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COMMENTARY

e.l.f Enters the World of rhode for \$1 Billion

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The internet's favorite it girl found a partner in e.l.f. Beauty, a match poised to disrupt the beauty industry and bridge digital influence with real-world market power. This past May, e.l.f. acquired Hailey Bieber's skincare line, rhode, for \$1 billion. The deal is comprised of: \$600 million in cash, \$200 million in common stock, and the potential for an additional \$200 million payout based on future growth over a three-year, post-closing period.¹ But how did rhode, a three-year-old startup, rise from a social-media sensation to a strategic acquisition target in such an uncertain M&A market?

Bieber launched rhode in 2022 with only three products: the peptide glazing fluid, barrier restore cream, and peptide lip treatment.² Since then, rhode has expanded into a ten-product lineup curated to blend Bieber's "clean girl" aesthetic with efficacious, scientifically-backed formulas.³ The company has achieved widespread success by creating a signature brand identity and selling an immersive experience through effortlessly chic marketing campaigns. It has generated a total of \$212 million in net sales and doubled its consumer base in the 12 months preceding the high-profile deal.⁴

Even after this impressive performance, a \$1 billion price tag has been labeled as a "stretch" in the modern M&A market, which has favored caution over plunging into high-risk transactions since 2022.⁵ Buyers looking to diversify their portfolios have become reluctant to pay steep prices

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¹ *e.l.f. Beauty Announces Definitive Agreement to Acquire rhode in \$1 Billion Deal*, E.L.F BEAUTY (May 28, 2025), <https://investor.elfbeauty.com/stock-and-financial/press-releases/landing-news/2025/05-28-2025-210536607>.

² Celia Shatzman, *Hailey Bieber Launches Rhode— And It's Not Your Average Celebrity Beauty Brand*, FORBES (Jun. 15, 2022), <https://www.forbes.com/sites/celiashatzman/2022/06/15/hailey-bieber-launches-rhode-and-its-not-your-average-celebrity-beauty-brand/>.

³ *about rhode*, RHODE <https://www.rhodeskin.com/pages/about-us> (last visited Aug. 26, 2025).

⁴ Sheryl Estrada, *Why e.l.f. Beauty's CFO sees \$1B Rhode acquisition as a strategic innovation move*, FORTUNE (May 30, 2025), <https://fortune.com/2025/05/30/why-e-l-f-beauty-cfo-sees-1-billion-rhode-acquisition-strategic-innovation-bieber/>.

⁵ Pamela N. Danziger, *E.L.F. Continues to Disrupt the Beauty Business By Acquiring Hailey Bieber's Rhode for \$1 Billion*, FORBES (May 31, 2025), <https://www.forbes.com/sites/pamdanziger/2025/05/31/elf-continues-to-disrupt-the-beauty-business-by-acquiring-hailey-biebers-rhode-for-1-billion/>.

for unpredictable businesses that may fail to live up to their expectations of producing long-term value.⁶

Yet, e.l.f.'s Chairman and CEO, Tarang Amin, is ready to bet big on rhode. When asked about his motivation for acquiring Bieber's young brand, Amin noted, "What gave us conviction for a billion-dollar deal is Hailey and Rhode's track record, and what they've been able to build and achieve... She is a fellow disruptor, and that gives me a lot of confidence when I'm looking at a long-term M&A environment."⁷ This union marks the third and largest acquisition in e.l.f.'s history— following their purchases of W3ll People for \$27 million in 2020 and Naturium for \$355 million in 2023.⁸ Arguably, this partnership is also e.l.f.'s most crucial.

Though e.l.f.'s revenue amounted to \$1.3 billion in fiscal year 2025, growth has slowed significantly. Revenue only rose 4% from the same period last year, which may signal a cause for concern considering the company has seen 56% quarterly growth since 2023.⁹ This acquisition must succeed for e.l.f., but how will it preserve the integrity of Bieber's creative vision for rhode while securing consistent profitability? As stated in the M&A agreement, Bieber will retain her role as chief creative officer.¹⁰ Her influence will ensure the intentional, value-driven world of rhode will mirror the quality and innovation that made it a breakout success.

While rhode's billion-dollar sale may be a current outlier in a vigilant M&A market, it has raised the bar and become a trendsetter, once again, in the corporate sector. And the brand is not showing any signs of slowing down. This September, rhode will be launching its first physical in-store partnership with Sephora throughout North America and the U.K.¹¹ This expansion will allow rhode to evolve into a force that will continue making "one of everything really good," shaping beauty culture, and capturing new audiences around the globe.¹²

⁶ Jessica Chia Morris, *Beauty M&A's outlook: Which deals will get done in an uncertain market?*, VOGUE BUS. (May 12, 2025), <https://www.voguebusiness.com/story/beauty/beautys-manda-outlook-which-deals-will-get-done-in-an-uncertain-market>.

⁷ Nateisha Scott, *Rhode to Be Acquired by Elf Beauty for \$1 Billion*, VOGUE (May 28, 2025), <https://www.vogue.com/article/rhode-to-be-acquired-by-elf-beauty-for-dollar1-billion>.

⁸ Danzinger, *supra* note 5.

⁹ *Id.*

¹⁰ Scott, *supra* note 7.

¹¹ *e.l.f. Beauty Announces Definitive Agreement to Acquire rhode in \$1 Billion Deal*, *supra* note 1.

¹² *about rhode*, *supra* note 3.