **11 %** 6 % 2 %

Comparison of the year ended March 31, 2023 to the year ended March 31, 2022 Net sales increased $ 186. 6 **million, or 48** % **, to $ 578. 8 million in the year ended March 31, 2023, from $ 392. 2 million in the year ended March 31, 2022. The increase was driven by strength across our retailer and e- commerce channels. Net sales increased $ 158. 0 million, or 45 %, in our retailer channels and $ 28. 6 million, or 71 %, in our e- commerce channels. From a price and volume perspective, a higher volume of units sold drove $ 97. 7 million of the increase in net sales and a higher average item price within retailer and e- commerce orders drove the remaining $ 88. 9 million increase in net sales as compared to the year ended March 31, 2022. Gross profit increased $ 138. 7 million, or 55 %, to $ 390. 4 million in the year ended March 31, 2023, compared to $ 251. 7 million in the year ended March 31, 2022. Higher average item price and mix accounted for approximately $ 75. 9 million of the increase to gross profit, with the remaining $ 62. 8 million driven by volume. Gross margin increased from 64 % in the year ended March 31, 2022 to 67 % in the year ended March 31, 2023. The increase in gross margin rate was primarily driven by pricing, cost savings and product mix, partially offset by inventory adjustments. SG & A expenses were $ 322. 3 million in the year ended March 31, 2023, an increase of $ 100. 4 million, or 45 %, from $ 221. 9 million in the year ended March 31, 2022. SG & A expenses as a percentage of net sales decreased to 56 % for the year ended March 31, 2023 from 57 % in the year ended March 31, 2022. The increase on a dollar basis was primarily related to increased marketing and digital spend of $ 62. 8 million, increased compensation and benefits of $ 19. 4 million, increased operations costs of $ 9. 6 million, and increased retail fixturing and visual merchandising costs of $ 5. 6 million. Other expense, net was $ 1. 9 million of expense in the year ended March 31, 2023, as compared to $ 1. 4 million of expense in the year ended March 31, 2022. The change was primarily related to unfavorable foreign exchange rate movements, impacting cash and receivables, driving an unrealized loss in the period. Interest expense decreased $ 0. 4 million, or 17 %, to $ 2. 0 million in the year ended March 31, 2023, as compared to $ 2. 4 million in the year ended March 31, 2022. This decrease was due to increased interest earned on our cash balances and a lower average loan balance, offsetting higher interest rates. The provision for income taxes was $ 2. 5 million, or an effective rate of 4 % for the twelve months ended March 31, 2023, as compared to a provision of $ 3. 7 million, or an effective rate of 14 % for the twelve months ended March 31, 2022. The change in the provision was primarily driven by an increase in discrete tax benefit of $ 12. 7 million, primarily related to stock based compensation. The discrete benefit was partially offset by additional income taxes related to the increase in income before taxes of $ 38. 6 million.**

Comparison of the year ended March 31, 2022 to the year ended March 31, 2021 Net sales increased $ 74. 0 million, or 23 %, to $ 392. 2 million in the year ended March 31, 2022, from $ 318. 1 million in the year ended March 31, 2021. The increase was driven primarily by strength in our national and international retailers. Net sales increased $ 76. 8 million, or 28 %, in our retailer channels, offset by a decrease of $ 2. 8 million, or 6 %, in our e- commerce channels. From a price and volume perspective, a higher volume of units sold drove $ 59. 4 million of the increase in net sales and a higher average item price within retailer and e- commerce orders drove the remaining $ 14. 6 million increase in net sales as compared to the year ended March 31, 2021. Gross profit increased $ 45. 5 million, or 22 %, to $ 251. 7 million in the year ended March 31, 2022, compared to $ 206. 2 million in the year ended March 31, 2021. Gross margin decreased from 65 % in the year ended March 31, 2021 to 64 % in the year ended March 31, 2022. Increased volume accounted for approximately $ 48. 0 million of the increase in gross profit, offset by a $ 2. 5 million decline related to the decrease in gross margin rate. The decrease in gross margin rate was primarily driven by unfavorable foreign exchange rates and elevated transportation costs. These items were partially offset by price increases, cost savings and margin accretive mix. SG & A expenses were $ 221. 9 million in the year ended March 31, 2022, an increase of $ 27. 8 million, or 14 %, from $ 194. 2 million in the year ended March 31, 2021. SG & A expenses as a percentage of net sales decreased to 57 % for the year ended March 31, 2022 from 61 % in the year ended March 31, 2021. The increase on a dollar basis was primarily related to increased marketing and digital spend of $ 15. 1 million along with increased

compensation and benefits of $ 5. 7 million and increased software subscription costs of $ 2. 8 million. Restructuring **expense Restructuring** expenses were $ 50 thousand in the year ended March 31, 2022 ~~. See Note 13~~ **in connection with our** ~~Restructuring~~ **restructuring** ~~and~~ **plan approved in 2021 to close** ~~other~~ -- **the our manufacturing plant** ~~related costs to consolidated financial statements~~ in ~~Part IV~~ **Rancho Cucamonga** , **California** ~~Item 15~~ . ~~" Exhibits, financial statement schedules " for further details. Other expense, net~~ Other expense, net was $ 1. 4 million of expense in the year ended March 31, 2022, as compared to $ 1. 6 million of expense in the year ended March 31, 2021. The change was primarily related to foreign exchange rate movements. Interest expense decreased $ 1. 6 million, or 40 %, to $ 2. 4 million in the year ended March 31, 2022, as compared to $ 4. 1 million in the year ended March 31, 2021. This decrease was due to a reduction in our long- term debt as well as a decline in interest rates. The provision for income taxes increased from a benefit of $ 2. 5 million, or an effective tax rate of (69) %, for the year ended March 31, 2021, to an expense of $ 3. 7 million, or an effective tax rate of 14 %, for the year ended March 31, 2022. The change in the provision for income taxes was primarily driven by an increase in income before taxes of $ 21. 7 million. One- time tax benefits related to stock based compensation were consistent between periods. ~~Comparison~~ **As** of ~~the year ended~~ March 31, ~~2021~~ **2023** ~~to the year ended March 31, 2020 Net sales increased $ 35. 3 million, or 12 %, to $ 318. 1 million in the year ended March 31, 2021, from $ 282. 9 million in the year ended March 31, 2020. The increase was driven by strength in e- commerce, international, and our national retailers. Net sales increased $ 18. 1 million, or 7 % in our retailer channels and $ 17. 0 million, or 64 % in our e- commerce channels. From a price and volume perspective, a higher average item price within retailer and e- commerce orders substantially drove the $ 35. 3 million dollar increase in net sales while volume remained flat as compared to the year ended March 31, 2020. Gross profit increased $ 25. 1 million, or 14 %, to $ 206. 2 million in the year ended March 31, 2021, compared to $ 181. 1 million in the year ended March 31, 2020. Increased volume accounted for approximately $ 22. 6 million of the increase in gross profit, with the remaining $ 2. 5 million driven by an increase in gross margin rate. The increase in gross margin rate was driven by benefits from margin accretive innovation, cost savings, a mix shift to elfcosmetics. com, and price increases partially offset by certain costs related to retailer activity and space expansion, an increase in inventory adjustments, and the impact of tariffs on goods imported from China in the year ended March 31, 2021. The net of these drivers resulted in an 80 basis point increase in gross margin, which increased from 64 % in the year ended March 31, 2020 to 65 % in the year ended March 31, 2021. SG & A expenses were $ 194. 2 million in the year ended March 31, 2021, an increase of $ 37. 0 million, or 24 %, from $ 157. 2 million in the year ended March 31, 2020. SG & A expenses as a percentage of net sales increased to 61 % for the year ended March 31, 2021 from 56 % in the year ended March 31, 2020. The increase was primarily related to marketing and digital, including costs related to advertising, digital, and organizational costs related to building out our marketing, digital and innovation capabilities of $ 22. 0 million. Additionally, we experienced increased operational costs mainly driven by the increase in e- commerce sales of $ 6. 9 million. Restructuring expenses were $ 2. 6 million in the year ended March 31, 2021, consisting of charges related to the closure of our manufacturing facility in California. Other expense, net was $ 1. 6 million of expense in the year ended March 31, 2021, as compared to $ 0. 4 million of income in the year ended March 31, 2020. The change was primarily related to foreign exchange rate movements. Interest expense decreased $ 2. 2 million, or 35 %, to $ 4. 1 million in the year ended March 31, 2021, as compared to $ 6. 3 million in the year ended March 31, 2020. This decrease was due to a reduction in our long- term debt as well as a decline in interest rates. Income tax benefit (provision) The provision for income taxes decreased from an expense of $ 6. 2 million, or an effective tax rate of 26 %, for the year ended March 31, 2020, to a benefit of $ 2. 5 million, or an effective tax rate of (69) %, for the year ended March 31, 2021. The change in the provision for income taxes was primarily driven by a decrease in income before taxes of $ 20. 4 million and an increase in one- time tax benefits of $ 3. 7 million, primarily related to stock based compensation. As of March 31, 2022~~ , we held $ ~~43~~ **120** . ~~4~~ **8** million of cash and cash equivalents. In addition, as of March 31, ~~2022~~ **2023** , we had borrowing capacity of $ 100. 0 million under the Amended Revolving Credit Facility. Our primary cash needs are for **working** capital ~~expenditures~~ **, fixturing** , retail product displays and ~~working capital~~ **digital investment** . ~~Capital expenditures~~ **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 ~~capital expenditures~~ **cash needs** from existing cash ~~on hand~~ - **and cash equivalents** , cash generated from operations and, if necessary, draws on ~~the~~ **our** Amended Revolving Credit Facility. Our primary working capital requirements are for product and product- related costs, payroll, rent, distribution costs and advertising 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 and the general seasonality of our business. As of March 31, ~~2022~~ **2023** , we had working capital, excluding cash, of $ **74. 6 million, compared to $** 84. 7 million **as of March 31** , ~~compared to~~ **2022. Working capital, excluding cash and debt, was** $ ~~39~~ **80** . ~~0~~ **1 million and $ 90. 4** million as of March 31, ~~2021~~ **2023** ~~. Working capital, excluding cash~~ and ~~debt, was $ 90. 4 million and $ 55. 3 million as of~~ March 31, 2022 ~~and March 31, 2021~~ , respectively. We believe that our operating cash flow, cash on hand 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. If necessary, we can borrow funds under the 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 I, 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~~ **rely on** our ability to provide innovative products to our consumers ~~and~~ **,** manage production and our supply chain. Cash

flows Year ended March 31, (in thousands) 202220212020Net 202320222021Net cash provided by (used in): Operating activities $ **101, 883 $** 19, 513 $ 29, 475 $ 44, 313 Investing activities **(1, 723)** (4, 818) (6, 474) (35, 345) Financing activities **(22, 735)** (29, 110) (11, 400) (16, 675) Net **increase** (decrease) increase in cash: **$ 77, 425** $ (14, 415) $ 11, 601 $ (7, 707) Cash provided by operating activities **For the year ended March 31, 2023, net cash provided by operating activities was $ 101. 9 million. This included net income, before deducting depreciation, amortization and other non- cash items, of $ 107. 1 million and an increase in net working capital of $ 5. 2 million. The change in net working capital was driven by a $ 22. 4 million increase in accounts receivable, a $ 24. 6 million increase in prepaid and other assets, and a $ 4. 4 million decrease of other liabilities partially offset by a $ 43. 0 million increase of accounts payable and accrued expenses, and a $ 3. 2 million decrease in inventory.** For the year ended March 31, 2022, net cash provided by operating activities was $ 19. 5 million. This included net income, before deducting depreciation, amortization and other non- cash items, of $ 66. 2 million and an increase in net working capital of $ 46. 7 million. The increase **change** in net working capital was driven by a $ 5. 6 million increase in accounts receivable, a $ 27. 7 million increase in inventory, a $ 10. 6 million increase in prepaid and other assets and a $ 1 **4** . 5 **4** million increase **decrease** of **other liabilities** accounts payable and accrued expenses , partially offset by a $ 4 **1** . 4 **5** million decrease **increase** of other liabilities **accounts payable and accrued expenses** . For the year ended March 31, 2021, net cash provided by operating activities was $ 29. 5 million. This included net income, before deducting depreciation, amortization and other non- cash items, of $ 46. 4 million and an increase in net working capital of $ 16. 9 million. The increase **change** in net working capital was driven by a $ 10. 5 million increase in accounts receivable, a $ 10. 9 million increase in inventory and **,** a $ 9. 7 million increase in prepaid and other assets **and a $ 3. 3 million decrease of other liabilities** , partially offset by a $ 17. 5 million increase of accounts payable and accrued expenses. **Cash used in investing activities** For the year **years** ended March 31, 2020 **2023** , net cash provided by operating activities was $ 44. 3 million. This included net income, before deducting depreciation, amortization and other non- cash items, of $ 54. 3 million and an increase in net working capital of $ 10. 0 million. The increase in net working capital was driven by an $ 11. 5 million decrease in other liabilities primarily related to termination payments on store leases, partially offset by the timing of cash payments related to accounts payable and accrued expenses. Cash used in investing activities For the year ended March 31, 2022 **and March 31, 2021** , net cash used in investing activities was $ **1. 7 million, $** 4. 8 million **and $ 6. 5 million, respectively** , which was primarily driven by capital expenditures related to new customer fixture programs. **Cash used in financing activities** For the year ended March 31, 2021 **2023** , net cash used in investing **financing** activities was $ 6 **22** . 5 **7** million, which was primarily driven by **prepayment on** capital expenditures related to new customer fixture programs. For the year ended **Amended Term Loan Facility of** March 31, 2020, net cash used in investing activities was $ 35. 3 million. This includes $ 25. 9 **0** million paid for the acquisition of Well People, Inc. and **quarterly debt payments, partially offset by** capital expenditures of $ 9. 4 million. Cash **cash** used in financing activities **received from the exercise of stock options to purchase common stock.** For the year ended March 31, 2022, net cash used in financing activities was $ 29. 1 million, driven by $ 54. 5 million of repayment of the revolving line of credit and the term loan facility, and **offset by** $ 25. 6 million of cash received from net of proceeds from the amended revolving line of credit and the Amended term loan facility. For the year ended March 31, 2021, net cash used in financing activities was $ 11. 4 million, driven by $ 11. 8 million in mandatory principal payments under the prior term loan facility. This was partially offset by $ 1. 5 million of proceeds from the exercise of **stock** options to purchase common stock. For the year ended March 31, 2020, net cash used in financing activities was $ 16. 7 million, driven by $ 9. 5 million in mandatory principal payments under the prior term loan facility and repurchase of common stock of $ 7. 9 million. This was partially offset by $ 1. 5 million of proceeds from the exercise of options to purchase common stock. Amended credit agreement On April 30, 2021, we amended and restated the prior credit agreement (**as further amended, supplemented or modified from time to time,** the" Amended Credit Agreement") , amended and restated the prior term loan facility and the prior revolving credit facility, and refinanced all loans under the prior credit agreement. The Amended Credit Agreement has a five year term and consists of (i) a $ 100 million revolving credit facility (the " Amended Revolving Credit Facility ") and (ii) a $ 100 million term loan facility (the" Amended Term Loan Facility"). All amounts under the Amended Revolving Credit Facility are available for draw until the maturity date on April 30, 2026. The Amended Revolving Credit Facility is collateralized by substantially all of our assets and requires payment of an unused fee ranging from 0. 10 % to 0. 30 % (based on our consolidated total net leverage ratio (as defined in the Amended Credit Agreement)) times the average daily amount of unutilized commitments under the Amended Revolving Credit Facility. The Amended Revolving Credit Facility also provides for sub- facilities in the form of a $ 7 million letter of credit and a $ 5 million swing line loan; however, all amounts **drawn** under the Amended Revolving Credit Facility cannot exceed $ 100 million. The unused balance of the Amended Revolving Credit Facility as of March 31, 2022 **2023** was $ 100. 0 million. **Prior to the First Amendment (as defined below),** Both **both** the Amended Revolving Credit Facility and the Amended Term Loan Facility bear **bore** interest, at **the** borrowers' option, at either (i) a rate per annum equal to an adjusted LIBOR rate determined by reference to the cost of funds for the United States dollar deposits for the applicable interest period (subject to a minimum floor of 0 %) plus an applicable margin ranging from 1. 25 % to 2. 125 % based on our consolidated total net leverage ratio **(the" Applicable Margin")** or (ii) a floating base rate plus an applicable margin ranging from 0. 25 % to 1. 125 % based on our consolidated total net leverage ratio. The **all- in** interest rate as of December **March** 31, 2021 **2023** for the Amended Term Loan Facility was approximately **6.** 2 **%** . 3 **On March 29, 2023, we amended the Amended Credit Agreement to transition the benchmark from LIBOR to an adjusted Secured Overnight Financing Rate (" SOFR ") (which is equal to the applicable SOFR plus 0. 10 %) (such transaction, the " First Amendment "). In connection with the First Amendment, all outstanding LIBOR loans were converted to SOFR loans. The annual interest rate for SOFR borrowings will be equal to term SOFR, subject to a floor of 0 %, plus a margin ranging from 1. 25 % to 2. 125** %. The Amended Credit Agreement contains a number of covenants that, among other things, restrict our ability to (subject to certain exceptions) pay dividends and distributions or repurchase our 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. As of March 31, ~~2022~~ **2023**, we were in compliance with all financial covenants under the Amended Credit Agreement **. In accordance with ASC 470, Debt, the amendment to the prior credit agreement was accounted for as both a debt modification and partial debt extinguishment, which resulted in the recognition of a loss on extinguishment of debt of $ 0. 5 million for the year ended March 31, 2022. We incurred and capitalized $ 1. 1 million of new debt issuance costs related to the amendment. In the year ended March 31, 2023, we recognized a loss on extinguishment of debt of $ 176 thousand, primarily related to the partial prepayment of term loan borrowings in the amount of $ 25. 0 million**. Off- balance sheet arrangements We are not party to any off- balance sheet arrangements. ~~Critical accounting policies and estimates~~ Our consolidated financial statements included elsewhere in this Annual Report have been prepared in accordance with **US** ~~U. S.~~ generally accepted accounting principles. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of 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. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are more fully described in the Note 2 to consolidated financial statements in Part IV, Item 15. " Exhibits, financial statement schedules **,** " ~~,~~ we believe that the following accounting policies and estimates are critical to our business operations and understanding of our financial results. Revenue recognition We recognize revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Control of the substantial majority of the products that we sell is transferred at a point in time. Factors that determine the specific point in time a customer obtains control and a performance obligation is satisfied are when we have a present right to payment for the goods, whether the customer has physical possession and title to the goods, and whether significant risks and rewards of ownership have transferred. Delivery is typically considered to have occurred at the time the title and risk of loss passes to the customer. In the normal course of business, we offer various incentives to customers such as sales discounts, markdown support and other incentives and allowances, which give rise to variable consideration. The amount of variable consideration is estimated at the time of sale based on either the expected value method or the most likely amount, depending on the nature of the variability. We regularly review and revise, when deemed necessary, our estimates of variable consideration based on both customer- specific expectations as well as historical rates of realization. A provision for unclaimed customer incentives and allowances is included on the consolidated balance sheet, net against accounts receivable. Impairment of long- lived assets, including goodwill and intangible assets We assess potential impairments to our long- lived assets, which include property and equipment, retail product displays, and amortizable intangible assets, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairment charges recorded on long- lived assets during the years ended March 31, ~~2022~~ **2023** or March 31, ~~2021~~ **2022**. We evaluate our indefinite- lived intangible asset to determine whether current events and circumstances continue to support an indefinite useful life. In addition, our indefinite- lived intangible asset is tested for impairment annually. The indefinite- lived intangible asset impairment test consists of a comparison of the fair value of each asset with its carrying value, with any excess of carrying value over fair value being recognized as an impairment loss. We are also permitted to make a qualitative assessment of whether it is more likely than not that an indefinite- lived intangible asset' s fair value is less than its carrying value prior to applying the quantitative assessment. If based on our qualitative assessment it is more likely than not that the carrying value of the asset is less than its fair value, then a quantitative assessment may be required. The goodwill impairment test consists of a comparison of each reporting unit' s fair value to its carrying value. The fair value of a reporting unit is an estimate of the amount for which the unit as a whole could be sold in a current transaction between willing parties. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value. We are also permitted to make a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit is less than its carrying value prior to applying the quantitative assessment. If based on our qualitative assessment it is more likely than not that the carrying value of the reporting unit is less than its fair value, then a quantitative assessment may be required. We have identified a single reporting unit for purposes of impairment testing. We have selected October 1 as the date on which to perform our annual impairment tests. We also test for impairment whenever events or circumstances indicate that the fair value of goodwill or indefinite- lived intangible assets has been impaired. No impairment of goodwill or our indefinite- lived intangible asset was recorded during the years ended March 31, ~~2022~~ **2023** or March 31, ~~2021~~ **2022**. Stock based compensation **We have several** ~~Stock~~ **stock award plans, which are described in detail in Note 12. We account for stock** based compensation **under ASC 718** ~~cost is measured at grant date~~ , **" Compensation** ~~based on the fair value of the award, and is recognized on a straight- line basis~~ **Stock Compensation." We recognize expense** over the requisite service period **of the award, net of an estimate** for ~~all awards that vest. We estimate~~ the **impact** ~~fair value~~ of ~~employee stock based payment awards subject to only a service condition on the date of grant using the Black- Scholes valuation model. The Black- Scholes model requires the use of highly subjective and complex assumptions, including the option' s expected term and the price volatility of the underlying stock. We estimate the fair value of employee stock based payment awards subject to market conditions on the date of grant using a Monte Carlo simulation model. We recognize compensation expense for awards with only a service condition on a straight- line basis over the requisite service period, which is generally the~~ award ~~' s vesting period. Compensation expense for employee stock based awards whose vesting is subject to the fulfillment of both a market condition and the occurrence of a performance condition is recognized on a graded- vesting basis at the time the achievement of the performance condition becomes probable. We account~~

~~for~~ forfeitures ~~as they occur. The expected stock price volatility for common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in our industry which are of similar size, complexity and stage of development. The risk- free interest rate for the expected term of the option is based on the U. S. Treasury implied yield at the date of grant. The weighted- average expected term is determined with reference to historical exercise and post- vesting cancellation experience and the vesting period and contractual term of the awards~~ . We have no current plans to pay a regular dividend. New accounting pronouncements See Note 2 Summary of significant accounting policies to the Notes to consolidated financial statements in Part IV, Item 15. " Exhibits, Financial Statement Schedules " for information regarding new accounting pronouncements. We comply with any new or revised accounting standards on the relevant dates on which adoption of such standards is required for publicly traded companies that are not emerging growth companies. Item 7A. Quantitative and qualitative disclosures about market risk. We are exposed to certain market risks arising from transactions in the normal course of our business. Such risk is principally associated with interest rates and foreign exchange. Interest rate risk We had cash, cash equivalents of $ **120. 8 million and $** 43. 4 million ~~and $ 57. 8 million~~ as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** , respectively. Our cash and cash equivalents consist of cash and money market funds, which are highly liquid and, as such, are not sensitive to interest rate risk. We are exposed to changes in interest rates because the indebtedness incurred under the Amended Credit Agreement is variable rate debt. Interest rate changes generally do not affect the market value of our Amended Credit Facility; however, they do affect the amount of our interest payments. A hypothetical 1 % increase or decrease of interest rates would result in a decrease or increase, respectively, in interest expense on an annualized basis of approximately $ ~~1.~~ 0 **. 7** million as of March 31, ~~2022~~ **2023** . Foreign exchange risk We are exposed to foreign exchange risk as we sell product into Canada, the **UK** ~~United Kingdom~~ , Europe and other smaller international markets. We also have exposure to the Chinese Renminbi as we source nearly all our products from China. We do not have an active hedging program ~~, and all of our legacy exchange rate forward contracts matured in 2016. We neither used these foreign currency forward contracts for trading purposes nor did we follow hedge accounting, and therefore the periodic impact of these legacy hedging activities was calculated on a mark- to- market basis. Accordingly, the foreign currency forward contracts were carried at their fair value either as an asset or liability on the consolidated balance sheet with changes in fair value being recorded in other income (expense), net in our consolidated statements of operations~~ . Foreign currency transaction exposure from a 10 % movement of currency exchange rates would have a material impact on our reported cost of sales and net income. Based on a hypothetical 10 % adverse movement in RMB as compared to the US dollar, our cost of sales and net income would be adversely affected by approximately $ ~~14~~ **12** . ~~5~~ **3** million for the year ended March 31, ~~2022~~ **2023** . Item 8. Financial statements and supplementary data. The following consolidated financial statements are incorporated by reference herein: e. l. f. Beauty, Inc. and subsidiariesIndex to consolidated financial statements PageReport of Independent Registered Public Accounting ~~Firm61Consolidated~~ **Firm63Consolidated** Balance ~~Sheets63Consolidated~~ **Sheets65Consolidated** Statements of Operations and Comprehensive Income ~~64Consolidated~~ **66Consolidated** Statements of Stockholders' Equity ~~65Consolidated~~ **67Consolidated** Statements of Cash ~~Flows66Notes~~ **Flows68Notes** to Consolidated Financial ~~Statements68~~ **Statements70** Item 9. Changes in and disagreements with accountants on accounting and financial disclosure. Item 9A. Controls and procedures. Evaluation of Disclosure Controls and Procedures As of March 31, ~~2022~~ **2023** , 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 Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, ~~2022~~ **2023** , 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. Management' s Annual Report on Internal Control over Financial Reporting Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the framework in " Internal Control- Integrated Framework (2013) " issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that our internal control over financial reporting was effective as of March 31, ~~2022~~ **2023** . Deloitte & Touche LLP, an independent registered public accounting firm, was retained to audit our Consolidated Financial Statements and the effectiveness of our internal control over financial reporting. They have issued an attestation report on our internal control over financial reporting as of March 31, ~~2022~~ **2023** , which is included herein. Changes in Internal Control over Financial Reporting There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, ~~2022~~ **2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting ~~. We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are working remotely due to the COVID- 19 pandemic. We are continually monitoring and assessing the impact of the COVID- 19 pandemic on our internal controls to minimize the impact on the design and operating effectiveness of our controls~~ . Section 302 and 906 Certification The required certification of our Chief Executive Officer and Chief Financial Officer under Sections 302 and 906 of the Sarbanes- Oxley Act of 2002 are included as exhibits to this Annual

Report (See Exhibits 31 and 32 under Part IV, Item 15." Exhibits, Financial Statement Schedules"). REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the stockholders and the Board of Directors of e. l. f. Beauty, Inc. Opinion on Internal Control over Financial Reporting We have audited the internal control over financial reporting of e. l. f. Beauty, Inc. and subsidiaries (the " Company ") as of March 31, ~~2022~~ **2023** , based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, ~~2022~~ **2023** , based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended March 31, ~~2022~~ **2023** , of the Company and our report dated May ~~26~~ **25** , ~~2022~~ **2023** , expressed an unqualified opinion on those financial statements. Basis for Opinion The Company' s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management' s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company' s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Definition and Limitations of Internal Control over Financial Reporting A company' s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company' s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company' s assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. / s / Deloitte & Touche LLP San Francisco, California May ~~26~~ **25** , ~~2022~~ **2023** Item 9B. Other information. Item 9C. Disclosure regarding foreign jurisdictions that prevent inspections. PART III Item 10. Directors, executive officers and corporate governance. The information required by this Part III, Item 10 is incorporated by reference to the sections ~~entitled~~ -- **titled** " Our Board of Directors **,** " ~~,~~ " Our Executive Officers **,** " ~~,~~ and " Corporate Governance Materials **"** (or similar titles) that will be contained in our Definitive Proxy Statement relating to our ~~2022~~ **2023** annual meeting of stockholders (our " Proxy Statement "). Our Proxy Statement will be filed with the SEC within 120 days of March 31, ~~2022~~ **2023** . Item 11. Executive compensation. The information required by this Part III, Item 11 is incorporated by reference to the sections ~~entitled~~ -- **titled** " Our Board of Directors " and " Executive Compensation " (or similar titles) that will be contained in the Proxy Statement. Item 12. Security ownership of certain beneficial owners and management and related stockholder matters. The information required by this Part III, Item 12 is incorporated by reference to the sections ~~entitled~~ -- **titled** " Equity Compensation Plan Information " and " Beneficial Ownership of Common Stock " (or similar titles) that will be contained in the Proxy Statement. Item 13. Certain relationships and related transactions, and director independence. The information required by this Part III, Item 13 is incorporated by reference to the sections ~~entitled~~ -- **titled** " Certain Relationships and Related Party Transactions " and " Our Board of Director " (or similar titles) that will be contained in the Proxy Statement. Item 14. Principal ~~accounting~~ **accountant** fees and services. The information required by this Part III, Item 14 is incorporated by reference to the section entitled " Audit Matters " (or a similar title) that will be contained in the Proxy Statement. PART IV Item 15. Exhibits, financial statement schedules. (a) The following documents are filed as part of this Annual Report: 1. Consolidated financial statements: Reference is made to the Index to Consolidated Financial Statements on page ~~60~~ **62** hereof, which is incorporated by reference herein. 2. Financial statement schedules: All schedules are omitted because the required information is either not present, not present in material amounts or presented within our consolidated financial statements and notes thereto beginning on page ~~68~~ **65** hereof and are incorporated herein by reference. 3. Exhibits Incorporated by ReferenceExhibit NumberExhibit DescriptionProvidedHerewithFormExhibitNumberFile NumberFiling Date3. 1Amended and Restated Certificate of Incorporation of e. l. f. Beauty, Inc. 8- K3. 1001- 378739 / 27 / 20163. 2Amended and Restated Bylaws of e. l. f. Beauty, Inc. 8- K3. 2001- 378739 / 27 / 20164. 1Reference is made to Exhibits 3. 1 and 3. 2. 4. ~~2Registration Rights Agreement, dated January 31, 2014, by and among e. l. f. Beauty, Inc. and certain stockholders party thereto. S- 14. 2333- 2133338 / 26 / 20164. 3Form~~ **2Form** of Common Stock Certificate. S- 1 / A4. 4333- 2133339 / 12 / 20164. ~~4Description~~ **3Description** of Capital Stock10- K4. 4001- 378735 / 27 / 202110. 1 (a) Standard Multi- Tenant Office Lease, dated as of March 31, 2014, by and between 1007 Clay Street Properties LLC and e. l. f. Cosmetics, Inc. (formerly known as J. A. Cosmetics US, Inc.). S- 110. 1333- 2133338 / 26 / 201610. 1 (b) Addendum to Standard Multi- Tenant Office Lease, dated as of March 31, 2014, by and between 1007 Clay Street Properties LLC and e. l. f. Cosmetics, Inc. (formerly known as J. A. Cosmetics US, Inc.). S- 110. 2333- 2133338 / 26 /

201610. 1 (c) Standard Multi- Tenant Office Lease, dated as of October 5, 2015, by and between 1007 Clay Street Properties LLC and e. l. f. Cosmetics, Inc. (formerly known as J. A. Cosmetics US, Inc.). S- 110. 3333- 2133338 / 26 / 201610. 1 (d) Addendum to Standard Multi- Tenant Office Lease, dated as of October 22, 2015, by and between 1007 Clay Street Properties LLC and e. l. f. Cosmetics, Inc. (formerly known as J. A. Cosmetics US, Inc.). S- 110. 4333- 2133338 / 26 / 201610. 1 (e) Amended and Restated Lease Agreement, dated June 19, 2019, by and between e. l. f. Cosmetics, Inc. and Redwood Property Investors III, LLC (as successor to 1007 Clay Street Properties) 10- Q10. 1001- 378738 / 8 / 201910. 2 (a) Standard Industrial / Commercial Multi- Tenant Lease, dated as of December 9, 2015, by and between Jurupa Gateway LLC and e. l. f. Cosmetics, Inc. (formerly known as J. A. Cosmetics US, Inc.). S- 110. 5333- 2133338 / 26 / 201610. 2 (b) First Amendment to Lease, dated August 24, 2020, by and between Jurupa Gateway LLC and e. l. f. Cosmetics, Inc. 10- Q10. 1001- 378732 / 4 / 2021 Incorporated by ReferenceExhibit NumberExhibit DescriptionProvidedHerewithFormExhibitNumberFile NumberFiling Date10. 3 (a) Senior Secured Credit Agreement, dated as of December 23, 2016, by and among e. l. f. Beauty, Inc., as parent guarantor, e. l. f. Cosmetics, Inc., J. A. 139 Fulton Street Corp., J. A. 741 Retail Corp., J. A. Cosmetics Retail, Inc., J. A. RF, LLC and J. A. Cherry Hill, LLC, each as a borrower, and Bank of Montreal, as the administrative agent, swingline lender and l / c issuer. 8- K10. 1001- 3787312 / 28 / 201610. 3 (b) First Amendment to Credit Agreement, dated as of August 25, 2017, by and among e. l. f. Beauty, Inc., as parent guarantor, e. l. f. Cosmetics, Inc., J. A. 139 Fulton Street Corp., J. A. 741 Retail Corp., J. A. Cosmetics Retail, Inc., J. A. RF, LLC and J. A. Cherry Hill, LLC, each as a borrower, Bank of Montreal, as the administrative agent, swingline lender and l / c issuer, and the lenders from time to time party thereto. 8- K10. 1001- 378738 / 28 / 201710. 3 (c) Second Amendment to Credit Agreement, dated as of December 7, 2018, by and among e. l. f. Beauty, Inc., as parent guarantor, e. l. f. Cosmetics, Inc., J. A. 139 Fulton Street Corp., J. A. 741 Retail Corp., J. A. Cosmetics Retail, Inc., J. A. RF, LLC and J. A. Cherry Hill, LLC, each as a borrower, Bank of Montreal, as the administrative agent, swingline lender and l / c issuer, and the lenders from time to time party thereto10- K10. 8 (b) 001- 378735 / 28 / 202010. 3 (d) Third Amendment to Credit Agreement, dated as of April 8, 2020, by and among e. l. f. Beauty, Inc., as parent guarantor, e. l. f. Cosmetics, Inc., W3ll People, Inc., J. A. RF, LLC, each as a borrower, Bank of Montreal, as the administrative agent, swingline lender and l / c issuer, and the lenders from time to time party thereto. 8- K10. 1001- 378734 / 9 / 202010. **4 (a)** ~~4Amended~~ - **Amended** and Restated Credit Agreement, dated April 30, 2021, by and among the Company as parent guarantor, e. l. f. Cosmetics, Inc., W3LL People, Inc. and J. A. RF, LLC, each as a borrower, Bank of Montreal, as the administrative agent, swingline lender and l / c issuer, U. S. Bank, as syndication agent and a joint lead arranger, BMO Capital Markets Corp., as a joint lead arranger and bookrunner, and the lenders from time to time party thereto. 8- K10. 1001- 378735 / 4 / ~~202010~~ **202110 . 4 (b) FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENTX10** . 5 (a) # 2014 Equity Incentive Plan of e. l. f. Beauty, Inc. S- 110. 12333- 2133338 / 26 / 201610. 5 (b) # Amendment to 2014 Equity Incentive Plan of e. l. f. Beauty, Inc., dated as of March 15, 2017. 10- K10. 7 (b) 001- 378733 / 15 / 201710. 5 (c) # Forms of stock option award agreements used under the 2014 Equity Incentive Plan of e. l. f. Beauty, Inc. S- 110. 13333- 2133338 / 26 / 201610. 6 (a) # 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. S- 1 / A10. 16333- 2133339 / 12 / 201610. 6 (b) # Amendment to the e. l. f. Beauty, Inc. 2016 Equity Incentive Award Plan8- K10. 2001- 378737 / 2 / 202010. 6 (c) # Form of Stock Option Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. S- 1 / A10. 17333 ~~- 2133339 / 12 / 201610. 6 (d) # Form of Restricted Stock Unit Award Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. S- 1 / A10. 27333~~ - 2133339 / 12 / 2016 Incorporated by ReferenceExhibit NumberExhibit DescriptionProvidedHerewithFormExhibitNumberFile NumberFiling Date10. 6 (**d) # Form of Restricted Stock Unit Award Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. S- 1 / A10. 27333- 2133339 / 12 / 201610. 6 (** e) # Form of Restricted Stock Award Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. (Executives). 10- K10. 12 (d) 001- 378733 / 15 / 201710. 6 (f) # Form of Restricted Stock Award Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. (Chief Executive Officer). 10- K10. 12 (e) 001- 378733 / 15 / 201710. 6 (g) # Form of Performance Stock Award Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. (Executives). 10- K10. 1001- 378735 / 27 / 202110. 6 (h) # Form of Performance Stock Award Grant Notice under the 2016 Equity Incentive Award Plan of e. l. f. Beauty, Inc. (Chief Executive Officer). 10- K10. 2001- 378735 / 27 / 202110. 7 # 2016 Employee Stock Purchase Plan of e. l. f. Beauty, Inc. S- 1 / A10. 18333- 2133339 / 12 / 201610. 8 # Amended and Restated Employment Agreement, dated as of February 26, 2019, between Tarang Amin, e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. 10- K10. 16001- 378732 / 28 / 201910. 9 # Amended and Restated Employment Agreement, dated as of February 26, 2019, between Scott Milsten, e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. 10- K10. 17001- 378732 / 28 / 201910. 10 # ~~Amended and Restated Employment Agreement, dated as of February 26, 2019, between Richard Baruch, Jr., e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. 10- K10. 18001- 378732 / 28 / 201910. 11 #~~ Employment Agreement, dated as of February 1, 2019, between Kory Marchisotto, e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. 10- Q10. 1001- 378735 / 9 / 201910. ~~12~~ **11** # Employment Agreement, dated as of March 15, 2019, between Mandy Fields, e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. 8- K10. 1001- 378733 / 21 / 201910. ~~13~~ **12** # Employment Agreement, dated as of November 25, 2019, between Josh Franks, e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. 10- Q10. 1001- 378732 / 6 / 202010. **13 # Employment Agreement, dated as of April 20, 2022 between Jennie Laar, e. l. f. Cosmetics, Inc. and e. l. f. Beauty, Inc. X10.** 14 # Form of Indemnification Agreement for directors and officers of e. l. f. Beauty, Inc. S- 110. 25333- 2133338 / 26 / 201610. 15 # Amended and Restated Non- Employee Director Compensation Program of e. l. f. Beauty, Inc. 10- Q10. 1001- 3787311 / 7 / 201910. 16 # Cooperation Agreement, dated as of July 1, 2020, by and between e. l. f. Beauty, Inc., Marathon Partners Equity Management, LLC, Marathon Partners L. P., Marathon Focus Fund L. P., Marathon Partners LUX Fund, L. P., Cibelli Research & Management, LLC and Mario Cibelli. 8- K10. 1001- 378737 / 2 / ~~202010~~ -- **2020 10** . 17List of Significant Subsidiaries of e. l. f. Beauty, Inc. 10- K21. 1001- 378735 / 27 / ~~2021 Incorporated~~ **2021Incorporated** by ReferenceExhibit NumberExhibit DescriptionProvidedHerewithFormExhibitNumberFile NumberFiling Date23. 1Consent of Independent Registered Public Accounting Firm. X 24. 1Power of Attorney. Reference is made to the signature page to this Annual Report

on Form 10- K. X 31. 1Certification of the Chief Executive Officer, pursuant to Section 302 of the Sarbanes- Oxley Act. X 31. 2Certification 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. INSXBRL 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. SCHInline XBRL Taxonomy Extension Schema Document. X101. CALInline XBRL Taxonomy Extension Calculation Linkbase Document. X101. DEFInline XBRL Taxonomy Extension Definition Linkbase Document. X101. LABInline XBRL Taxonomy Extension Label Linkbase Document. X101. PREInline XBRL Taxonomy Extension Presentation Linkbase Document. X104Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). X # Indicates management contract or compensatory plan * This certification is deemed furnished, and not filed, with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of e. l. f. Beauty, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10- K, irrespective of any general incorporation language contained in such filing. Item 16. Form 10- K Summary. SIGNATURES Pursuant to the requirements of Section 13 or 15 (d) 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. May ~~26~~ **25** , ~~2022~~ **2023** By: / s / Tarang P. AminDate Tarang P. AminChief Executive Officer (Principal Executive Officer) May ~~26~~ **25** , ~~2022~~ **2023** By: / s / Mandy FieldsDate Mandy FieldsChief Financial Officer (Principal Financial and Accounting Officer) POWER OF ATTORNEY KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Tarang P. Amin, Mandy Fields and Scott K. Milsten and each of them acting individually, as his or her true and lawful attorneys- in- fact and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10- K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys- in- fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys- in- fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated opposite his or her name. Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10- K has been signed below by the following persons in the capacities and on the dates indicated. NameTitle Date / s / Tarang P. AminChairman, Chief Executive Officer and Director (Principal Executive Officer) May ~~26~~ **25** , ~~2022Tarang~~ **2023Tarang** P. Amin / s / Mandy FieldsSenior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) May ~~26~~ **25** , ~~2022Mandy~~ **2023Mandy** Fields / s / Lori A. KeithDirectorMay ~~26~~ **25** , ~~2022Lori~~ **2023Lori** A. Keith / s / Lauren Cooks LevitanDirector May ~~26~~ **25** , ~~2022Lauren~~ **2023Lauren** Cooks Levitan / s / Kenny MitchellDirectorMay ~~26~~ **25** , ~~2022Kenny~~ **2023Kenny** Mitchell / s / **Tiffany DanieleDirectorMay 25** ~~Richelle P. ParhamDirectorMay 26~~ , **2023Tiffany Daniele** ~~2022Richelle P. Parham~~ / s / **Gayle TaitDirector** ~~Kirk L. PerryDirector~~ May ~~26~~ **25** , **2023Gayle Tait** ~~2022Kirk L. Perry~~ / s / Beth M. PritchardDirector May ~~26~~ **25** , ~~2022Beth~~ **2023Beth** M. Pritchard / s / Maureen C. WatsonDirector May ~~26~~ **25** , ~~2022Maureen~~ **2023Maureen** C. Watson / s / Richard G. WolfordDirector May ~~26~~ **25** , ~~2022Richard~~ **2023Richard** G. Wolford INDEX TO CONSOLIDATED FINANCIAL STATEMENTS Report of independent registered public accounting firm (DELOITTE & TOUCHE LLP, San Francisco, CA, Auditor Firm ID: 34) ~~61~~ **63** Consolidated balance sheets as of March 31, ~~2022~~ **2023** and March 31, **202265** ~~2021 63~~ Consolidated statements of operations and comprehensive income for the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~202064~~ **202166** Consolidated statements of stockholders' equity for the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, **202167** ~~2020 65~~ Consolidated statements of cash flows for the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~202066~~ **202168** Notes to consolidated financial ~~statements68~~ **statements70** REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the stockholders and the Board of Directors of e. l. f. Beauty, Inc. Opinion on the Financial Statements We have audited the accompanying consolidated balance sheets of e. l. f. Beauty, Inc. and subsidiaries (the ~~"~~ **"** Company ~~"~~ **"**) as of March 31, **2023 and** 2022 ~~and 2021~~ , the related consolidated statements of operations and comprehensive income, stockholders ~~'~~ **'** equity, and cash flows, for **each of** the three years in the period ended March 31, ~~2022~~ **2023** , and the related notes (collectively referred to as the ~~"~~ **"** financial statements ~~"~~ **"**). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, **2023 and** 2022 ~~and 2021~~ , and the results of its operations and its cash flows for each of the three years in the period ended March 31, ~~2022~~ **2023** , in conformity with accounting principles generally accepted in the United States of America. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company ~~'~~ **'** s internal control over financial reporting as of March 31, ~~2022~~ **2023** , based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May ~~26~~ **25** , ~~2022~~ **2023** , expressed an unqualified opinion on the Company ~~'~~ **'** s internal control over financial reporting. These financial statements are the responsibility of the Company ~~'~~ **'** s management. Our responsibility is to express an opinion on the Company ~~'~~ **'** s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence

regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion. Critical Audit Matter The critical audit matter communicated below is a matter arising from the current- period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates. Revenue Recognition — Provision for Customer Incentives and Allowances — Refer to Note 2 to the financial statements Critical Audit Matter Description The Company offers various incentives to customers such as sales discounts, markdown support and other incentives and allowances, which give rise to variable consideration. The amount of variable consideration is estimated at the time of sale based on either the expected amount or the most likely amount, depending on the nature of the variability. The Company regularly reviews and revises, when deemed necessary, its estimates of variable consideration based on both customer- specific expectations as well as historical rates of realization. A provision for customer incentives and allowances is included on the consolidated balance sheet, net against accounts receivable. The provision for customer incentives and allowances was $ 23. 5 million and $ 16. 3 million and $ 11. 9 million as of March 31, 2022 2023 and March 31, 2021 2022 , respectively. Auditing the Company' s provision for customer incentives and allowances was complex and judgmental as the provision for customer incentives and allowances is determined based on significant management estimates. Changes in these estimates can have a material impact on revenue recognized. Additionally, given the subjectivity of estimating the provision for customer incentives and allowances, performing audit procedures to evaluate whether the provision for customer incentives and allowances is appropriately recorded required a high degree of auditor judgment. How the Critical Audit Matter Was Addressed in the Audit Our audit procedures related to the Company' s provision of unclaimed customer incentives and allowances included the following, among others: -• We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company' s provision of unclaimed customer incentives and allowances, including controls over management' s review of the significant assumptions, such as the historical rate of customer deductions and management' s review of the completeness and accuracy of the data used. -• We tested customer deduction data underlying the estimate to validate the nature, timing, and amount of deductions taken. -• We evaluated the Company' s historical ability to accurately estimate its provision by performing a retrospective analysis on the prior period reserve, based on current period deductions. -• We evaluated period- over- period comparisons of the Company' s provision for customer incentives and allowances and deductions claimed by customers by allowance type to identify unusual trends. -• We evaluated management' s methodologies and tested the significant assumptions used by the Company to calculate the provision for customer incentives and allowances and verified they were in agreement with the terms of underlying customer contracts. San Francisco, California May 26 25 , 2022 2023 We have served as the Company' s auditor since 2014. (in thousands, except share and per share data) March 31, 2022March 2023March 31, 2021Assets 2022Assets Current assets: Cash and cash equivalents $ 120, 778 $ 43, 353 $ 57, 768 Accounts receivable, net45 net67, 928 45 , 567 40, 185 Inventory, net84 net81 , 323 84 , 498 56, 810 Prepaid expenses and other current assets19 assets33 , 296 19 , 611 15, 381 Total current assets193 -- assets303 , 325 193 , 029 170, 144 Property and equipment, net10 net7, 874 10 , 577 13, 770 Intangible assets, net86 - net78 , 041 86 , 163 94, 286 Goodwill171, 620 171, 620 Investments2, 875 2, 875 Other assets30 assets31 , 866 30 , 368 34, 698 Total assets $ 595, 601 $ 494, 632 $ 487, 393 Liabilities and stockholders' equity Current liabilities: Current portion of long- term debt and finance lease obligations $ 5, 575 $ 5, 786 $ 16, 281 Accounts payable19 - payable31 , 427 19 , 227 15, 699 Accrued expenses and other current liabilities40 liabilities70 , 974 40 , 004 41, 351 Total current liabilities65 liabilities107 , 976 65 , 017 73, 331 Long- term debt and finance lease obligations91 obligations60 , 881 91 , 080 110, 255 Deferred tax liabilities9 liabilities3 , 742 9 , 593 13, 479 Long- term operating lease obligations15 obligations11 , 201 15 , 744 20, 084 Other long- term liabilities769 liabilities784 598 769 Total liabilities182 liabilities184 , 584 182 , 203 217, 747 Commitments and contingencies (Note 9) Stockholders' equity: Common stock, par value of $ 0. 01 per share; 250, 000, 000 shares authorized as of March 31, 2022 2023 and March 31, 2021 2022 ; 53, 770, 482 and 52, 243, 764 and 51, 590, 830 shares issued and outstanding as of March 31, 2022 2023 and March 31, 2021 2022 , respectively515 respectively535 504 515 Additional paid- in capital795 capital832, 481 795 , 443 774, 441 Accumulated deficit (483 421 , 529 999) (505 483 , 299 529) Total stockholders' equity 411, 017 312, 429 269, 646 Total liabilities and stockholders' equity $ 595, 601 $ 494, 632 $ 487, 393 The accompanying notes are an integral part of these consolidated financial statements. Year ended March 31, 202220212020Net 202320222021Net sales $ 578, 844 $ 392, 155 $ 318, 110 $ 282, 851 Cost of sales140 sales188 , 448 140 , 423 111, 912 101, 728 Gross profit251 profit390, 396 251 , 732 206, 198 181, 123 Selling, general and administrative expenses221 - expenses322 , 253 221 , 912 194, 157 157, 155 Restructuring expense — (income) 50 2, 641 (5, 982) Operating income 68, 143 29, 770 9, 400 29, 950 Other expense, net (expense 1, 875) income, net (1, 438) (1, 620) 426 Interest expense, net (2, 018) (2, 441) (4, 090) (6, 307) Loss on extinguishment of debt (176) (460) — — Income before provision for income taxes25 taxes64, 074 25 , 431 3, 690 24, 069 Income tax (provision) benefit (2, 544) (3, 661) 2, 542 (6, 185) Net income $ 61, 530 $ 21, 770 $ 6, 232 $ 17, 884 Comprehensive income $ 61, 530 $ 21, 770 $ 6, 232 $ 17, 884 Net income per share: Basic $ 1. 17 $ 0. 43 $ 0. 13 Diluted $ 0 1 . 11 37 Diluted $ 0. 41 $ 0. 12 $ 0. 35 Weighted average shares outstanding: Basic50 Basic52 , 474, 811 50 , 940, 808 49, 377, 410 48, 498, 813 Diluted53 Diluted55 , 337, 554 53 , 654, 303 51, 994, 145 50, 817, 143 (in thousands, except share data) Common stockAdditionalpaid- incapitalAccumulated deficitTotalstockholders' equity SharesAmountBalance as of March 31, 201948 202048 , 288 874 , 720 742 $ 483 489 $ 744 753 , 147 213 $ (529 511 , 415 531) $ 215, 215 Net income — — — 17, 884 17, 884 Stock based compensation — — 15, 488 — 15, 488 Exercise of stock options and vesting of restricted stock1, 150, 490 12 1, 476 — 1, 488 Repurchase of common stock (564, 468) (6) (7, 898) — (7, 904) Balance as of March 31, 202048, 874, 742 489 753, 213 (511, 531) 242, 171 Net income —

— — 6, 232 6, 232 Stock based compensation — — 19, 493 — 19, 493 Exercise of stock options and vesting of restricted stock1, 525, 768 15 1, 735 — 1, 750 Balance as of March 31, 202150, 400, 510 504 774, 441 (505, 299) 269, 646 Net income — — — 21, 770 21, 770 Stock based compensation — — 19, 336 — 19, 336 Exercise of stock options and vesting of restricted stock1, 123, 797 11 1, 666 — 1, 677 Balance as of March 31, 202251, 524, 307 **515 795, 443 (483, 529) 312, 429 Net income — — — 61, 530 61, 530 Stock based compensation — — 29, 005 — 29, 005 Exercise of stock options and vesting of restricted stock2, 047, 270 20 8, 033 — 8, 053 Balance as of March 31, 202353, 571, 577** $ ~~515~~ **535** $ ~~795~~ **832** , ~~443~~ **481** $ (~~483~~ **421** , ~~529~~ **999**) $ ~~312~~ **411** , ~~429~~ **017** Year ended March 31, ~~202220212020Cash~~ ---- **202320222021Cash** flows from operating activities: Net income $ **61, 530 $** 21, 770 $ 6, 232 ~~$ 17, 884~~ Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization **22, 164** 27, 083 25, 179 ~~22, 843~~ Restructuring expense **—** ~~(income)~~ 50 2, 641 ~~(5, 982)~~ Stock based compensation ~~expense19~~ **expense29 , 117 19** , 646 19, 682 ~~15, 488~~ Amortization of debt issuance costs and discount on ~~debt394~~ - **debt346 394** 847 ~~747~~ Deferred income taxes (**6, 401) (** 3, 701) (8, 584) ~~2, 443~~ Loss on extinguishment of ~~debt460 —~~ **debt176 460** — Other, ~~net496~~ **net179 496** 383 ~~873~~ Changes in operating assets and liabilities: Accounts receivable (**22, 432) (** 5, 597) (10, 529) ~~2, 504 Inventories~~ **Inventory3 , 174** (27, 655) (10, 937) ~~(435)~~ Prepaid expenses and other assets **(24, 553)** (10, 555) (9, 659) ~~(6, 500)~~ Accounts payable and accrued ~~expenses1~~ **expenses42 , 995 1** , 498 17, 472 ~~5, 962~~ Other liabilities (4, **412) (4,** 376) (3, 252 ~~) (11, 514~~) Net cash provided by operating ~~activities19~~ **activities101 , 883 19** , 513 29, 475 ~~44, 313~~ Cash flows from investing activities: **Purchase** ~~Acquisition, net~~ of **property and equipment** ~~cash acquired — —~~ (~~25~~ **1** , ~~923~~ **723**) ~~Purchase of property and equipment~~ (4, 818) (6, 474) ~~(9, 422)~~ Net cash used in investing activities **(1, 723)** (4, 818) (6, 474 ~~) (35, 345~~) Cash flows from financing activities: Proceeds from revolving line of ~~credit26~~ -- **credit — 26** , 480 20, 000 ~~—~~ Repayment of revolving line of credit **—** (26, 480) (20, 000) ~~—~~ Proceeds from long- term ~~debt25~~ -- **debt — 25** , 581 ~~—~~ — Repayment of long- term debt (**30, 000) (** 54, 525) (11, 756 ~~) (9, 488~~) Debt issuance costs paid **—** (1, 064) (334) ~~— Repurchase of common stock — — (7, 904)~~ Cash received from issuance of common ~~stock1~~ **stock8 , 053 1** , 677 1, 503 ~~1, 488~~ Other, net **(788)** (779) (813) ~~(771)~~ Net cash used in financing activities **(22, 735)** (29, 110) (11, 400) ~~(16, 675)~~ Net **increase** (decrease) ~~increase~~ in cash and cash ~~equivalents~~ **equivalents77 , 425** (14, 415) 11, 601 ~~(7, 707)~~ Cash and cash equivalents- beginning of ~~period57~~ **period43 , 353 57** , 768 46, 167 ~~53, 874~~ Cash and cash equivalents- end of period $ **120, 778 $** 43, 353 $ 57, 768 ~~$ 46, 167~~ Year ended March 31, ~~202220212020Supplemental~~ ---- **202320222021Supplemental** disclosure of cash flow information: Cash paid for interest $ **3, 546 $** 1, 762 $ 3, 018 ~~$ 6, 302~~ Cash paid for income taxes, net of ~~refunds7~~ **refunds13 , 369 7** , 573 2, 301 ~~5, 604~~ Cash paid for interest on finance ~~leases63~~ - **leases32 63** 137 ~~179~~ Supplemental disclosure of noncash investing and financing activities: Property and equipment purchases included in accounts payable and accrued expenses $ **335 $** 390 $ 359 ~~$ 1, 132~~ e. l. f. Beauty, Inc. and subsidiariesNotes to consolidated financial statements Note 1 — Nature of operations e. l. f. Beauty, Inc., a Delaware corporation, (" e. l. f. Beauty " and together with its subsidiaries, the " Company, " or " we ") is a multi- brand beauty company that offers inclusive, accessible, **clean, vegan and** cruelty- free cosmetics and skincare products. ~~Our~~ **The Company' s** mission is to make the best of beauty accessible to every eye, lip ~~and~~ **,** face **and skin concern** . ~~We~~ **e. l. f Beauty** ~~believe~~ **believes** ~~our~~ **its** ability to deliver ~~100 %~~ cruelty- free, **clean, vegan and** premium- quality products at accessible prices with broad appeal differentiates ~~us~~ **it** in the beauty industry. ~~We~~ **e. l. f. Beauty** ~~believe~~ **believes** the combination of **its** ~~our fundamental~~ value ~~equation~~ **proposition** , **innovation engine** ~~digitally- led strategy~~ , ~~as well as our~~ **ability to attract and engage consumers, and its** world- class team' s ability to execute with speed **,** has positioned ~~us~~ **the Company** well to navigate **the competitive** ~~a rapidly changing landscape in~~ beauty **market** . ~~Our~~ **The Company' s** family of brands includes e. l. f. Cosmetics, e. l. f. SKIN, Well People and Keys Soulcare. ~~Our~~ **The Company' s** brands are available online and across leading beauty, mass- market and ~~clean- beauty~~ specialty retailers. ~~We have~~ **The Company has** strong relationships with ~~our~~ **its** retail ~~partners~~ **customers** such as **Target,** Walmart ~~, Target~~ , Ulta Beauty and other leading retailers that have enabled ~~us~~ **the Company** to expand distribution both domestically and internationally. Note 2 — Summary of significant accounting policies Basis of presentation ~~and fiscal year end change~~ The consolidated financial statements and related notes have been prepared in accordance with **US** ~~U. S.~~ generally accepted accounting principles (" **US** ~~U. S.~~ GAAP ") and all intercompany balances and transactions have been eliminated in consolidation. Use of estimates The preparation of financial statements in conformity with **US** ~~U. S.~~ GAAP requires management 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. Cash and cash equivalents include all cash balances and highly liquid investments purchased with maturities of three months or less. Trade receivables consist of uncollateralized, non- interest bearing customer obligations from transactions with ~~retail~~ **the Company' s** customers, reduced by an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make payments. The allowance is based on the evaluation and aging of past due balances, specific exposures, historical trends and economic conditions. The Company maintains allowances for doubtful accounts for uncollectible accounts receivable. Management estimates anticipated losses from doubtful accounts based on days past due, collection history and the financial health of customers. The Company writes off accounts receivable against the allowance when a balance is determined to be uncollectible. Recoveries of receivables previously written off are recorded when received. The Company recorded an allowance for doubtful accounts of $ 0. 1 million and $ 0. ~~2~~ **1** million as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** , respectively. The Company recorded a reserve for sales adjustments of $ **23. 5 million and $** 16. 3 million ~~and $ 11. 9 million~~ as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** , respectively, which is also presented as a reduction to accounts receivable. The Company grants credit terms in the normal course of business to its customers. Trade credit is extended based upon an evaluation of each customer' s ability to perform its payment obligations. Concentrations of credit risk Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents including money market funds. Although the Company deposits its cash with creditworthy financial institutions, its deposits, at times, may exceed federally insured limits. To date, the Company has not experienced any losses on its cash deposits. The Company performs

credit evaluations of its customers and the risk with respect to trade receivables is further mitigated by the short duration of customer payment terms and the pedigree of the customer base. During the years ended March 31, 2022 2023, March 31, 2021 2022 and March 31, 2020 2021, three -- the following customers individually accounted for greater than 10 % of the Company' s net sales as disclosed below: Year ended March 31, 202220212020Walmart26 202320222021Target25 % 23 % 22 % Walmart20 % 26 % 26 31 % Target23 % 22 % 22 % Ulta Beauty12 Beauty15 % * 12 % * * Net sales from customer comprised less than 10 % of net sales in the periods - period indicated. Customers that individually accounted for greater than 10 % of the Company' s accounts receivable at the end of the periods as of March 31, 2022 2023 and March 31, 2021 2022, respectively, are as presented: March 31, 2022March 2023March 31, 2021Walmart31 2022Target32 % 33 18 % Target18 Walmart26 % 17 31 % Ulta Beauty * 11 % * Customer comprised less than 10 % accounts receivable in the period indicated. Inventory, consisting principally of finished goods, is stated at the lower of cost or market and net realizable value. Cost is principally determined by the first- in, first- out method. The Company also records a reserve for excess and obsolete inventory, which represents the excess of the cost of the inventory over its estimated market value. This reserve is based upon an assessment of historical trends, current market conditions and forecasted product demand. The Company recorded an adjustment for excess and obsolete inventory, which is presented as a reduction to inventory of $ 6. 6 million and $ 4. 5 million and $ 3. 6 million as of March 31, 2022 2023 and March 31, 2021 2022, respectively. 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. Repairs and maintenance expenditures are expensed as incurred. Useful lives by major asset class are as follows: Estimateduseful livesMachinery, equipment and software3- 5 years Leasehold improvementsup to 5 years Furniture and fixtures2- 5 years Store fixtures1- 3 years As of March 31, 2022 2023 and March 31, 2021 2022, included in other assets are retail product displays, net, of $ 15. 7 million and $ 10. 1 million and $ 9. 7 million, respectively, that are generally amortized over a period of three years. Amortization expense for retail product displays was $ 5. 2 million, $ 5. 9 million , and $ 5. 2 million and $ 6. 0 million for the years ended March 31, 2022 2023, March 31, 2021 2022 and March 31, 2020 2021, respectively. The Company evaluates events and changes in circumstances that could indicate carrying amounts of long- lived assets, including property and equipment, may not be recoverable. When such events or changes in circumstances occur, the Company assesses the recoverability of long- lived assets by determining whether or not the carrying value of such assets will be recovered through undiscounted future cash flows derived from their use and eventual disposition. For purposes of this assessment, long- lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company' s long- lived assets are grouped on an entity- wide basis. This is due, in part, to the integrated nature of the Company' s various distribution channels and the extent of shared costs across those channels. If the sum of the undiscounted future cash flows is less than the carrying amount of an asset, the Company records an impairment loss for the amount by which the carrying amount of the assets exceeds its fair value. There were no impairment charges recorded on long- lived assets during the years ended March 31, 2022 2023, March 31, 2021 2022 and March 31, 2020 2021, respectively. Goodwill and intangible assets Goodwill represents the excess of the purchase price for an acquisition over the fair value of the net assets acquired. In addition, the Company has acquired finite- lived intangible assets and an indefinite- lived intangible asset. Goodwill is not amortized but rather is reviewed annually for impairment, at the reporting unit level, or when there is evidence that events or changes in circumstances indicate that the Company' s carrying amount may not be recovered. When testing goodwill for impairment, the Company first performs an assessment of qualitative factors. If qualitative factors indicate that it is more likely than not that the fair value of the relevant reporting unit is less than its carrying amount, the Company tests goodwill for impairment at the reporting unit level using a two- step approach. In step one, the Company determines if the fair value of the reporting unit exceeds the unit' s carrying value. If step one indicates that the fair value of the reporting unit is less than its carrying value, the Company performs step two, determining the fair value of goodwill and, if the carrying value of goodwill exceeds its implied fair value, an impairment charge is recorded. The Company has identified a single reporting unit for purposes of impairment testing due, in part, to the integrated nature of the Company' s various distribution channels and the extent of shared costs across those channels. Indefinite- lived intangible assets are not amortized but rather are tested for impairment annually and impairment is recognized if the carrying amount exceeds the fair value of the intangible asset. The Company evaluates its indefinite- lived intangible asset to determine whether current events and circumstances continue to support an indefinite useful life. Amortization of intangible assets with finite useful lives is computed on a straight- line basis over periods of 3 years to 10 years. The determination of the estimated period of benefit is dependent upon the use and underlying characteristics of the intangible asset. The Company evaluates the recoverability of its intangible assets subject to amortization when facts and circumstances indicate that the carrying value of the asset may not be recoverable. If the carrying value of an intangible asset is not recoverable, impairment loss is measured as the amount by which the carrying value exceeds its estimated fair value. Debt issuance costs and lender fees were incurred for arranging the credit facilities from various financial institutions. For credit facilities consisting of both term and revolving debt, such costs are allocated to each sub- facility based upon the total borrowing capacity. For term debt, issuance costs are presented within the related long- term debt liability on the consolidated balance sheet and lender fees are presented as a direct deduction from the carrying amount. Both debt issuance costs and lender fees are amortized over the term of the related debt using the effective interest rate method. For revolving debt, issuance costs and lender fees are presented as a noncurrent asset and amortized over the term of the related debt on a straight- line basis. Fair value of financial instruments The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable and accrued expenses approximate their fair values due to the short- term nature of these items. The carrying amounts of bank debt approximate their fair values as the stated interest rates approximate market rates currently available to the Company for loans with similar terms. See Note 7 Fair value of financial instruments to consolidated financial statements in Part IV, Item 15. " Exhibits, financial statement schedules ". 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 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. During the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , net sales in the United States and **International** ~~outside of the United States~~ were as follows (in thousands): Year ended March 31, ~~202220212020United~~ ---- **202320222021United** States **$ 506, 759** $ 347, 484 $ 282, 273 ~~$ 255, 284 International44~~ **International72 , 085 44** , 671 35, 837 ~~27, 567~~ Total net sales $ **578, 844 $** 392, 155 $ 318, 110 ~~$ 282, 851~~ As of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** , the Company had property and equipment in the United States and **International** ~~outside of the United States~~ as follows (in thousands): March 31, ~~2022March~~ **2023March** 31, ~~2021United~~ **2022United** States $ **7, 606 $** 10, 363 ~~$ 13, 524 International214~~ **International268** ~~246~~ **214** Total property and equipment, net $ **7, 874 $** 10, 577 ~~$ 13, 770~~ Revenue recognition Revenue is recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. For the Company' s retail customer transactions, a contract exists when a written purchase order is received and control transfers at the time of shipment or the time of delivery, depending upon the specific terms of the customer arrangement. For the Company' s direct- to- consumer transactions, a contract exists when an order is placed online and control transfers at the time of delivery of merchandise to the consumer. Nearly all of the Company' s transactions with its customers and consumers include a single performance obligation delivered at a point in time. The transaction price can include both fixed and variable consideration. In most cases, it is entirely comprised of variable consideration with the variability driven by expected sales discounts, markdown support and other incentives and allowances offered to customers. These incentives may be explicit or implied by the Company' s historical business practices. Generally, these commitments represent cash consideration paid to a customer and do not constitute a promised good or service. The amount of variable consideration is estimated at the time of sale based on either the expected amount or the most likely amount, depending on the nature of the variability. The Company regularly reviews and revises, when deemed necessary, its estimates of variable consideration, based on both customer- specific expectations as well as historical rates of realization. A provision for customer incentives and allowances is included on the consolidated balance sheet, net against accounts receivable. Disaggregated revenue The Company distributes product both through national and international retailers as well as direct- to- consumers through its e- commerce channels. The marketing and consumer engagement benefits that the direct channels provide 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 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. Contract assets and liabilities The Company extends credit to **its** retail customers based upon an evaluation of their credit quality. The majority of retail customers obtain payment terms ~~between~~ **of approximately** 30 ~~- 60~~ days and a contract asset is recognized for the related accounts receivable. Additionally, shipping terms can vary, giving rise to contract liabilities for contracts where payment has been received in advance of delivery. The contract liability balance can vary significantly depending on the timing of when an order is placed and when shipment or delivery occurs. As of March 31, ~~2022~~ **2023** , other than accounts receivable, the Company had no material contract assets, contract liabilities or deferred contract costs recorded on its consolidated balance sheet. Practical expedients The Company elected to record revenue net of taxes collected from customers and exclude the amounts from the transaction price. The Company includes in revenue any taxes assessed on the Company' s total gross receipts for which it has the primary responsibility to pay the tax. The Company elected not to disclose revenues related to remaining performance obligations for partially completed or unfulfilled contracts that are expected to be fulfilled within one year as such amounts were insignificant. A reconciliation of the beginning and ending amounts of the reserve for sales adjustments for the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** is as follows (in thousands): Balance as of March 31, ~~2019~~ **2020** $ **7** ~~6, 545 Charges29, 576 Deductions (28, 508) Balance as of March 31, 20207~~ , 613 Charges41, 027 Deductions (36, 727) Balance as of March 31, 202111, 913 Charges48, 862 Deductions (44, 465) Balance as of March 31, ~~2022~~ **202216 , 310 Charges66, 302 Deductions (59, 092) Balance as of March 31, 2023** $ ~~16~~ **23** , ~~310~~ **520** In the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , the Company recorded $ **1. 6 million, $** 0. 7 million ~~,~~ **and** $ 0. 8 ~~million and $ 0. 7~~ million, respectively, of reimbursed shipping expenses from customers within revenues. The shipping and handling costs associated with product distribution were $ **36. 9 million, $** 28. 0 million ~~,~~ **and** $ 26. 4 ~~million and $ 19. 8~~ million, in the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , respectively, and are included in selling, general and administrative expenses in the consolidated statements of operations. Income taxes Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Future income tax benefits are recognized to the extent that realization of such benefits is more likely than not. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in its income tax provision. Leases The Company has entered into operating lease agreements for office space, warehouse and equipment and software. Lease assets and liabilities are recognized at the present value of the minimum rental payments (excluding executory costs) and expected

payment under any residual value guarantee at the lease commencement date. The Company uses its incremental borrowing rate to determine the present value of lease payments. Non- lease components primarily include payments for maintenance and utilities. The Company accounts for the non- lease components in a contract (e. g., common area maintenance) as part of the lease component by electing practical expedient for all leases of commercial office and warehouse space, as the non- lease components are not a significant portion of the total consideration in those agreements. The Company' s lease terms include periods under options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease assets and liabilities are included on the Company' s consolidated balance sheet. The current portion of the Company' s operating lease liabilities is included in accrued expenses and other current liabilities and the long- term portion is included in long- term operating lease liabilities. Finance lease assets are included in other assets. Finance lease liabilities are included in long- term debt and finance lease obligations. Operating lease expense is recognized on a straight- line basis over the lease term. The functional currency of the Company' s foreign subsidiaries is the **US** ~~U. S.~~ dollar. Transactions denominated in currencies other than the functional currency are recorded at exchange rates in effect on the date of the transaction. At the end of each reporting period, monetary assets and liabilities are remeasured to the functional currency using exchange rates in effect at the balance sheet date. Non- monetary assets and liabilities are remeasured at historical exchange rates. Transaction gains or losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other income (expense), net in the consolidated statements of operations. **The Company has several** ~~Stock~~ **stock award plans, which are described in detail in Note 12. The Company accounts for stock** based compensation **under ASC 718** ~~cost is measured at the grant date~~ , **" Compensation** ~~based on the fair value of the award and is recognized on a straight~~ - ~~line basis~~ **Stock Compensation." The Company recognizes expense** over the requisite service period **of** ~~, which is generally~~ the award **, net of an** ~~' s vesting period. The Company estimates~~ - **estimate** ~~the fair value of employee stock based payment awards subject to only a service condition on the date of grant using the Black- Scholes valuation model. The Black- Scholes model requires the use of highly subjective and complex assumptions, including the option' s expected term and the price volatility of the underlying stock. The Company estimates the fair value of employee stock based payment awards subject to market conditions using a Monte Carlo simulation model. Compensation expense~~ for ~~employee stock based~~ **the impact of** ~~awards~~ - **award** ~~whose vesting is subject to the fulfillment of both a market condition and the occurrence of a performance condition is recognized on a graded- vesting basis at the time the achievement of the performance condition becomes probable. Forfeitures~~ **forfeitures** ~~are recognized and accounted for as they occur~~ . Advertising costs Advertising costs ~~, including promotions and print,~~ are expensed as incurred or distributed. Advertising costs are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and amounted to approximately $ **96. 7 million, $** 41. 0 million ~~,~~ **and** $ 30. 3 ~~million and $ 26. 0~~ million in the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , respectively. Basic net income per share is computed using net income available to common stockholders divided by the weighted- average number of common shares outstanding during the period. Diluted net income per share reflects the dilutive effects of stock options and restricted stock outstanding during the period, to the extent such securities would not be anti- dilutive and is determined using the treasury stock method. Recent accounting pronouncements No new accounting pronouncements issued but not yet adopted are expected to have a material impact on the Company' s consolidated financial statements. Note 3 — Investment in equity securities On April 14, 2017, the Company invested $ 2. 9 million in a social media analytics company, which is included in investments on its consolidated balance sheets. The Company has elected the measurement alternative for equity investments that do not have readily determinable fair values. The Company did not record an impairment charge on its investment during the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , respectively, as any identified events or changes in circumstances did not result in an indicator for impairment. Further, there were no observable price changes in orderly transactions for the identical or a similar investment of the same issuer during the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , respectively. Note 4 — Goodwill and other intangible assets Information regarding the Company' s goodwill and intangible assets as of March 31, ~~2022~~ **2023** is as follows (in thousands): Estimated useful lifeGross carrying amountAccumulated amortizationNet carrying amountCustomer relationships – retailers10 years $ 77, 600 $ (~~58~~ **65** , ~~020~~ **780**) $ ~~19~~ **11** , ~~580~~ **820** Customer relationships – e- commerce3 years3, 940 (3, ~~928~~ **940**) ~~12~~ **—** Trademarks10 years3, 500 (~~729~~ **1, 079**) 2, ~~771~~ **421** Total finite- lived intangibles85, 040 (~~62~~ **70** , ~~677~~ **799**) ~~22~~ **14** , ~~363~~ **241** TrademarksIndefinite63, 800 — 63, 800 Goodwill171, 620 — 171, 620 Total goodwill and other intangibles $ 320, 460 $ (~~62~~ **70** , ~~677~~ **799**) $ ~~257~~ **249** , ~~783~~ **661** Information regarding the Company' s goodwill and intangible assets as of March 31, ~~2021~~ **2022** is as follows (in thousands): Estimated useful lifeGross carrying amountAccumulated amortizationNet carrying amountCustomer relationships – retailers10 years $ 77, 600 $ (~~50~~ **58** , ~~260~~ **020**) $ ~~27~~ **19** , ~~340~~ **580** Customer relationships – e- commerce3 years3, 940 (3, ~~915~~ **928**) ~~25~~ **12** Trademarks10 years3, 500 (~~379~~ **729**) ~~3~~ **2** , ~~121~~ **771** Total finite- lived intangibles 85, 040 (~~54~~ **62** , ~~554~~ **677**) ~~30~~ **22** , ~~486~~ **363** TrademarksIndefinite63, 800 — 63, 800 Goodwill 171, 620 — 171, 620 Total goodwill and other intangibles $ 320, 460 $ (~~54~~ **62** , ~~554~~ **677**) $ ~~265~~ **257** , ~~906~~ **783** The Company has not recognized any impairment charges on its goodwill or intangible assets ~~, as the anticipated future cash flows generated by each of these assets remain substantially in excess of their carrying values~~ . Amortization expense on the finite- lived intangible assets was $ 8. 1 million ~~, $ 8. 1 million and $ 7. 0 million~~ for **each of** the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** ~~, respectively~~ . The estimated future amortization expense related to the finite- lived intangible assets, assuming no impairment as of March 31, ~~2022~~ **2023** , is as follows (in thousands): The year ended March 31, ~~2023~~ **2024** $ **6** ~~8, 122 20246~~ , 963 20251, 230 20261, 230 20271, 230 **20281, 230** ~~Thereafter3~~ **Thereafter2** , ~~588~~ **358** Total $ ~~22~~ **14** , ~~363~~ **241** Note 5 — Property and equipment Property and equipment as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** consists of the following (in thousands): March 31, ~~2022March~~ **2023March** 31, ~~2021Machinery~~ **2022Machinery** , equipment and software $ 15, **148 $ 15,** 757 ~~$ 14, 899~~ Leasehold improvements4, **677 4,** 670 ~~4, 436~~ Furniture and fixtures1, **263 1,** 032 ~~1, 104~~ Store ~~fixtures13~~ **fixtures10 , 782 13** , 619 ~~10, 785~~ Property and equipment, ~~gross35~~ **gross31 , 870 35** , 078 ~~31, 224~~

Less: Accumulated depreciation and amortization (**23, 996) (** 24, 501) ~~(17, 454)~~ Property and equipment, net $ **7, 874 $** 10, 577 ~~$ 13, 770~~ Depreciation and amortization expense on property and equipment was $ **4. 3 million, $** 7. 9 million ~~,~~ **and** $ 6. 7 ~~million and $ 6. 3~~ million during the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , respectively. Note 6 — Accrued expenses and other current liabilities Accrued expenses and other current liabilities as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** consists of the following (in thousands): March 31, ~~2022March~~ **2023March** 31, ~~2021Accrued~~ **2022Accrued** expenses $ **47, 817 $** 19, 938 ~~$ 21, 300~~ Current portion of operating lease liabilities4, **510 4,** 391 ~~4, 292~~ Accrued ~~compensation11~~ **compensation13 , 098 11** , 532 ~~10~~ **Taxes payable2** , ~~805~~ **851 2, 128** Other current ~~liabilities4~~ **liabilities2** , ~~143 4~~ **698 2** , ~~954~~ **015** Accrued expenses and other current liabilities $ **70, 974 $** 40, 004 ~~$ 41, 351~~ Note 7 — Fair value of financial instruments The fair value of financial instruments are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is measured using inputs from the three levels of the fair value hierarchy, which are described as follows: Level 1 — Quoted prices in active markets for identical assets or liabilities Level 2 — Quoted prices for similar assets and liabilities in active markets or inputs that are observable Level 3 — Inputs that are unobservable (for example, cash flow modeling inputs based on management' s assumptions) The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table sets forth the fair value of the Company' s financial liabilities by level within the fair value hierarchy as of March 31, ~~2022~~ **2023** (in thousands): Fair value measurements using Fair valueLevel 1Level 2Level 3Financial liabilities: Long- term debt, including current portion (1) $ ~~97, 669~~ - **66, 883** $ — $ ~~97, 669~~ - **66, 883** $ — Total financial liabilities $ ~~97, 669~~ - **66, 883** $ — $ ~~97, 669~~ - **66, 883** $ — ___________________________ (1) Of this amount, $ 5, ~~786~~ **575** is classified as current. The gross carrying amounts of the Company' s bank debt, before reduction of the debt issuance costs, approximate their fair values as the stated rates approximate market rates for loans with similar terms. The following table sets forth the fair value of the Company' s financial liabilities by level within the fair value hierarchy as of March 31, ~~2021~~ **2022** (in thousands): Fair value measurements using Fair valueLevel 1Level 2Level 3Financial liabilities: Long- term debt, including current portion (1) $ ~~126~~ **97** , ~~789~~ **669** $ — $ ~~126~~ **97** , ~~789~~ **669** $ — Total financial liabilities $ ~~126~~ **97** , ~~789~~ **669** $ — $ ~~126~~ **97** , ~~789~~ **669** $ — (1) Of this amount, $ ~~16~~ **5** , ~~281~~ **786** is classified as current. The gross carrying amounts of the Company' s bank debt, before reduction of the debt issuance costs, approximate their fair values as the stated rates approximate market rates for loans with similar terms. The Company did not transfer any assets measured at fair value on a recurring basis to or from Level 1 or Level 2 for any of the periods presented. Note 8 — Debt The ~~following summarizes the recent significant transactions impacting the Company' s indebtedness: On December 23, 2016, the Company refinanced its outstanding obligations under the 2014 Senior Secured Credit Facility, entering into a new 5- year, $ 200. 0 million senior secured credit agreement (the " 2016 Senior Secured Credit Facility "), as further described below. On August 25, 2017, the Company amended the 2016 Senior Secured Credit Facility increasing the aggregate commitments to $ 215. 0 million and increasing the total availability under the revolving line of credit to $ 50. 0 million and to lower the interest rates and extend the maturity date to August 25, 2022. On April 8, 2020, the Company amended the 2016 Senior Secured Credit Facility to modify the Company' s quarterly maintenance covenants and to add interest rates with respect to borrowings associated with the added increased maximum permitted total net leverage ratios. On April 30, 2021, the Company refinanced its outstanding obligations under the 2016 Senior Secured Credit Facility and entered into a new 5- year $ 200. 0 million senior secured credit agreement. The~~ Company' s outstanding debt as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** consists of the following (in thousands): March 31, ~~2022March~~ **2023March** 31, ~~2021Debt~~ **2022Debt** : Term loan $ ~~96~~ **66** , 250 $ ~~124~~ **96** , ~~589~~ **250** Finance lease ~~obligations1~~ **obligations633 1** , 419 ~~2, 200~~ Total ~~debt97~~ **debt66, 883 97** , 669 ~~126, 789~~ Less: debt issuance costs (~~803~~ **427**) (~~253~~ **803**) Total debt, net of issuance ~~costs96~~ - **costs66 , 456 96** , 866 ~~126, 536~~ Less: current portion (5, ~~786~~ **575**) (~~16~~ **5** , ~~281~~ **786**) Long- term portion of debt $ **60, 881 $** 91, 080 **Amended credit agreement** ~~$ 110, 255~~ On April 30, 2021, the Company amended and restated its prior credit agreement (**as further amended, supplemented or modified from time to time,** the " Amended Credit Agreement ") ~~, amended and restated the prior term loan facility and the prior revolving credit facility~~ and refinanced all loans under the prior credit agreement. The Amended Credit Agreement has a five year term and consists of (i) a $ 100 million revolving credit facility (the " Amended Revolving Credit Facility ") and (ii) a $ 100 million term loan facility (the " Amended Term Loan Facility "). ~~The Company' s prior credit agreement consisted of a $ 165 million term loan and a $ 50 million revolving credit facility.~~ All amounts under the Amended Revolving Credit Facility are available for draw until the maturity date on April 30, 2026. The Amended Revolving Credit Facility is collateralized by substantially all of our assets and requires payment of an unused fee ranging from 0. 10 % to 0. 30 % (based on our consolidated total net leverage ratio (as defined in the Amended Credit Agreement)) times the average daily amount of unutilized commitments under the Amended Revolving Credit Facility. The Amended Revolving Credit Facility also provides for sub- facilities in the form of a $ 7 million letter of credit and a $ 5 million swing line loan; however, all amounts **drawn** under the Amended Revolving Credit Facility cannot exceed $ 100 million. The unused balance of the Amended Revolving Credit Facility as of March 31, ~~2022~~ **2023** was $ 100. 0 million. **Prior to the First Amendment (as defined below),** ~~Both~~ **both** the Amended Revolving Credit Facility and the Amended Term Loan Facility ~~bear~~ **bore** interest, at **the** borrowers' option, at either (i) a rate per annum equal to an adjusted LIBOR rate determined by reference to the cost of funds for the United States **US** ~~(" U. S. ")~~ dollar deposits for the applicable interest period (subject to a minimum floor of 0 %) plus an applicable margin ranging from 1. 25 % to 2. 125 % based on our consolidated total net leverage ratio **(the" Applicable Margin")** or (ii) a floating base rate plus an applicable margin ranging from 0. 25 % to 1. 125 % based on our consolidated total net leverage ratio. The **all- in** interest rate as of March 31, ~~2022~~ **2023** for the Amended Term Loan Facility was approximately **6.** 2 **%** . ~~3~~ **On March 29, 2023, the Company amended the Amended Credit Agreement to transition the benchmark from LIBOR to an adjusted Secured Overnight Financing Rate (" SOFR ") (which is equal to the applicable SOFR plus 0. 10 %) (such transaction, the " First Amendment "). In connection with the First Amendment, all outstanding LIBOR loans were converted to SOFR loans. The annual interest rate for SOFR borrowings will be equal to**

term SOFR, subject to a floor of 0 %, plus a margin ranging from 1. 25 % to 2. 125 %. In accordance with ASC 470, Debt, the amendment to the Company' s prior credit agreement was accounted for as both a debt modification and partial debt extinguishment, which resulted in the recognition of a loss on extinguishment of debt of $ 0. 5 million for the year ended March 31, 2022. The Company incurred and capitalized $ 1. 1 million of new debt issuance costs related to the amendment. In the year ended March 31, 2023, the Company recognized a loss on extinguishment of debt of $ 176 thousand, primarily related to the partial prepayment of term loan borrowings in the amount of $ 25. 0 million. Aggregate future minimum principal payments are as follows (in thousands): The year ended March 31, Term Loan 2023 2024 $ 5, 000 20245, 000 20255, 000 20265, 000 202776 202751 , 250 Thereafter — Total $ 96 66 , 250 Interest expense The components of interest expense, net are as follows (in thousands): Year ended March 31, 202220212020Interest ---- 202320222021Interest on term loan debt $ 3, 450 $ 1, 708 $ 2, 912 $ 6, 096 Amortization of debt issuance costs331 costs346 331 847 747 Interest on revolving line of credit342 -- credit163 342 199 149 Interest on finance leases63 - leases31 63 137 179 Interest income (1, 972) (3) (5) (863) Interest expense, net $ 2, 018 $ 2, 441 $ 4, 090 $ 6, 308 Note 9 — Commitments and Contingencies contingencies Legal Contingencies From time to time, the Company is involved in legal proceedings, claims, and litigation arising in the ordinary course of business. The Company is not currently a party to any matters that management expects will have a material adverse effect on the Company' s consolidated financial position, results of operations or cash flows. Note 10 — Income taxes The components of income (loss) before the provision for income taxes are as follows (in thousands): Year ended March 31, 202220212020Domestic ---- 202320222021Domestic $ 64, 850 $ 26, 286 $ 3, 715 $ 24, 479 Foreign (776) (855) (25) (410) Total $ 64, 074 $ 25, 431 $ 3, 690 $ 24, 069 The components of the benefit (provision) for income taxes are as follows (in thousands): Year ended March 31, 202220212020Current ---- 202320222021Current : US U. S. federal $ (7, 065) $ (5, 637) $ (4, 772) $ State (2 1 , 681 854) State (1, 715) (1, 186) Foreign (26 1, 066) Foreign (10) (84) 5 Total current (8, 945) (7, 362) (6, 042) (3, 742) Deferred: US U. S. federal3 federal5 , 035 3 , 146 7, 159 (2, 532) State738 -- State816 738 1, 293 99 Foreign Foreign550 (183) 132 (10) Total deferred3 deferred6 , 401 3 , 701 8, 584 (2, 443) Total (provision) benefit for income taxes $ (2, 544) $ (3, 661) $ 2, 542 $ (6, 185) The following table presents a reconciliation of the federal statutory rate to the Company' s effective tax rate: Year ended March 31, 202220212020Federal ---- 202320222021Federal statutory rate21. 0 % 21. 0 % 21. 0 % State tax, net of federal benefit2 benefit1 . 0 % 2 . 6 % (10. 6) % 3. 7 % State tax deferred rate change, net of federal benefit — % (0. 1) % (1. 6) % Nondeductible business expenses0. 6 % 0 . 4 % 2 . 1 % Nondeductible business expenses0 employee compensation2 . 4 5 % 2. 1 % 0. 8 % Nondeductible employee compensation1 . 1 % 9. 1 % 0. 4 % Provision- to- return adjustment (0. 1) % (0. 3) % 1. 5 % Uncertain tax positions — % 0 Uncertain tax positions0 . 1 % 1. 0 % (0. 2) % Stock based compensation (20. 3) % (12. 0) % (90. 7) % Change in valuation allowance (0. 8 6) % 1 Change in valuation allowance1 . 5 % — % — Others (0. 1) % Others0 0 . 1 % (0. 7) % 0. 7 % Effective tax rate14 - rate4. 0 % 14 . 4 % (68. 9) % 25. 7 % The components of net deferred taxes arising from temporary differences are as follows (in thousands): March 31, 2022March 2023March 31, 2021Deferred 2022Deferred tax assets: Compensation $ 354 $ 489 $ 624 Inventories Inventory and receivables7 receivables9 , 976 7 , 939 5, 710 Accrued expenses2, 734 2, 225 2, 067 Stock compensation7 compensation8 , 247 7 , 567 7, 247 Net operating losses426 272 losses571 426 Right of use liability4 liability3 , 782 4 , 763 5, 731 Capitalized research and development858 — Other874 Other774 560 874 Gross deferred tax assets24 assets27 , 296 24 , 283 22, 211 Valuation allowance — (370) — Net deferred tax assets23 assets27 , 296 23 , 913 22, 211 Deferred tax liabilities: Goodwill3 Goodwill5 , 180 3 , 084 Fixed assets and internally developed software2, 451 2, 894 Intangible assets19, 107 22, 740 Right of use asset3, 359 4, 090 Fixed assets2, 894 2, 506 Intangible assets22, 740 23, 162 Right of use asset4, 294 Other378 494 5, 294 Other494 463 Deferred tax liabilities33 liabilities30 , 475 33 , 506 35, 515 Net deferred tax liabilities $ 3, 179 $ 9, 593 $ 13, 304 The deferred tax assets and liabilities are reported in the accompanying balance sheets as follows (in thousands): March 31, 2022March 2023March 31, 2021Deferred 2022Deferred tax assets $ 563 $ — $ 175 Deferred tax liabilities9 liabilities3 , 742 9 , 593 13, 479 Net deferred tax liabilities $ 3, 179 $ 9, 593 $ 13, 304 The valuation allowance was zero and $ 0. 4 million and zero as of March 31, 2022 2023 and March 31, 2021 2022 , respectively, primarily relating to foreign net operating loss carryforwards for which we do not believe a tax benefit is more likely than not to be realized. As of March 31, 2022 2023 , the Company had gross federal, state and foreign net operating loss carryforwards of zero, $ 0. 1 million, $ 0. 8 million and $ 2. 1 . 4 million, respectively. The federal and state net operating loss carryforwards can either be carried forward 20 years or indefinitely. The federal and state net operating loss carryforwards will begin to expire in 2038. The foreign net operating loss carryforwards have a carryforward period of 5 years and will begin to expire in 2026. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands): Year ended March 31, 202220212020Balance ---- 202320222021Balance at beginning of year $ 466 $ 458 $ 477 $ 581 Increases for prior year tax positions — — 6 32 Increases for current year tax positions75 positions92 75 65 90 Decreases for prior year tax positions (10) (6) — — Decreases due to settlements — (61) (27) (29) Decreases due to statutes lapsing (106) — (63) (197) Balance at end of year $ 442 $ 466 $ 458 $ 477 If all of the Company' s unrecognized tax benefits as of March 31, 2022 2023 , March 31, 2021 2022 and March 31, 2020 2021 were recognized, $ 0. 5 4 million, $ 0. 5 million and $ 0. 5 million, respectively, of unrecognized tax benefits, would impact the effective tax rate. The Company believes it is reasonably possible that $ 0. 1 million of unrecognized tax benefits may reverse in the next twelve months. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes. The Company had $ 0. 2 million and $ 0. 1 2 million of accrued gross interest and penalties as of March 31, 2022 2023 and March 31, 2021 2022 , respectively. The Company recognized net interest and penalties expense of $ 34 thousand, $ 27 thousand , and $ 29 thousand and $ 23 thousand for the years ended March 31, 2022 2023 , March 31, 2021 2022 and March 31, 2020 2021 , respectively. The Company files income tax returns in the US U. S. federal jurisdiction and various state and foreign jurisdictions. As of March 31, 2022 2023 , with few exceptions, the Company or its subsidiaries are no longer subject to examination prior to tax year ended December March 31, 2018 2019 . Note 11 — Preferred stock The Company has authorized 30, 000, 000 shares of preferred stock for issuance with a par value of $ 0. 01 per

share. There were no shares of preferred stock outstanding as of March 31, ~~2022~~ **2023** or March 31, ~~2021~~ **2022**. Note 12 — Stock based compensation Stock plans The Company grants stock based awards under its 2016 Equity Incentive Award Plan (as amended) (the " 2016 Plan "), which replaced its 2014 Equity Incentive Plan (the " 2014 Plan ") and became effective immediately prior to the effectiveness of the Company' s registration statement on Form S- 1 in September 2016. No grants have **been** made under the 2014 Plan since the Company' s initial public offering and no further awards will be granted thereunder. Any awards outstanding under the 2014 Plan that are forfeited or lapse unexercised will be added to the shares reserved and available for grant under the 2016 Plan. The 2016 Plan permits the grant of incentive stock options, non- statutory stock options, restricted stock and other stock- or cash- based awards to employees, officers, directors, advisors and consultants. The 2016 Plan allows for option grants of the Company' s common stock based on service, performance and market conditions. In the year ended March 31, ~~2022~~ **2023**, no stock options were issued. As of March 31, ~~2022~~ **2023**, a total of ~~15~~ **16**, ~~526~~ **589**, ~~003~~ **312** shares have been authorized for issuance under the 2016 Plan, and 7, ~~802~~ **969**, ~~126~~ **487** remain available for grant. As of March 31, ~~2022~~ **2023**, there were ~~913~~ **368**, ~~507~~ **915** options and awards outstanding under the 2014 Plan that, if forfeited, would increase the number of shares authorized for grant under the 2016 Plan. Service- based vesting stock options The following table summarizes the activity for options that vest solely based upon the satisfaction of a service condition as follows: OptionsoutstandingWeighted- average exercise priceWeighted- average remainingcontractual life (in years) Aggregate intrinsicvalues (in thousands) (1) Balance as of March 31, ~~20192, 575, 579 $ 12. 24 Granted202, 560 14. 18 Exercised (334, 572) 4. 08 Canceled or forfeited (444, 014) 15. 07 Balance as of March 31,~~ 20201, 999, 553 13. 17 ~~6. 8 $ 3, 773~~ Exercised (337, 376) 4. 36 Canceled or forfeited (21, 196) 23. 24 Balance as of March 31, 20211, 640, 981 14. 86 6. 1 $ 19, 650 Exercised (93, 282) 11. 19 Canceled or forfeited (4, 200) 26. 63 Balance as of March 31, 20221, 543, 499 $ 15. 05 5. 1 $ 16, 686 ~~Exercisable~~ --- **Exercised (519**, **009) 12. 82 Balance as of** March 31, ~~20221~~ **20231**, ~~395~~ **024**, ~~444~~ **490** $ ~~15~~ **16**. ~~25~~ **17** 4. ~~9~~ **1** $ ~~14~~ **67**, ~~805~~ **796** **Exercisable, March 31, 2023952, 850 $ 16. 30 4. 0 $ 62, 939** (1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the Company' s closing stock price of $ ~~25~~ **82**. ~~83~~ **35**, as reported on the New York Stock Exchange on March 31, ~~2022~~ **2023**. Additional information relating to service- based options is as follows (in thousands, except per share data): Year ended March 31, ~~202220212020Stock~~ ---- **202320222021Stock** based compensation expense $ **344 $** 924 $ 1, 671 ~~$ 2, 308~~ Intrinsic value of options exercised **18, 015** 1, 695 5, 620 ~~3, 580 Weighted- average grant date fair value of options granted (per share) $ — $ — $ 5. 55~~ As of March 31, ~~2022~~ **2023**, there was $ 0. ~~6~~ **3** million of total unrecognized compensation cost related to service- based stock options, which is expected to be recognized over the remaining weighted- average vesting period of ~~2~~ **1**. ~~0~~ **4** years. ~~The fair value of service- based stock options granted were calculated using the following weighted- average assumptions: Year ended March 31, 2020Expected term (in years) 6. 5Expected volatility35. 57 % Risk- free interest rate2. 07 % Expected dividend yield — %~~ No service- based stock options were granted during the years ended **March 31, 2023,** March 31, 2022 and March 31, 2021. The determination of the fair value of stock options on the date of grant using a Black- Scholes option- pricing model is affected by the fair value of the underlying common stock, as well as assumptions regarding a number of variables that are complex, subjective and generally require significant judgment. The assumptions used in the Black- Scholes option- pricing model to calculate the fair value of stock options were: Fair value of common stock The fair value of shares of common stock underlying stock options is based on the closing stock price as quoted on the New York Stock Exchange on the date of grant. **Expected term** The expected term of the options represents the period of time that the options are expected to be outstanding. Options granted have a maximum contractual life of 10 years. Prior to the Company' s initial public offering of its common stock in September 2016, the Company estimated the expected term of the option based on the estimated timing of potential liquidity events. For grants upon or after the initial public offering, the Company estimated the expected term based upon the simplified method described in Staff Accounting Bulletin No. 107, as the Company ~~does~~ **did** not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time its equity shares ~~have~~ **had** been publicly traded. **Expected volatility** As the Company did not have sufficient trading history for its common stock, the expected stock price volatility for the common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies within the same industry, which are of similar size, complexity and stage of development. The Company intends to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of its own share price becomes available, or unless circumstances change such that the identified companies are no longer similar to the Company, in which case, more suitable companies whose share prices are publicly available would be used in the calculation. **Risk- free interest rate** The risk- free interest rate was based on the **US** ~~U. S.~~ Treasury rate, with maturities similar to the expected term of the options. **Expected dividend yield** The Company does not anticipate paying any dividends in the foreseeable future. As such, the Company uses an expected dividend yield of zero. Performance- based and market- based vesting stock options The following table summarizes the activity for options that vest based upon the satisfaction of performance or market conditions as follows: OptionsoutstandingWeighted- average exercise price Weighted- average remainingcontractual life (in years) Aggregate intrinsicvalues (in thousands) (1) Balance as of March 31, ~~20191, 323, 432 $ 7. 96 Exercised (53, 100) 2. 40 Canceled or forfeited (17, 400) 26. 84 Balance as of March 31,~~ 20201, 252, 932 7. 97 ~~5. 0 $ 7, 487~~ Exercised (144, 340) 1. 89 Balance as of March 31, 20211, 108, 592 8. 72 4. 0 $ 20, 077 Exercised (104, 265) 2. 24 Balance as of March 31, 20221, 004, 327 9. 40 3. 0 $ 16, 809 ~~Exercisable~~ --- **Exercised (460**, **787) 2. 73 Canceled or forfeited (25, 800) 26. 84 Balance as of** March 31, ~~2022804~~ **2023517**, ~~327~~ **740 14. 46 2. 4** $ **35** ~~5. 06 2. 6 $ 16, 809 As of~~ **151 Exercisable,** March 31, **2023517, 740 14. 46 2. 4 $ 35, 151 As of March 31,** ~~2022~~ **2023**, there was no further unrecognized compensation cost related to performance- based and market- based vesting stock options. Additional information relating to options that vest based upon the satisfaction of performance or market conditions is as follows (in thousands ~~, except per share data~~): Year ended March 31, ~~202220212020Stock based compensation expense~~ **202320222021Intrinsic value of options exercised23, 860 2, 921**

$ — $ — $ — Intrinsic value of options exercised2, 921 3, 117 $ 609 Weighted- average grant date fair value of options granted (per share) $ — $ — $ — In February 2017, the Company granted options that vest based upon the achievement of specified stock prices. The fair values and derived service periods were determined using a Monte Carlo simulation model. If the awards vest prior to the end of the derived service period, the remaining unamortized compensation cost will be recognized in the period of vesting. Restricted stock The following table summarizes the activities for restricted stock awards (" RSAs ") and restricted stock units (" RSUs ") as follows: Shares of restricted stock outstandingWeighted- average grant date fair valueBalance as of March 31, 20192, 786, 398 $ 13. 26 Granted 673, 461 14. 26 Vested (762, 818) 15. 97 Canceled or forfeited (385, 273) 12. 66 Balance as of March 31, 20202, 311, 768 12. 86 Granted1, 206, 870 17. 45 Vested (1, 044, 052) 13. 97 Canceled or forfeited (184, 971) 14. 19 Balance as of March 31, 20212, 289, 615 14. 67 Granted1, 103, 890 27. 62 Vested (926, 250) 14. 50 Canceled or forfeited (191, 513) 16. 67 Balance as of March 31, 20222, 275, 742 $ 20. 85 As **Granted1, 180, 167 28. 59 Vested (1, 066, 516) 18. 88 Canceled or forfeited (260, 620) 22. 24 Balance as** of March 31, 2022 **20232 , 128, 773 25. 94 As of March 31, 2023** , there were 719 **198** , 457 **905** unvested shares subject to RSAs outstanding. Additional information relating to RSAs and RSUs is as follows (in thousands): Year ended March 31, 202220212020Stock ---- **202320222021Stock** based compensation expense $ **28, 773 $** 18, 722 $ 18, 012 $ 13, 181 Intrinsic value of restricted stock released $ **47, 713 $** 25, 621 $ 24, 328 $ 12, 448 As of March 31, 2022 **2023** , there was $ 33 **46** . 4 **5** million of total unrecognized compensation cost related to unvested RSAs and RSUs, which is expected to be recognized over the remaining weighted- average vesting period of 2. 0 **2** years. Stock based compensation expense related to restricted stock for the year ended March 31, 2022 **2023** of $ 0. 3 **1** million and $ 18 **28** . 4 **7** million were reported in cost of sales and selling, general and administrative expense in the Company' s consolidated statements of operations and comprehensive income, respectively. Stock based compensation expense related to restricted stock for the year ended March 31, 2021 **2022** of $ 0. 2 **3** million and $ 17 **18** . 8 **4** million were reported in cost of sales and selling, general and administrative expense in the Company' s consolidated statements of operations and comprehensive income, respectively. Stock **based** compensation expense **related to restricted stock** for the year ended March 31, 2020 **2021** was **of $ 0. 2 million and $ 17. 8 million were** reported in **cost of sales and** selling, general and administrative expenses **expense** in the Company ' **'** s consolidated statements of **operations and** comprehensive income **, respectively** . Note 13 — Restructuring and other related costs In March 2021, a restructuring plan (the" 2021 Restructuring Plan") was approved to close the Company' s manufacturing plant in Rancho Cucamonga, California. Activities associated with the 2021 Restructuring Plan included the closure of the facility; the impairment of plant assets, including equipment and leasehold improvements; the disposal of excess inventory on hand at the plant; and the termination of manufacturing plant employees. The following table presents the restructuring expense incurred during the years ended March 31, 2022 and March 31, 2021 (in thousands) in connection with the 2021 Restructuring Plan: March 31, 2022March 31, 2021 (Gain) loss on impairment on sale of property, plant and equipment $ (152) $ 2, 097 Inventory (adjustment) disposal (33) 343 Employee severance and related expenses30 23 Other costs, including other asset write- offs205 178 Total $ 50 $ 2, 641 Liabilities related to the 2021 Restructuring Plan were not material as of March 31, 2022 and March 31, 2021. Note 14 — 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 (the " Share Repurchase Program "). Purchases under the Share Repurchase Program may be made from time to time 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 Share Repurchase Program will be determined based on market conditions, share price and other factors. The Share Repurchase Program 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 additional shares will be purchased under the Share Repurchase Program and such shares are intended to be retired after purchase. The Company did not repurchase any shares during the three and twelve months ended March 31, 2022 **2023** . A total of $ 17. 1 million remains available for purchase under the Share Repurchase Program as of March 31, 2022 **2023** . Note 15 **14** — Employee benefit plan The Company maintains a defined contribution 401 (k) profit- sharing plan (the " 401 (k) Plan ") for eligible employees. Participants may make voluntary contributions up to the maximum amount allowable by law. The Company may make contributions to the 401 (k) Plan on a discretionary basis which vest to the participants 100 %. The Company made matching contributions of $ 0. 4 **5** million, $ 0. 3 **4** million and $ 0. 3 million to the 401 (k) Plan during the years ended March 31, 2022 **2023** , March 31, 2021 **2022** and March 31, 2020 **2021** , respectively. Note 16 **15** — Net income per share 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): Year ended March 31, 202220212020Numerator ---- **202320222021Numerator** : Net income $ **61, 530 $** 21, 770 $ 6, 232 $ 17, 884 Denominator: Weighted average common shares outstanding — basic50 **basic52 , 474, 811 50** , 940, 808 49, 377, 410 48, 498, 813 Dilutive common equivalent shares from equity awards2, **862, 743 2,** 713, 495 2, 616, 735 2, 318, 330 Weighted average common shares outstanding — diluted53 **diluted55 , 337, 554 53** , 654, 303 51, 994, 145 50, 817, 143 Net income per share: Basic $ **1. 17 $** 0. 43 $ 0. 13 **Diluted** $ 0 **1** . **11** 37 Diluted $ 0. 41 $ 0. 12 $ 0. 35 Weighted average anti- dilutive shares from outstanding equity awards excluded from diluted earnings per share **194, 289** 20, 314 1, 038, 810 2, 143, 672 Note 17 **16** — Leases The Company leases warehouses, distribution centers, office space and equipment and software . 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** by third parties that operate our **its** distribution centers in Ontario, California and Columbus, Ohio. Significant judgment is required to determine whether commercial contracts contain a lease for purposes of ASC 842. The discount rate

used in measuring lease liabilities is generally based on the interest rate on the Company' s revolving line of credit, assuming sufficient unused capacity exists at the time the lease liability is measured. A reconciliation of the balance sheet line items that were impacted or created as a result of the Company' s adoption of ASC 842 as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** is as follows (in thousands): ClassificationMarch 31, ~~2022March~~ **2023March** 31, ~~2021AssetsOperating~~ **2022AssetsOperating** lease assets Other assets $ **14, 071 $** 18, 218 ~~$ 22, 691~~ Finance lease assets (a) Other ~~assets664~~ **assets245 664** ~~1, 100~~ Total leased assets $ **14, 316 $** 18, 882 ~~$ 23, 791~~ LiabilitiesCurrentOperating Accrued expenses and other current liabilities $ 4, ~~391~~ **510** $ 4, ~~292~~ **391** FinanceCurrent portion of long- term debt and finance lease ~~obligations786~~ **obligations575** ~~812~~ **786** NoncurrentOperating Long- term operating lease ~~obligations15~~ **obligations11 , 201 15** , 744 ~~20, 084~~ FinanceLong- term debt and finance lease ~~obligations633~~ **obligations58 633** ~~1, 388~~ Total lease liabilities $ **16, 344 $** 21, 554 ~~$ 26, 576~~ (a) Finance leases are recorded net of accumulated amortization of $ 3. **4 million and $ 3.** 0 million ~~and $ 3. 2 million~~ as of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** , respectively. For the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** , the components of operating and finance lease costs were as follows (in thousands): Year ended March 31, ~~Classification202220212020Operating ----~~ **Classification202320222021Operating** lease cost Selling, general and administrative (" SG & A ") expenses $ 4, **638 $ 4,** 686 $ 4, 756 ~~$ 2, 950 Gain from extinguishment of lease liabilities Restructuring income — — (7, 733) Acceleration of rent expenseRestructuring expenses — — —~~ Finance lease costAmortization of leased assetsSG & A ~~expenses436~~ **expenses420 436** 970 ~~996~~ Interest on lease liabilitiesInterest expense, ~~net63 -~~ **net31 63** 137 ~~179~~ Total lease cost ~~(gain)~~ **$ 5, 089** $ 5, 185 $ 5, 863 ~~$ (3, 608)~~ As of March 31, ~~2022~~ **2023** , the aggregate future minimum lease payments under non- cancellable leases presented in accordance with ASC 842 are as follows (in thousands): Operating leasesFinance ~~leasesTotal2023~~ **leasesTotal2024** $ 4, ~~846~~ **851** $ ~~816~~ **582** $ 5, **433** ~~662 20244, 884 582 5, 466~~ 20254, 071 58 4, 129 20263, 097 — 3, 097 20271, 441 — 1, 441 **2028846** ~~Thereafter3, 225 —~~ ~~3~~ **846 Thereafter2** , ~~225~~ **374 — 2, 374** Total lease ~~payments21 -~~ **payments16** , ~~564 1~~ **680 640 17** , **320** ~~456 23, 020~~ Less: ~~Interest1~~ **Interest969 7 976** ~~, 429 37 1, 466~~ Present value of lease liabilities $ ~~20, 135 -~~ **15, 711** $ **633** ~~1, 419~~ $ ~~21~~ **16** , ~~554~~ **344** As of March 31, ~~2022~~ **2023** and March 31, ~~2021~~ **2022** , the weighted average remaining lease term (in years) and discount rate were as follows: March 31, ~~2022March~~ **2023March** 31, ~~2021Weighted~~ **2022Weighted** - average remaining lease term Operating ~~leases5~~ **leases4 . 6 years5** . 2 ~~years6. 0~~ yearsFinance ~~leases1~~ **leases0** . 9 ~~years2~~ **years1** . ~~3~~ **9** yearsWeighted- average discount rateOperating leases2. **6 % 2.** 7 % ~~2~~ **Finance leases2** . ~~8~~ **6** % **3** ~~Finance leases3 .~~ 0 ~~% 5. 2~~ % Operating cash outflows from operating leases for the years ended March 31, ~~2022~~ **2023** , March 31, ~~2021~~ **2022** and March 31, ~~2020~~ **2021** were $ **4. 9 million, $** 5. 1 million ~~,~~ **and** $ 3. 8 million ~~and $ 10. 4 million~~ , respectively. Note ~~18~~ **17** — Quarterly financial summary (unaudited) Unaudited quarterly results for the last three years were as follows (in thousands, except per share data): **2023Q1Q2Q3Q4Net sales $ 122, 601 $ 122, 349 $ 146, 537 $ 187, 357 Gross profit82, 985 79, 560 98, 725 129, 126 Net income 14, 469 11, 710 19, 105 16, 246 Net income per share: Basic0. 28 0. 22 0. 36 $ 0. 31 Diluted $ 0. 27 $ 0. 21 $ 0. 34 $ 0. 29** 2022Q1Q2Q3Q4Net sales $ 97, 047 $ 91, 855 $ 98, 118 ~~$~~ 105, 135 Gross profit61, 906 57, 985 64, 341 67, 500 Net income 8, 276 5, 724 6, 214 1, 556 Net income per share: Basic0. 16 0. 11 0. 12 **$** 0. 03 Diluted $ 0. 15 $ 0. 11 $ 0. 12 $ 0. 03 2021Q1Q2Q3Q4Net sales $ 64, 527 $ 72, 350 $ 88, 562 $ 92, 671 Gross profit43, 341 47, 138 57, 119 58, 600 Net income (loss) 1, 512 447 4, 297 (24) Net income per share: Basic0. 03 0. 01 0. 09 0. 00 Diluted $ 0. 03 $ 0. 01 $ 0. 08 $ 0. 00 ~~2020Q1Q2Q3Q4Net sales $ 59, 764 $ 67, 615 $ 80, 760 $ 74, 712 Gross profit37, 191 43, 348 52, 520 48, 064 Net income (loss) 3, 706 6, 517 8, 002 (341) Net income (loss) per share: Basic0. 08 0. 13 0. 16 (0. 01) Diluted $ 0. 07 $ 0. 13 $ 0. 16 $ (0. 01) Exhibit 23. 1 CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM We consent to the incorporation by reference in Registration Statement Nos. 333- 213818, 333- 216718, 333- 223383, 333- 230027, 333- 238909, and 333- 256631 on Form S- 8 of our reports dated May 26, 2022, relating to the financial statements of e. l. f. Beauty, Inc. and the effectiveness of e. l. f. Beauty, Inc.' s internal control over financial reporting appearing in this Annual Report on Form 10- K for the year ended March 31, 2022. / s / DELOITTE & TOUCHE LLP 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 Annual Report on Form 10- K 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: May 26, 2022 / s / Tarang P. AminTarang P. AminChief Executive Officer (Principal Executive Officer) Exhibit 31. 2 CERTIFICATION OF THE CHIEF FINANCIAL OFFICER I, Mandy Fields, certify that: / s / Mandy FieldsMandy FieldsChief Financial Officer (Principal Financial Officer and Accounting Officer) Exhibit 32. 1 CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350, SECTION 906 OF THE SARBANES- OXLEY ACT OF 2002 In connection with the Annual Report of e. l. f. Beauty, Inc. (the " Company ") on Form 10- K for the fiscal year ended March 31, 2022, 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. / s / Tarang P. AminTarang P. AminChief Executive Officer (Principal Executive Officer) / s / Mandy FieldsMandy FieldsChief Financial Officer (Principal Financial Officer and Accounting Officer)~~